Semapa

HALF-YEARLY ACCOUNTS

1ST HALF 2017

HALF-YEARLY ACCOUNTS

Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.

Public Company

Av. Fontes Pereira de Melo, nº 14, 10º, 1050-121 Lisboa

Companies Registry and Corporate Person no.: 502 593 130

Share Capital: € 81,270,000

PART 1

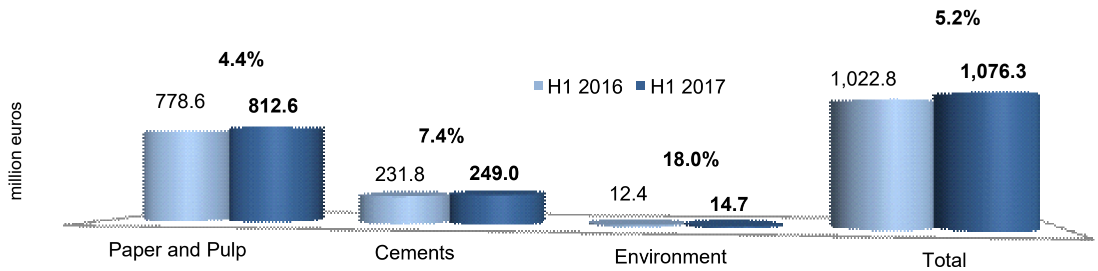
MANAGEMENT REPORT

CONTENTS

1 HIGHLIGHTS

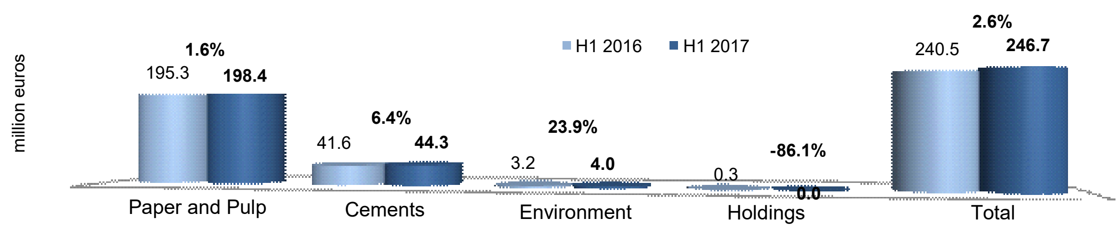
TURNOVER

In the first half of 2017 the Semapa Group recorded a consolidated turnover of 1,076.3 million euros, an increase of 5.2% from the same period in the previous year. Exports and foreign sales amounted to 821.9 million euros: 76.4% of turnover.



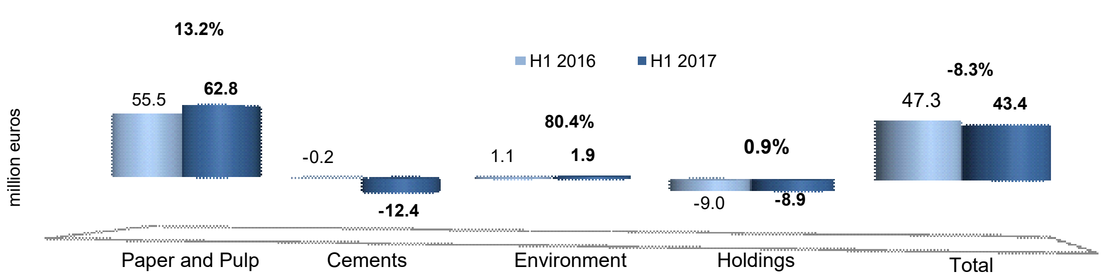
EBITDA

EBITDA in the first half of 2017 grew 2.6% in relation to the same period in the previous year, standing at 246.7 million euros. The consolidated margin stood at 22.9%, 0.6 p.p. lower than in the first half of 2016.



NET RESULTS ATTRIBUTABLE TO SEMAPA EQUITY HOLDERS

Earnings before taxes grew 20.0% and net profit attributable to Semapa equity holders stood at 43.4 million euros, down by 8.3% in relation to the same period in the previous year mainly due to the negative trends of profit tax.



LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	H1 2017	H1 2016	Var.	Q2 2017	Q2 2016	Var.
Turnover	**1,076.3**	**1,022.8**	**5.2%**	**554.8**	**526.3**	**5.4%**
Total EBITDA	**246.7**	**240.5**	**2.6%**	**135.6**	**129.9**	**4.3%**
EBITDA margin (%)	22.9%	23.5%	-0.6 p.p.	24.4%	24.7%	-0.3 p.p.
Depreciation and impairment losses	(109.3)	(118.3)	7.6%	(53.7)	(66.7)	19.4%
Provisions (increases and reversals)	(0.5)	(2.1)	74.8%	(0.5)	(1.1)	49.5%
EBIT	**136.9**	**120.0**	**14.1%**	**81.3**	**62.2**	**30.8%**
EBIT margin (%)	12.7%	11.7%	1.0 p.p.	14.7%	11.8%	2.8 p.p.
Net financial profit	(40.6)	(39.7)	-2.2%	(23.0)	(20.5)	-12.5%
Profit before tax	**96.3**	**80.3**	**20.0%**	**58.2**	**41.7**	**39.7%**
Income tax	(20.4)	(5.9)	<-100%	(7.5)	2.2	<-100%
Net profit for the period	75.9	74.3	2.0%	50.7	43.9	15.5%
Attributable to Semapa shareholders	**43.4**	**47.3**	**-8.3%**	**29.1**	**29.7**	**-2.2%**
Attributable to non-controlling interests (NCI)	32.5	27.0	20.1%	21.6	14.2	52.7%
Cash-flow	185.7	194.8	-4.7%	105.0	111.7	-6.0%

	30-06-2017	31-12-2016	Jun17 vs. Dec16
Equity (before NCI)	789.0	817.3	-3.5%
Net debt	**1,798.4**	**1,779.7**	**1.0%**

Notes:

- Total EBITDA = operating profit + depreciation and impairment losses + provisions (increase and reversal)
- Cash flow = net profit + 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

2 OPERATIONAL PERFORMANCE

BREAKDOWN BY BUSINESS SEGMENTS

IFRS - accrued amounts (million euros)	Paper and Pulp		Cement		Environment		Holdings		Consolidated
	H1 2017	H1 17/16	H1 2017	H1 17/16	H1 2017	H1 17/16	H1 2017	H1 17/16	H1 2017
Turnover	**812.6**	**4.4%**	**249.0**	**7.6%**	**14.7**	**18.0%**	**-**	**-**	**1,076.3**
Total EBITDA	**198.4**	**1.6%**	**44.3**	**6.4%**	**4.0**	**23.9%**	**0.0**	**-86.1%**	**246.7**
EBITDA margin (%)	24.4%	-0.7 p.p.	17.8%	-0.2 p.p.	27.3%	1.3 p.p.			22.9%
Depreciation and impairment losses	(82.4)	12.0%	(25.4)	-9.7%	(1.4)	5.5%	(0.1)	-3.7%	(109.3)
Provisions (increases and reversals)	(0.2)	86.4%	(0.2)	66.3%	(0.1)	-	-	-	(0.5)
EBIT	**115.8**	**15.5%**	**18.7**	**5.2%**	**2.5**	**43.2%**	**(0.1)**	**-125.2%**	**136.9**
EBIT margin (%)	14.2%	1.4 p.p.	7.5%	-0.2 p.p.	17.0%	3.0 p.p.			12.7%
Net financial profit	(8.3)	38.3%	(24.2)	-45.7%	(0.3)	19.7%	(7.8)	16.1%	(40.6)
Pre-tax profits	**107.5**	**23.8%**	**(5.5)**	**-591.6%**	**2.2**	**57.4%**	**(7.9)**	**13.4%**	**96.3**
Tax on profits	(17.0)	-138.7%	(2.1)	-244.3%	(0.3)	9.1%	(1.1)	<-1000%	(20.4)
Net profit for the period	90.5	13.5%	(7.6)	-396.1%	1.9	80.4%	(8.9)	0.9%	75.9
Attributable to Semapa equity holders	**62.8**	**13.2%**	**(12.4)**	**<-1000%**	**1.9**	**80.4%**	**(8.9)**	**0.9%**	**43.4**
Attributable to minority interests	27.7	14.3%	4.8	70.9%	0.0	80.6%	-	-	32.5
Cash-flow	173.1	-0.9%	18.0	-31.9%	3.4	34.1%	(8.8)	0.9%	185.7
Net debt	**737.9**	**15.2%**	**439.9**	**4.0%**	**16.8**	**6.6%**	**603.8**	**-13.8%**	**1,798.4**

Notes:

- For the purpose of calculating the change in net debt the values of 31.12.2016 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") is a listed company and publishes its interim report for the first half of 2017. Therefore, this report will just present the highlights of the respective Director's Report.

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

3 PAPER AND PULP BUSINESS AREA

3.1 LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	H1 2017	H1 2016	Var.
Turnover	**812.6**	**778.6**	**4.4%**
EBITDA	**198.4**	**195.3**	**1.6%**
EBITDA margin (%)	24.4%	25.1%	-0.7 p.p.
Depreciation and impairment losses	(82.4)	(93.6)	12.0%
Provisions (increases and reversals)	(0.2)	(1.4)	86.4%
EBIT	**115.8**	**100.3**	**15.5%**
EBIT margin (%)	14.2%	12.9%	1.4 p.p.
Net financial profit	(8.3)	(13.5)	38.3%
Profit before tax	**107.5**	**86.8**	**23.8%**
Tax on profts	(17.0)	(7.1)	-138.7%
Net profit for the period	90.5	79.7	13.5%
Attributable to Navigator shareholders	**90.5**	**79.9**	**13.2%**
Attributable to non-controlling interests (NCI)	0.0	(0.2)	101.2%
Cash-Flow	**173.1**	**174.7**	**-0.9%**
	30-06-2017	**31-12-2016**	**Jun17 vs. Dec16**
Equity (before NCI)	901.3	1,056.0	-14.7%
Net debt	**737.9**	**640.7**	**15.2%**

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

SUMMARY TABLE OF OPERATING INDICATORS

(000 tons)	H1 2017	H1 2016	Var.
Pulp and paper			
BEKP Output (pulp)	759.8	743.6	2.2%
BEKP Sales	182.4	129.7	40.6%
UWF Output (paper)	779.8	794.7	-1.9%
UWF Sales	771.8	775.5	-0.5%
FOEX – BHKP Euros/ton	682	649	5.0%
FOEX – A4- BCopy Euros/ton	805	833	-3.3%
Tissue			
Output of reels	28.3	19.1	48.1%
Output of finished products	24.3	20.1	20.6%
Sale of reels and other goods	4.4	3.9	11.2%
Sale finished products	23.7	20.3	16.4%
Total tissue sales	28.0	24.2	15.6%

3.2 ACTIVITY ANALYSIS

In the first half of 2017, the turnover of Navigator totalled 812.6 million euros, up by 4.4% over the same period in the previous year, driven by the strong performance in sales of pulp, tissue and energy.

Market demand for **pulp** was steady during the first half of the year, due to a healthy level of operations in the paper sector and a certain shortage of available supplies, triggered by a number of unexpected developments and several adjustments (both accidental and planned).

In China, the large volume of purchases recorded since the 4th quarter of 2016 is related not only to increased production of paper and cardboard, but also to demand to replenish stocks which dwindled throughout the supply chain over the previous year, as well as to the need to substitute domestic pulp taken off the market for environmental reasons.

Overall demand grew by 3.7% over the first five months of the year, with demand for BEKP surging by 5.2% (54% of total). Up to July, the new market pulp capacity estimated for 2017 had no adverse impact on prices, and the industry instead enjoyed 6 price rises in 6 successive months, unprecedented in its history

Analysts have expressed the expectation that prices could be undermined in the second half by Fibria's Horizonte 2 Project startup, and end the year at levels similar to those recorded in April. However, some of the main producers have anticipated a possible cooling in the market in the summer and announced that they will take significant capacity off the market in the second half of 2017.

Throughout the first six months of 2017, pulp prices evolved positively and the benchmark PIX - BHKP index in euros averaged 682 euros/ton as compared to 649 euros/ton in the same period of the previous year.

In this context, pulp sales grew around 41%, above 182 thousand tons, an increase driven by strong demand in the period and increased availability of the market pulp at the Cacia plant in relation to the first half of 2016. In spite of a positive evolution over the first half of 2017, Navigator’s average price in this period remained slightly below the first half of 2016 and pulp sales in value totalled 92 million euros, representing a growth of 40%.

In the paper business, global demand for UWF paper grew by approximately 1% in the first half of 2017, in contrast to the decline for all other classes of graphic paper. Foremost among the regions recording growth in demand were the emerging markets in Asia, and China, in particular, as well as the Middle East.

In Europe, apparent consumption continued to fall, but less steeply, with a reduction of only 0.4%, whilst demand for Cutsize and Folio rose by approximately 1%. Estimates suggest that the volume of imports in the first half was comparable to the same period in 2016. New orders were up by roughly 4% in relation to the first half of the previous year, dividing into 7% in international markets and 3% in European markets, allowing European manufacturers to operate on average at 95% capacity (up 1.5 p.p. YoY). The Navigator Company has continued to operate at full capacity.

As a result, order books in the European industry stand at levels unequalled since 2010. Stocks at mills and paper wholesalers are reported in the period at their lowest level for three years.

In the United States, apparent consumption in the first five months of the year dropped by around 5.3% in relation to the same period in 2016. As a consequence, the operating rate fell from 93% to 90%.

In this setting, Navigator implemented two price rises over the first half, resulting in an improvement in its average prices between December 2016 and June 2017 of approximately 3.3%. However, this improvement is not yet visible in the average value of the market price index, PIX-A4-B copy, which recorded an average price of 805 euros/ton in the first half of 2017 vs. 833 euros/ton in the first half of 2016. In volume, Navigator sold a total of 772 thousand tons of UWF paper, with sales rising significantly from the first to the second quarter, remaining in line with the volume in the first half of 2016. In terms of value, paper sales stood at 584.2 million euros, as compared with 604.3 million euros. Attention should be drawn to the improvement in the mix of products sold, with premium segment sales up by 2.4% over the same period of the previous year.

In the tissue business, consumption in Western Europe remains closely tied to growth in GDP, and in southern European countries, and Portugal in particular, growth in demand for tissue has in recent years clearly outstripped growth in the economy. In 2016/2017, competition has increased in the Iberian Peninsula, with new capacity - estimated at approximately 90 thousand tons - coming on to the market.

Hence, tissue sales progressed favourably; volume grew 15.6% to around 28 thousand tons, taking full advantage of the expansion in production and converting capacity over the course of 2015. The increase in amounts sold, together with the slight decrease in average sales price, resulted in tissue sales of 37.1 million euros (13% more than in the first half of 2016).

In the first half of 2017, electrical **power** sales stood at 84.2 million euros, increasing by 23% in relation to the first half of 2016, reflecting the normal operation of the renewable cogeneration facilities in Cacia and Setúbal. It should be recalled that power sales in the first half of 2016 were adversely affected by (i) the stoppage of TG3 at the renewable cogeneration plant at the Setúbal pulp mill; (ii) the breakdown in TG4 at the cogeneration plant at the Cacia pulp mill. Electrical power sales also benefited from the rise in the reference Brent price year on year, which influences the index directly.

Total gross power output was up by 8.7% in the first half of 2017 in relation to the same period in 2016, driven in particular by the increase in renewable cogeneration output at the Cacia pulp mill (+44.8%) and in renewable cogeneration at the Setúbal pulp mill (+52.3%). The biomass power stations in Cacia and Setúbal, exclusively dedicated to generating power sales to the national grid, also enjoyed strong performance, with gross output rising by 6.5% and 9.1% respectively.

In its new pellets production business in the United States, Navigator recorded its first sales in 2017, achieving a sales volume of 65 thousand tons by the end of the first half, with turnover of approximately 7.4 million euros. The plant is still at the start-up phase, and has experienced some initial problems in the production and marketing of pellets. Taking a prudent approach, Navigator decided to recognize these impacts in its accounts during its first operating first half, recording a total of 2.0 million euros in non-recurrent and extraordinary costs, with EBITDA contribution from this business still negative at this point.

In the first half of 2017, the EBITDA of Navigator was 198.4 million euros, 1.6% higher than the figure for the same period of the previous year, reflecting a 24.4% margin. The global effort to reduce costs and increase productivity contributed to this EBITDA level. In the first half, Navigator raised the number of initiatives under the cost reduction programme and managed to save around 10 million euros compared to the same period in the previous year. In terms of raw materials, Navigator recorded an overall improvement in average costs due to the reduction achieved in average wood purchasing prices, which offset the increase in specific consumption, resulting from the use of wood from sources offering poorer industrial performance.

In terms of the forest fires which occurred in June in the municipalities of Pedrógão Grande, Góis and Sertã, estimates point to a burned area of around 50 thousand hectares, with roughly 800 hectares of Navigator forests affected. Although the direct impact of this fire on the Group's forest holdings was not significant, several Portuguese suppliers have been affected, and it is still too early to evaluate the possible impact of these fires on future years. In any case, no risks are currently anticipated to the supply of wood to the Navigator's industrial plants.

The Navigator Company and Altri were involved from the outset in fighting the wildfires which occurred in Portugal in June this year, deploying the specialist fire-fighting teams operated by Afocelca. The loss of human life as a result of these fires was tragic and unparalleled in the country's history, and both companies are united in wishing to support all those affected by these terrible events.

To this end, Navigator and Altri decided to contribute one million euros, of which half a million euros will go to a special fund set up by the Calouste Gulbenkian Foundation to help civil society organizations in the Pedrógão Grande region. This contribution is designed to minimize the consequences of the fires and tragedy which affected the municipalities of Pedrógão Grande, Figueiró dos Vinhos and Castanheira de Pera. The two forestry Companies also decided to invest restoring the hillsides, water courses and forest infrastructures in the areas affected by the fires, as set out in a technical plan for 12 distinct measures, and will also place the expertise of their staff at the disposal of these efforts.

In the first half of 2017, depreciations and impairment losses of Navigator totalled 82.4 million euros, as compared with the figure of 93.6 million euros year on year. Despite the beginning of the depreciation of investments, namely of Colombo Energy assets, the extension of the useful life of Navigator's assets in the second half of 2016, extending the depreciation schedule and the recording of an impairment in the tangible fixed assets of Mozambique in the first half of 2016 resulted in the reduction in this item's value.

Net financial results for the first half evolved favourably, down to -8.3 million euros in the first half of 2017, as compared with -13.5 million euros recorded in the first half of 2016. This improvement was due essentially to the significant reduction in borrowing costs, following the restructuring of debt and contracting of new borrowings. The financial results were also impacted by non-recurring items in 2016, namely the premium paid for the call exercise on the high yield bond and the reversal of costs associated with tax contingencies.

The increase in corporate income tax derives mostly from the fact that in the first half of 2017 the amount of tax benefits applicable to the corporate income tax charged to the Navigator Group was much less, as it had been used in previous periods.

4 Cement And Derivatives Business Area

4.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	H1 2017	H1 2016	Var.
Sales	**249.3**	**231.8**	**7.6%**
EBITDA	**44.3**	**41.6**	**6.4%**
EBITDA Margin (%)	17.8%	**18.0%**	**-0.2 p.p.**
Depreciation and impairment losses	(25.4)	(23.2)	-9.7%
Provisions (increases and reversals)	(0.2)	(0.7)	66.3%
EBIT	**18.7**	**17.7**	**5.2%**
EBIT Margin (%)	7.5%	7.7%	-0.2 p.p.
Net financial profit	(24.2)	(16.6)	-45.7%
Pre-tax profit	**(5.5)**	**1.1**	**-591.6%**
Tax on profits	(2.1)	1.5	-244.3%
Net profit for the period	(7.6)	2.6	-396.1%
Attributable to Secil equity holders	**(12.4)**	**(0.2)**	**<-1000%**
Attributable to non-controlling interests (NCI)	4.8	2.8	70.9%
Cash-flow	**18.0**	**26.5**	**-31.9%**
	30-06-2017	**31-12-2016**	**Jun17 vs. Dec16**
Equity (before NCI)	393.7	444.9	-11.5%
Net debt	**439.9**	**422.9**	**4.0%**

Notes:

- Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.
- In the first half of 2017, turnover includes 0.3 million euros resulting from intra-group sales.

Summary table of operating indicators

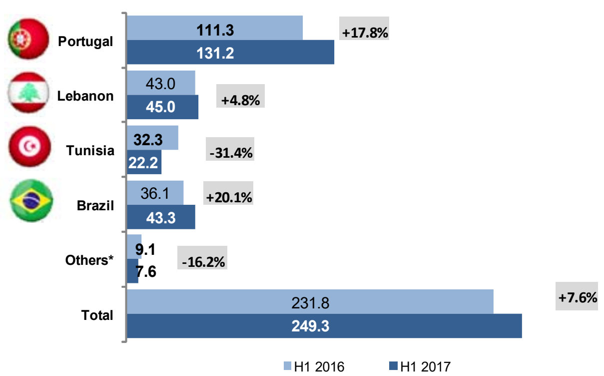
in 1 000 t	H1 2017	H1 2016	Var.
Annual cement production capacity	9,750	9,750	0.0%
Sales			
Grey cement	2,455	2,550	-3.7%
White cement	46	41	13.3%
Clinker	412	231	78.1%
Aggregates	1,722	1,239	38.9%
Precast concrete	141	15	838.7%
Mortars	64	52	22.4%
Hydraulic lime	13	4	228.4%
Mortar fixative	9	13	-32.1%
in 1 000 m3			
Ready-mix	706	593	19.1%

Note: Amounts excluding sales between segments

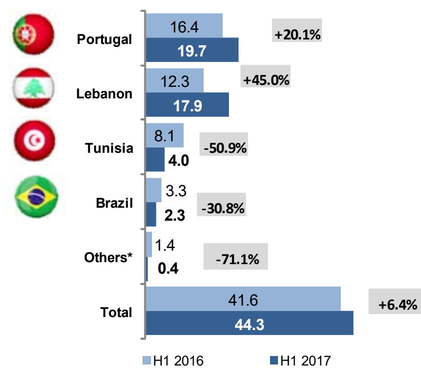
4.2 ACTIVITY ANALYSIS

(million euros)

TURNOVER



EBITDA



* Includes Angola and Others. The figures for the first half of 2016 were restated following the same criteria as in the first half of 2017.

In the first half of 2017, the turnover of the Cement business was 249.3 million euros, 7.6% higher than the figure for the same period of the previous year. This increase was mainly due to the growth in turnover of operations in Portugal and Brazil, despite the drop in turnover in Tunisia.

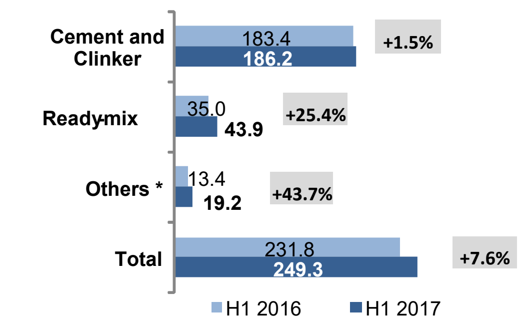
EBITDA stood at 44.3 million euros, which translated into an increase of around 2.7 million euros in relation to same period in 2016. EBITDA grew essentially as a result of operations in Portugal, where this indicator increased 3.3 million euros, and in Lebanon, where it was up by 5.5 million euros. In the first half of 2017, EBITDA margin stood at 17.8%, 0.2 p.p. below that of the same period in the previous year.

In geographical terms, Portugal's turnover increased its relative weight from 48.0% in the first half of 2016, to 52.6% in the same period in 2017, followed by Lebanon with 18.1% and Brazil with 17.4%.

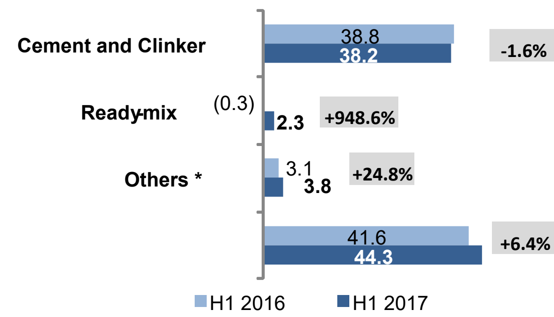
Portugal's EBITDA is represented about 44.5% of EBITDA's first half of 2017 vs. 39.5% in the first half of the previous year.

(million euros)

TURNOVER



EBITDA



* includes Aggregates, Mortars and Pre-Cast

In terms of business segments, Cement and Clinker turnover grew 1.5% in relation to the first half in 2016, reducing its share in all operations carried out (74.7% in the first half of 2017 vs. 79.1% in the same period in 2016).

In the first half of 2017, Cement and Clinker EBITDA decreased by 1.6% in relation to the first half of the previous year, standing at 38.2 million euros. In the same period, Ready-mix EBITDA increased by 2.6 million euros in relation to the first half of the previous year.

EBIT stood at 18.7 million euros comparing favourably with 17.7 million euros recorded on the same period in 2016. In the first half of 2017, depreciations and impairment losses of Secil totalled 25.4 million euros, as compared with the figure of 23.2 million euros year on year. The increase is mainly the result of the beginning of depreciations on investments made.

The net financial results in the semester amounted to a negative 24.2 million euros, which compares with an equally negative value of 16.6 million euros in the first half of 2016. Despite interest expense improved, exchange losses affected this item negatively.

The increase in corporate income tax derives mostly from the fact that in the first half of 2016 this caption was positively influenced by the reversal of provisions for tax procedures in the amount of around 3.6 million euros.

4.2.1 PORTUGAL

In Portugal, the Bank of Portugal reviewed upwards (Economic Bulletin - June 2017) the economic growth projection for 2017, to 2.5% against 1.8% previously. This development is supported by rising exports, the domestic demand pick up and rise in investment.

The positive performance of the building sector's indicators in the first quarter of 2017 (more investment in the construction sector (8.5%) and GVA, growing employment, increase in the public works market and more private project licenses) reinforced the good expectations for production development in the building sector in 2017.

According to the latest figures available, cement consumption in mainland Portugal was up by 15% year on year. It is estimated that the market reached approximately 1.5 million tons.

In this environment, turnover for overall operations in Portugal was up by 17.8% compared to the same period in 2016, totalling 131.2 million euros.

The Cement and Clinker business unit in Portugal recorded turnover of 82.3 million euros in the first half of 2017, representing a growth of 8.3%. In the domestic market, turnover grew 12%, arising mostly from positive market development, good weather conditions, and more local government and private projects (tourism and residential) and rehabilitation works, especially in Lisbon and Oporto.

In the external market there is still the surplus supply of the Mediterranean, due to the increase in production capacity of exporter countries like Turkey and less demand on behalf of countries dependant on fossil fuel revenue. In spite of the set backs, export volumes sold increased around 2.5% due to the successful search for alternative markets. Such development resulted from a significant rise in clinker sales, from 231 thousand tons in the first half of 2016 to 412 thousand tons in the first half of 2017. Cement sales dropped by 38%. The turnover of cement and clinker for export amounted to 32.4 million euros, having grown 3.6% year on year.

In the other business segments with operations based in Portugal (Ready-mix Concrete, Aggregates, Mortars and Pre-cast), turnover in the first half of 2017 amounted to approximately 48.9 million euros, up by 38.2% in relation to the same period of the previous year.

All of the other business segments of building materials grew, arising from the positive effects of a more dynamic building sector and private and public investment picking up, linked with the local government elections in 2017. In the Ready-mix Concrete business unit, the volumes of concrete sold grew more than 29% and the Aggregates business unit volumes increased 39%.

In the first half of 2017, EBITDA for total operations in Portugal was up by 20.1% year on year, at 19.7 million euros vs. 16.4 million euros in the first half of the previous year.

The Cement business unit recorded EBITDA of 14.3 million euros, close to the figure recorded in the same period in 2016. EBITDA in the first half of 2017 reflects less sales of surplus CO2 of around 600 thousand euros, compared to 1.9 million euros in the first half of 2016. In addition to the rise in the volumes sold in the domestic market and of clinker in the foreign market, the variable costs of clinker and cement production decreased, as a result of the increasing rate of alternative fuels used, which was up by approximately 5 p.p.. The fixed costs of production and maintenance were also lower. These elements helped to make up for the reduction in cement sales in the external market.

EBITDA of the other building materials business units stood at 5.4 million euros, which compares with 1.9 million euros in the first half of 2016. The most significant increase was in Ready-mix Concrete, arising from greater volumes sold, and also from the increase in average sales prices and lower staff and transport costs.

4.2.2 LEBANON

The long conflict in Syria continues to overshadow the outlook on Lebanon. This situation affects the local communities, leading to an increase in poverty and unemployment, which puts public finance and economy infrastructures under more pressure. According to the latest figures published by the IMF, the Lebanese economy is expected to grow by 2% in 2017 (World Economic Outlook, IMF April 2017), below its potential.

Cement consumption in the first half of 2017 stood at 2.4 million tons, 3.5% less year on year. The decrease took place in the second quarter, in spite of a better political environment in the country (the election of a president and the appointment of a new Prime-minister at the end of 2016 may help drive the country towards a revived political framework).

Turnover of combined operations in Lebanon increased 4.8%, compared to the previous year, amounting to 45 million euros.

Cement sales volume totalled 532 thousand tons, up by 1.5% year on year. Sales prices in local currency stood at similar levels to that in 2016, only slightly down by 0.1% due to changes in the sales mix. Turnover grew around 5%, as a result of an increase in volumes sold and the positive impact of the appreciation of the US dollar against the euro of 1.4 million euros, totalling 41.7 million euros.

Ready-mix concrete business turnover was up by 3.2% from the first half of 2016, reaching 3.3 million euros, as a result of an increase of 2.8% sales volume, lower sales price in local currency (due to the competitive environment) and a positive foreign exchange effect.

Total EBITDA from operations in Lebanon stood at 17.9 million euros, up by 45.0% in relation to the same period of the previous year. The Cement unit recorded EBITDA of 17.7 million euros, 45.4% over the figure in the same period in the previous year. The growth was driven by increasing cement and clinker production and lower production costs. In the first half of 2016 clinker production was down due to the programmed shut down of one of the lines to fit in the bag filter. This investment fostered the optimised use of raw materials and a drop in production costs. Less thermal and electric power consumption also provided a positive input. EBITDA in the first half of 2017 was impacted positively by approximately 2 million euros received on insurance payment due to the shutdown of one of the mills in 2016.

4.2.3 TUNISIA

In Tunisia, the political and social environments improved somewhat in 2017, which had a positive impact on the economy. However, the economy of Tunisia is still facing significant challenges, including high external and tax deficits, rising debt and insufficient growth for reducing unemployment. Social unrest and pressure from union claims continue. According to the latest figures published by the IMF, the Tunisian economy is expected to grow by 2.3% in 2017, above the 1% figure recorded in 2016 (Country Report No. 17/203, IMF July 2017).

In this context, it is estimated that the domestic cement market dropped 2.3% year on year. The cement market continued to suffer intense competition and high pressure on sales prices, which dropped. The cement export market decreased significantly by around 81% due to constraints on the Libyan border and in obtaining foreign currency in the Libyan financial market. In the Algerian market, the government did not issue any import licenses.

Consequently, turnover for combined operations in Tunisia in the first half of 2017 stood at approximately 22.2 million euros, down by 31.4% on a year-on-year basis.

The turnover of the Cement and Clinker business unit dropped approximately 33.3%, and stood at 18.8 million euros due to the decrease in turnover in the domestic market and a slight increase in the external market. Amounts of cement and clinker sold were down by about 22.5% in the domestic market and exports were up by 90.6% year on year. The aforementioned constraints in the case of exports and greater competition in the domestic market determined the pace of cement sales of this unit. To counteract the drop in cement exports (-52%), clinker exports to West Africa in the first half of 2017 totalled around 116 thousand tons, impacting positively total export sales. Sales price in the domestic market was above that in the first half of 2016 (+0.2%) in spite of ongoing pressure from competition. In the export market, prices remained below 2016 levels due to competition, the fact that there were no exports to Algeria (where price is higher) and clinker sales (at a lower price).

The turnover of the Concrete business unit dropped 19.0%, standing at 3.3 million euros, arising from the drop in sales volume and equivalent prices during the same period in the previous year and the negative impact of the depreciation of the Tunisian dinar against the euro, with an impact of approximately 373 thousand euros.

EBITDA from business operations in Tunisia in the first half of 2017 stood at 4 million euros, down by 50.9% in comparison with the same period of the previous year. The drop resulted from the decrease in turnover and change in the export product mix. Note that the variable costs of cement production dropped against the same period in the previous year, brought down mostly by less electrical power costs, due to the drop in the price (in June 2016 price dropped significantly). Staff costs were also down, as a result of the decrease in the number of employees.

4.2.4 BRAZIL

Recent IMF projections point to a slight growth of the economy of Brazil by 0.3% in 2017 (Country Report No. 17/215, IMF July 2017). Brazilian economy is still being affected by the lack of trust of economic agents, rising unemployment and scarce public investment. Despite the drop in inflation and interest rates, private investment has not increased, as a result of the unstable political situation.

In this context, the construction industry was naturally affected, with impact on cement consumption. The cement market has continued to contract, and in the first half of 2017 it decreased by 9%, against the first half in 2016. The South/South-east regions, where we have our operations, behaved in the same way.

Turnover of combined operations stood at approximately 43.3 million euros in the first half of 2017, representing an increase of 20.1%, of which 35.8 million euros in cement and clinker and 7.6. million euros in Ready-mix concrete. The growth was positively impacted by the rise in volumes sold in both operations and the appreciation of the Brazilian real against the euro (of approximately 7 million euros), the sales price of cement and concrete have dropped year on year.

In the first half of 2017, EBITDA stood at 2.3 million euros, compared to 3.3 million euros in the first half of 2016. The rise in amounts sold and the improvement of the variable costs of production (less energy consumption and lower electric power prices), were not enough to mitigate the effect of the drop in sales price in both business units and higher fixed costs associated with a larger structure as a result of the opening up of the distribution centres and the new concrete plants.

4.2.5 ANGOLA

According to the IMF, the Angolan economy is expected to grow slightly by 1.3% in 2017 (World Economic Outlook, IMF April 2017). The negative effects of oil price developments since 2014 are still felt. However, the gradual rise in oil price, the fact that this year government elections will be held (generally featuring a rise in public investment) and the growing availability of foreign currency at the Central Bank, suggested a recovery of the construction industry and of cement consumption. The expectations of growth did not materialise and in the first half of 2017 the Angolan cement market decreased by 30.6% year on year.

In the first half of 2017, the amount of cement volumes sold decreased year on year, amounting to 56 thousand tons, 28.1% less than in the previous year. Turnover stood at 7.6 million euros in total, down by 16.2% year on year, as a result of the appropriate and strict management of the sales price, which grew around 11.5% compared with the first half of 2016.

EBITDA in the first half of 2017 stood at approximately 0.4 million euros, below the figure in the same period in 2016.

5 ENVIRONMENT BUSINESS AREA

5.1 LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	H1 2017	H1 2016	Var.
Turnover	**14.7**	**12.4**	**18.0%**
EBITDA	**4.0**	**3.2**	**23.9%**
EBITDA margin (%)	27.3%	26.0%	1.3 p.p.
Depreciation and impairment losses	(1.4)	(1.5)	5.5%
Provisions (increases and reversals)	(0.1)	-	-
EBIT	**2.5**	**1.7**	**43.2%**
EBIT margin (%)	17.0%	14.0%	3.0 p.p.
Net financial profit	(0.3)	(0.3)	19.7%
Profit before tax	**2.2**	**1.4**	**57.4%**
Tax on profits	(0.3)	(0.4)	9.1%
Net profit for the period	1.9	1.1	80.4%
Attributable to ETSA shareholders	**1.9**	**1.1**	**80.4%**
Attributable to non-controlling interests (NCI)	-	-	-
Cash-Flow	**3.4**	**2.5**	**34.1%**
	30-06-2017	**31-12-2016**	**Jun17 vs. Dec16**
Equity (before NCI)	67.4	65.5	2.9%
Net debt	**16.8**	**15.7**	**6.6%**

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

5.2 ACTIVITY ANALYSIS

The ETSA Group recorded turnover of 14.7 million euros in the first half of 2017, up by around 18.0% in comparison with the same period in 2016.

This development was essentially due to (i) an increase in the average sales price of class 3 fats by around 28.8% and the same class meal by approximately 46.5% in comparison with the same period of 2016, (ii) volumes sold of class 2, practically non-existent in the first half of 2016, was very significant in the period in analysis, representing a 778.5% growth, albeit at a price around 21.0% lower, iii) increase of 14.4% consolidated services rendered, essentially resulting from the animal carcasses collection services, but also from higher revenues by ABAPOR (which increased around 19.8% in comparison with the same period in 2016) and (iv) a decrease in class 3 volumes by around 14.1% year on year.

EBITDA for the ETSA Group totalled approximately 4.0 million euros in the first half of 2017, representing an increase of about 23.9% in comparison with the same period of the previous year. This is explained fundamentally by higher sales prices and services rendered, which raised EBITDA margin by 1.3 p.p from the margin in the same period in the previous year to 27.3%.

In the first half of 2017, depreciations and impairment losses of ETSA totalled 1.4 million euros, approximately the same as the previous year.

Net financial results in the semester amounted to a negative 0.3 million euros, an improvement of 19.7% compared with the first half of 2016, as a result of total average debt reduction and repricing of current debt conditions.

6 HOLDINGS (SEMAPA SGPS AND INSTRUMENTAL SUB-HOLDINGS)

6.1 LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	H1 2017	H1 2016	Var.
EBITDA	**0.0**	**0.3**	**-86.1%**
Depreciation and impairment losses	(0.1)	(0.1)	-3.7%
Provisions (increases and reversals)	-	-	-
EBIT	**(0.1)**	**0.2**	**-125.2%**
Net financial profit	(7.8)	(9.3)	16.1%
Profit before tax	**(7.9)**	**(9.1)**	**13.4%**
Tax on profits	(1.1)	0.1	**<-1000%**
Net profit for the period	(8.9)	(9.0)	0.9%
Attributable to Semapa shareholders	**(8.9)**	**(9.0)**	**0.9%**
Cash-Flow	**(8.8)**	**(8.9)**	**0.9%**
	30-06-2017	**31-12-2016**	**Jun17 vs. Dec16**
Net debt	**603.8**	**700.4**	**-13.8%**

In the first half of 2017, EBITDA of the holdings was close to nil, comparing unfavourably with a positive amount of 0.3 million euros for the same period of the previous year.

7 CONSOLIDATED FINANCIAL PERFORMANCE

7.1 INDEBTEDNESS

CONSOLIDATED NET DEBT

(million euros)	30-06-2017	31-12-2016	Var.
Pulp and Paper	737.9	640.7	97.2
Cement	439.9	422.9	17.0
Environment	16.8	15.7	1.0
Holdings	603.8	700.4	-96.6
Total	**1,798.4**	**1,779.7**	**18.7**

On 30 June 2017, consolidated net debt stood at 1,798.4 million euros, representing an increase of 18.7 million euros over the figure recorded at year-end 2016, positively influenced by the generation of operating cash flow and:

- Pulp and paper: +97.2 million euros, including investments of about 35.2 million euros and the payment of dividends of 170 million euros;
- Cement: +17.0 million euros, which includes the exchange rate effect of foreign currency denominated debt, which helped to reduce debt by approximately 11 million euros, and investments of approximately 37.2 million euros;
- Environment: +1.0 million euros; and
- Holdings: -96.6 million euros, resulting namely from dividends received from Navigator (118.0 million euros), dividend payments (36.3 million euros) and State reimbursement of payments on account of corporate income tax (IRC) previously made.

7.2 CONSOLIDATED NET INCOME

Consolidated net income in the first half of 2017 attributable to shareholders of Semapa was 43.4 million euros, 8.3% less compared to the same period in the previous year. Net income per outstanding share stood at 0.537 euros/share.

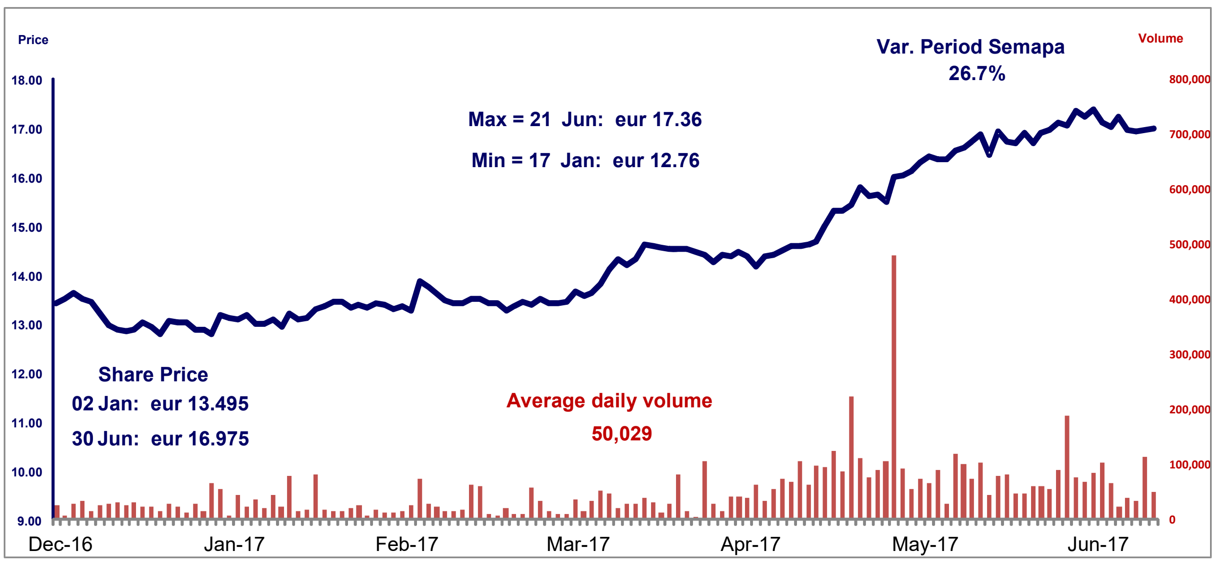
This development is explained essentially by the combined effect of the following factors:

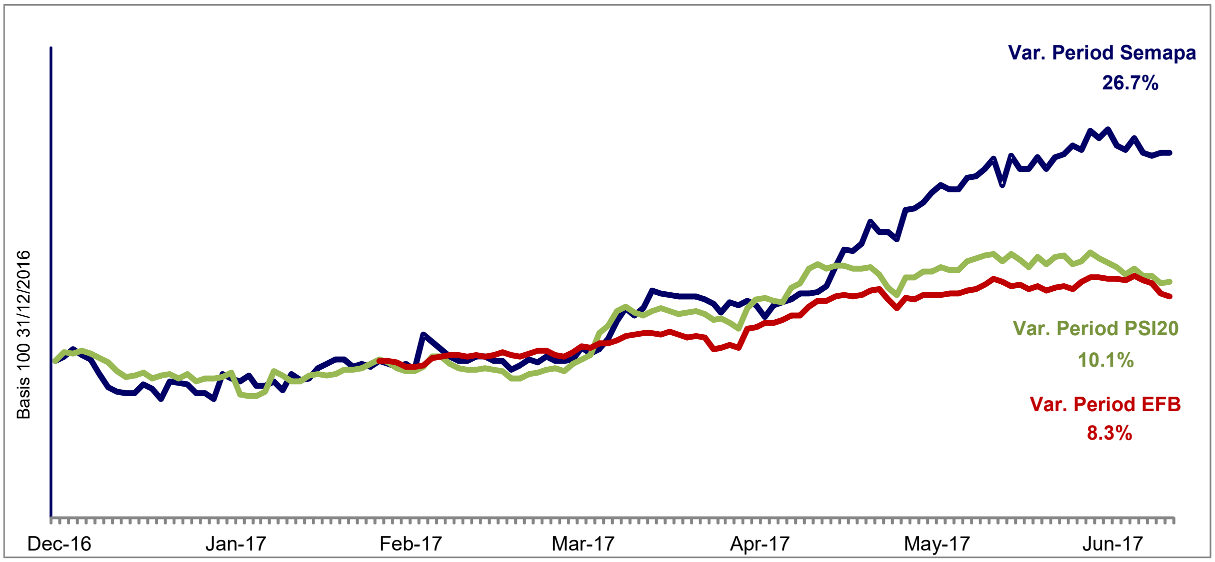
- Increase in total EBITDA of approximately 6.3 million euros;
- Provisions reduction of 1.6 million euros;
- Decrease in Depreciation and impairment losses of 9.0 million euros, reflecting essentially the adjustment of the useful life of Navigator assets in the second half of 2016, extending the depreciation schedule and the recording of an impairment in tangible fixed assets in the first half of 2016;
- Deterioration of net financial results by about 0.9 million euros, in relation to the previous year;
- Increase in corporate income tax by approximately 14.5 million euros, arising namely from the reduction of tax benefits applicable to the payable corporate income tax of the Navigator Group and from the fact that in the first half of 2016 tax provisions were reversed (gain).

8 SHARE PRICE PERFORMANCE

Despite the lingering uncertainties surrounding political changes in the United States and the impact of the Brexit process in Europe, the capital markets were reasonably optimistic during the first quarter of 2017, with slight slowdown in the second quarter of the year. The equity markets recorded gains in the first half of 2017, the Madrid stock exchange in particular, whose main index – IBEX35 - appreciated 11.7%. The PSI20 index was no exception and rose 10.1%, the fourth best performing stock exchange in the Euro Area. Outside this Area, the Dow Jones Industrial continued to rise. On the other hand, in spite of the rise in the first half of 2017, the main financial centres of London and São Paulo behaved rather negatively in the second quarter of the year.

In this context, the value of Semapa shares in the period increased 26.7%, well above PSI20 (+10.1%) and EFB (8.3%). Semapa's stock price reached a maximum of 17.36 euros on 21 June and a minimum of 12.76 euros on 17 January.





EFB – Euronext Family Business Index

Note: Closing market prices

9 SUBSEQUENT EVENTS

- In 19 July 2017, the Portuguese Parliament approved a new legislative proposal prohibiting new eucalyptus plantations and introducing arrangements that will result in constraints on renewal of existing plantations of this species. Navigator regards with concern this approval, since this legislative package only allows new plantations which replace existing plantations and requires in that case a gradual reduction so that, after five years, the ratio of new eucalyptus areas will correspond to half of each hectare of reduced eucalyptus.

  These discriminatory measures are devoid of any scientific, economic or environmental grounds, and will have the immediate and long-term consequence of further increasing the abandonment of rural properties in Portugal. Furthermore, they will not resolve the problem of wildfires in our country, as the main cause of these fires is the accumulation of combustible matter in rural areas. Unmanaged or abandoned woodlands, with a high wooded density, reacts to fire in a similar way, irrespective of which species is dominant. Indeed, eucalyptus is one of the species for which the burned areas has been lowest in the past 15 years (2000-2015), according to ICNF figures (National Authority for Forest Conservation), lower than for maritime pine and far lower than for brushland and uncultivated land which accounts for more than half of the entire burned area in Portugal.

  Navigator has been making the case for prevention as the key tool in mitigating fire risks, creating opportunities for combating fires through construction and maintenance of infrastructures which penetrate forest areas and reduce the combustible matter in these areas. These measures need to be pursued within a policy framework that rewards certified forestry management. In Navigator's managed and certified forests, the areas burned are less than 1% of the total area under management, making it even clearer that an organised and well-managed forest is less vulnerable to fire risk.

  Implementation of this legislation will of course add to the already heavy burden of paying for expensive imports of raw material for the eucalyptus pulp industry. The losers are the pulp manufacturers, who are less able to compete internationally, and the country as a whole, which loses foreign revenues and sees jobs disappear.
- On 5 July 2017, Navigator paid the second tranche of dividends, corresponding to the distribution of reserves, approved at the Annual General Meeting of 24 May 2017. This involved an overall sum of approximately 80 million euros, of which 55.5 million euros were paid to Semapa. Consequently, 250 million euros of income were distributed in total in 2017.

10 OUTLOOK

At the close of the first half of 2017, expectations continue to point out to a gradual upturn in the world economy, with favourable performance in the developed economies and also the emerging markets. Positive signs can be observed in the Economic Monetary Union countries, where various economic indicators have returned to their highest levels prior to the international financial crisis, confirming the scenario of robust growth in the second quarter.

In the emerging markets, China leads the way in economic performance, with the full range of indicators pointing towards sustained growth.

PAPER AND PULP

In the short fibre pulp market, business was strong throughout the first half, with sharp growth in demand, low levels of stocks and upwards pressure on prices. Most forecasts for pulp prices in 2017 have been revised upwards, with industry analysts pointing to an average price for this year of around 790 USD/ton, well above the average price in 2016. There is still concern as to the impact of new pulp capacity expected to come on to the market as from the second half of this year, although this impact may be softened by the effect of production stoppages also planned for 2017.

The project at the Figueira da Foz pulp site is designed to achieve improvements in production efficiency and environmental performance, whilst at the same time increasing capacity by 70 thousand tons, to a total annual capacity of 650 thousand tons of BEKP pulp. Overall investment is estimated at around 85 million euros and includes important operational and environmental improvements, namely in terms of reduction of odour, waste, air and liquid emissions. Significant progress has already been made on the initial pile work and the civil construction contract has been awarded. The main equipments are planned to be fitted in September 2017 and the company estimates to start preliminary production tests after the maintenance stoppage programmed for March 2018.

Tissue business in 2017 remains constrained by the general health of the economy, in particular levels of employment and growth in income levels, as well as by a sharp increase in competition in Iberia. Navigator will continue to work on developing its sales, although it expects increased pressure on its margins due to the sharp rise in pulp prices and the arrival of new capacity on the market.

As already reported, the Cacia project involves building a state-of-the-art tissue paper production line and respective facilities for conversion into end products, with nominal annual capacity of approximately 70 thousand tons, benefitting of synergies from the integration of pulp into tissue, with a total investment of roughly € 120 million. Progress made in the first half included selection of the main plant suppliers and obtaining various licenses. Work also started on preparing the site and civil construction work got under way. The project is currently proceeding to schedule, and the tissue paper machine is planned to start up in Q3 2018.

In the paper market, Navigator has benefited from improving conditions in the market as from late 2016; this trend was maintained throughout the semester. Global figures from PPPC/Eurograph point to growth in UWF demand of 1.1% (YTD May 2017), making this the only segment in printing papers to record growth in the last two years. After implementing two price rises during the first half, Navigator has announced a further price increase for its products to be implemented from July onwards, in Europe and in markets in the Middle East and Northern Africa. These increases are a consequence of the improvement of the pulp market conditions which directly benefit Navigator’s integrated business. Navigator's 60-day order book is currently at an all-time high, allowing it to anticipate a fairly robust third quarter.

Navigator remains fully committed to the forestry and industrial project it has been pursuing in Mozambique since 2009. However, in view of the changes in the general environment in which the project is being undertaken, in particular the higher operating risks due to the political, social and economic situation in general, Navigator has decided to proceed with investment at a more moderate pace and implement the project in phases, with approval of the Mozambican Government. At this moment, the project in Mozambique is focused on forestry development as a necessary condition to the development of an industrial project involving the construction of a large-scale pulp mill.

At this stage, Navigator is also assessing whether to implement a production operation for eucalyptus wood chip, geared essentially to the Asian market. In this context, at the end of the first quarter a pilot operation, launched in late 2016, was successfully developed and completed, which consisted of exporting to Portugal 2 thousand tons of eucalyptus timber from Zambézia through the Port of Nacala. Armed with this practical experience gained on the ground, Navigator has identified a series of conditions which need to be met before it is able to advance with a wood chip production and export operation, and has informed the government of Mozambique of these requirements. Operating through its subsidiary Portucel Moçambique, the Navigator Group is focused on resolving these issues, and expects most of them to be overcome by the end of 2017, with the support of IFC (International Finance Corporation), partner and investor in this project.

CEMENT AND OTHER BUILDING MATERIALS

Portugal's GDP growth outlook in 2017 is more positive; according to the latest projections of the Bank of Portugal, the economy is expected to grow by 2.5%. After the building industry dropped by 3.3% in 2016, the activity is expected to pick up in 2017. This recovery outlook points to a pickup in domestic market activities, which has already taken place in the first half of 2017.

In Lebanon cement demand is expected to sustain the good momentum. Notwithstanding the unstable environment caused by the war in Syria, greater political stability in the country makes it possible to anticipate higher confidence among economic agents.

A 2.3% growth of the economy is forecasted for Tunisia (Country Report No. 17/203, IMF July 2017). Competition should continue to be intense and increased pressure on sales prices is expected (in the domestic and foreign markets), due to oversupply in the country.

Brazil is expected to grow modestly by 0.3% in 2017 (Country Report No. 17/215, IMF July 2017), 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. Growth remains constrained by the political crisis. This will continue to put pressure on the amounts sold, but sales are expected to grow. Sales price developments will have an impact on the performance, which is why efforts will continue to be done into improving production costs and controlling fixed costs.

The Angolan economic outlook is slightly positive for 2017. The IMF is forecasting 1.3% economic growth in 2017. Government programmes to diversify the economy in 2016, the upward trend of oil prices on the international markets and the elections in 2017 are expected to foster economic growth and cement consumption. While it has not yet been the case in the first half of the year, cement consumption is expected to grow in the second half.

ENVIRONMENT

Considering the current macroeconomic, financial and sector context, current conditions are envisaged to remain unchanged in the medium term in the sector operated by the ETSA group, insofar as consumption of foodstuffs is maintained. However, the competition between operators in the procurement of 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 48.6% of total revenues as of 30 June 2017), (ii) identifying new opportunities for vertical growth, channelling its investments to improve 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 July 2017

BOARD OF DIRECTORS

CHAIRMAN:

PEDRO MENDONÇA DE QUEIROZ PEREIRA

MEMBERS:

JOÃO NUNO DE SOTTOMAYOR PINTO DE CASTELLO BRANCO

JOSÉ MIGUEL PEREIRA GENS PAREDES

PAULO MIGUEL GARCÊS VENTURA

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

ANTÓNIO PEDRO DE CARVALHO VIANA BAPTISTA

CARLOS EDUARDO COELHO ALVES

FRANCISCO JOSÉ MELO E CASTRO GUEDES

MANUEL CUSTÓDIO DE OLIVEIRA

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

VÍTOR PAULO PARANHOS PEREIRA

PART 2

DECLARATION REQUIRED UNDER ARTICLE 246.1 C) OF THE SECURITIES CODE

DECLARATION REQUIRED UNDER ARTICLE 246.1 C) OF THE SECURITIES CODE

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

> *"I hereby declare, under the terms and for the purposes of Article 246.1 c) of the Securities Code that, to the best of my knowledge, the condensed financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the first half of 2017, were drawn up in accordance with the relevant accounting rules, and provide a true and fair view of the assets and liabilities, financial affairs and profit or loss of the said company and other companies included in the consolidated accounts, and that the interim management report sets out faithfully the information required by Article 246.2 of the Securities Code."*

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

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

PART 3

DISCLOSURES REQUIRED BY SUB-PARAS. A) AND C) OF ARTICLE 9.1 AND ARTICLE 14.7 OF SECURITIES MARKET COMMISSION (CMVM) REGULATION NO. 5/2008

DISCLOSURES REQUIRED BY SUB-PARAS. A) AND C) OF ARTICLE 9.1 AND ARTICLE 14.7 OF SECURITIES MARKET COMMISSION (CMVM) REGULATION NO. 5/2008 (WITH REFERENCE TO THE FIRST HALF OF 2017)

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

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

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

During the first half of 2017 there were no acquisitions, encumbrances or securities transmissions of the company or of companies in a control or group relationship by members of the governing bodies.

3. LIST OF QUALIFYING HOLDINGS, INDICATING THE NUMBER OF SHARES HELD AND THE CORRESPONDING PERCENTAGE OF VOTING RIGHTS, CALCULATED IN ACCORDANCE WITH ARTICLE 20 OF THE SECURITIES CODE (WITH REFERENCE TO THE DATE OF THIS REPORT):

	Entity	No. shares	% capital and voting rights	% non-supended voting rights
A -	Sodim, SGPS, S.A.	15,252,726	18.768%	18.904%
	Directors of Sodim			
	Filipa Mendes de Almeida de Queiroz Pereira Rocha Páris	5.488	0.007%	0.007%
	Mafalda Mendes de Almeida de Queiroz Pereira Sacadura Botte	5.888	0.007%	0.007%

(*) *The bonds issued by Semapa with the name “Obrigações SEMAPA 2014/2019” correspond to company bonds with a variable rate corresponding to the 6 months EURIBOR rate, listed on the following working day TARGET immediately prior to the date of beginning of each interest period, added 3.25% per year and maturity in 2019.*

	Entity	No. shares	% capital and voting rights	% non-supended voting rights
	Lua Mónica Mendes de Almeida de Queiroz Pereira	5.888	0.007%	0.007%
	Cimigest, SGPS, S.A.	3,185,019	3.919%	3.948%
	Cimo - Gestão de Participações, SGPS, S.A.	16,199,031	19.932%	20.077%
	Longapar, SGPS, S.A.	22,225,400	27.348%	27.546%
	OEM - Organização de Empresas, SGPS, S.A.	535,000	0.658%	0.663%
	Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.769%	0.775%
	Total:	58,039,639	71.416%	71.935%
B -	Bestinver Gestión, S.A. SGIIC	-	-	-
	Bestinver Empleo, F.P.	13,930	0.017%	0.017%
	Bestinver Bolsa, F.I.M.	2,319,127	2.854%	2.874%
	Bestinver Ahorro Fondo de Pensiones	198,347	0.244%	0.246%
	Bestinver Empleo III Fondo de Pensiones	2,221	0.003%	0.003%
	Bestinver Hedge Value Fund, FIL	1,503,046	1.849%	1.863%
	Bestinver Global F.P.	405,052	0.498%	0.502%
	Bestinver Mixto, F.I.M.	195,019	0.240%	0.242%
	Bestvalue F.I.	519,214	0.639%	0.644%
	Bestinver Prevision F.P.	38,849	0.048%	0.048%
	Divalsa de Inversiones SICAV	13,543	0.017%	0.017%
	Bestinver SICAV - Bestinfund	79,928	0.098%	0.099%
	Bestinver Empleo II, F.P.	3,571	0.004%	0.004%
	Bestinver Futuro EPSV	6,607	0.008%	0.008%
	Bestinver SICAV - Iberian	229,426	0.282%	0.284%
	Bestinver Renta F.I.M.	177,186	0.218%	0.220%
	Bestinver Consolidacion EPSV	1,975	0.002%	0.002%
	Bestinfond, F.I.M.	1,459,715	1.796%	1.809%
	Total:	7,166,756	8.818%	8.883%
C -	Santander Asset Management España, S.A., S.G.I.I.C.	-	-	-
	Santander Acciones Españolas, F.I.	1,610,028	1.981%	1.995%
	Santander Small Caps España, F.I.	371,188	0.457%	0.460%
	Total:	1,981,216	2.438%	2.456%

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

4. TRADING IN COMPANY SHARES BY MANAGEMENT PERSONNEL AND CLOSELY CONNECTED PERSONS DURING THE FIRST HALF:

During the first half of 2017 there was no trading of shares of the company by management personnel and closely connected persons.

PART 4

CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 AND 2016

Amounts in Euro	Notes	1st Semester 2017	1st Semester 2016	2nd Quarter 2017	2nd Quarter 2016
				(Unaudited)	*(Unaudited)*
Revenues					
Sales	4	1,064,130,196	1,013,043,457	548,883,851	521,314,837
Services Rendered	4	12,149,846	9,776,122	5,867,915	4,941,713
Other Income					
Gains on disposal of non-current assets	5	1,190,833	490,461	1,162,217	335,871
Other Operating Income	5	20,534,226	32,474,259	9,141,811	19,664,520
Change in fair value of biological assets		3,210,175	6,938,246	3,712,757	7,210,135
Costs, expenses and losses					
Cost of inventories sold and consumed	6	(405,183,341)	(415,548,619)	(187,494,615)	(200,505,850)
Variation in production	6	(8,396,653)	4,662,312	(21,666,850)	(12,399,708)
Cost of materials and services consumed	6	(292,385,978)	(269,978,578)	(149,348,366)	(137,326,338)
Payroll costs	6	(127,348,615)	(121,724,565)	(64,600,604)	(63,271,081)
Other costs and losses	6	(21,156,985)	(19,670,780)	(10,095,698)	(10,024,603)
Provisions	6	(535,814)	(2,128,706)	(546,896)	(1,082,946)
Depreciation, amortisation and impairment losses	8	(109,318,259)	(118,347,341)	(53,741,571)	(66,703,059)
Operational results		**136,889,631**	**119,986,268**	**81,273,951**	**62,153,491**
Group share of (loss)/gains of associated companies	9	259,158	1,144,690	285,246	1,105,320
Net financial results	10	(40,842,093)	(40,856,108)	(23,326,369)	(21,579,078)
Profit before tax		**96,306,696**	**80,274,850**	**58,232,828**	**41,679,733**
Income tax	11	(20,448,675)	(5,933,591)	(7,531,049)	2,221,661
Net profit for the period		**75,858,021**	**74,341,259**	**50,701,779**	**43,901,394**
Net profit for the period					
Attributable to the shareholdes of the parent company		**43,358,562**	**47,291,544**	**29,085,485**	**29,740,793**
Attributable to non-controlling interests	13	32,499,459	27,049,715	21,616,294	14,160,601
Earnings per share					
Basic earnings per share, Eur	12	0.537	0.582	0.361	0.366
Diluted earnings per share, Eur	12	0.537	0.582	0.361	0.366

STATEMENT OF INTERIM CONSOLIDATED COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 AND 2016

Amounts in Euro	Notes	1st Semester 2017	1st Semester 2016	2nd Quarter 2017	2nd Quarter 2016
				(Unaudited)	*(Unaudited)*
Net profit for the period without non-controlling interests		**75,858,021**	**74,341,259**	**50,701,779**	**43,901,394**
Items that may subsequently be reclassified to the income statement					
Derivative financial instruments					
Fair value changes	34	8,288,138	(6,578,969)	6,182,537	(3,416,366)
Tax on items above when applicable	28	(2,019,363)	2,343,700	(1,700,197)	1,183,858
Currency translation differences	27	(46,086,305)	28,445,351	(49,206,090)	28,889,397
Share of other comprehensive income of associates		16,471	(2,194,734)	28,207	(4,555,074)
Items that will not be reclassified to the income statement					
Remeasurements of post employment benefit obligations					
Actuarial gains / (losses)	29	(9,177)	(3,224,013)	(1,771,743)	(3,591,072)
Tax on items above when applicable	28	5,260	(497,920)	5,319	(311,490)
Other comprehensive income for the period net of taxes		**(39,804,976)**	**18,293,415**	**(46,461,967)**	**18,199,253**
Total comprehensive income for the period		**36,053,045**	**92,634,674**	**4,239,812**	**62,100,647**
Attributable to:					
The shareholdes of the parent company		8,114,024	70,036,285	(12,110,954)	49,385,792
Non-controlling interests		27,939,021	22,598,389	16,350,766	12,714,855
		36,053,045	**92,634,674**	**4,239,812**	**62,100,647**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 JUNE 2017 AND 31 DECEMBER 2016

Amounts in Euro	Notes	30-06-2017	31-12-2016
ASSETS			
Non-current assets			
Goodwill	15	354,865,714	352,812,897
Other intangible assets	16	292,679,679	296,621,604
Property, plant and equipment	17	2,203,668,843	2,313,490,314
Investment properties		941,299	958,112
Biological assets	18	128,823,123	125,612,948
Investment in Associates and Joint-ventures	19	3,315,453	3,885,458
Financial assets at fair value through profit or loss	20	44,508	47,258
Available-for-sale financial assets	21	378,444	342,122
Deferred tax assets	28	74,553,453	78,652,223
Other non-current assets		6,901,345	6,744,351
		3,066,171,861	**3,179,167,287**
Current assets			
Inventories	23	325,022,247	308,717,695
Receivable and other current assets	24	332,922,640	304,904,426
State and other public entities	25	89,930,202	97,489,849
Income tax	25	2,478,532	13,059,045
Assets held for sale	33	1,034,615	1,036,774
Cash and cash equivalents	2.1.3 and 31	190,158,097	184,101,274
		941,546,333	**909,309,063**
Total assets		**4,007,718,194**	**4,088,476,350**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	26	81,270,000	81,270,000
Treasury shares	26	(6,036,401)	(6,036,401)
Translations reserves	27	(71,382,776)	(31,600,075)
Fair value reserves	27	(1,542,673)	(6,062,513)
Other reserves	27	717,616,946	717,616,946
Retained earnings	27	25,672,256	(52,720,971)
Net profit for the period		43,358,562	114,862,812
Equity attributable to the shareholdes of the parent company		**788,955,914**	**817,329,798**
Non-controlling interests	13	354,932,675	409,754,207
Total Equity		**1,143,888,589**	**1,227,084,005**
Non-current liabilities			
Deferred tax liabilities	28	273,927,521	276,468,649
Pensions and other post-employment benefits	29	10,410,166	10,085,423
Provisions	30	67,303,235	74,571,775
Interest-bearing liabilities	31	1,658,316,488	1,697,565,380
Other non-current liabilities	32	28,938,949	33,301,140
		2,038,896,359	**2,091,992,367**
Current liabilities			
Interest-bearing liabilities	31	330,230,994	266,268,367
Payables and other current liabilities	32	382,864,155	379,782,809
State and other public entities	25	73,774,187	76,253,728
Income tax	25	37,996,054	47,023,845
Liabilities held for sale	33	67,856	71,229
		824,933,246	**769,399,978**
Total liabilities		**2,863,829,605**	**2,861,392,345**
Total equity and liabilities		**4,007,718,194**	**4,088,476,350**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 AND 2016

Amounts in Euro	Notes	Share Capital	Treasury Shares	Share Premiums	Fair value reserve	Other reserves	Translation reserve	Retained earnings	Net Profit for the period	Total	Non-controlling interests	Total
Equity as of 1 January 2017		**81,270,000**	**(6,036,401)**	**-**	**(6,062,513)**	**717,616,946**	**(31,600,072)**	**(52,720,975)**	**114,862,813**	**817,329,798**	**409,754,207**	**1,227,084,005**
Application of 2016 profit of the year:												
- Transfer to reserves	14 and 27	-	-	-	-	-	-	75,045,183	(75,045,183)	-	-	-
- Dividends paid	14 and 27	-	-	-	-	-	-	-	(36,307,652)	(36,307,652)	-	(36,307,652)
- Profit-sharing bonuses reclassified to payroll costs	14	-	-	-	-	-	-	-	(3,509,978)	(3,509,978)	-	(3,509,978)
Dividends paid by subsidiaries to non-controlling interests	13	-	-	-	-	-	-	-	-	-	(82,641,188)	(82,641,188)
Income and expenses recognized directly in equity*		-	-	-	4,519,840	-	(39,782,703)	18,325	-	(35,244,538)	(4,560,437)	(39,804,975)
Acquisitions / Disposals to non-controlling interests		-	-	-	-	-	-	(200)	-	(200)	-	(200)
Changes in the consolidation perimeter		-	-	-	-	-	-	-	-	-	(178,343)	(178,343)
Other movements		-	-	-	-	-	-	3,329,923	-	3,329,923	58,976	3,388,899
Profit for the period		-	-	-	-	-	-	-	43,358,562	43,358,562	32,499,459	75,858,021
Equity as of 30 June 2016		**81,270,000**	**(6,036,401)**	**-**	**(1,542,673)**	**717,616,946**	**(71,382,775)**	**25,672,256**	**43,358,562**	**788,955,915**	**354,932,674**	**1,143,888,589**

**Net of deferred taxes*

Amounts in Euro	Notes	Share Capital	Treasury Shares	Share Premiums	Fair value reserve	Other reserves	Translation reserve	Retained earnings	Net Profit for the period	Total	Non-controlling interests	Total
Equity as of 1 January 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**	**1,131,627,063**
Application of 2015 profit of the year:												
- Transfer to reserves	14 and 27	-	-	-	-	51,586,337	-	-	(51,586,337)	-	-	-
- Dividends/ Reserves paid	14 and 27	-	-	-	-	11,822	-	-	(26,736,183)	(26,724,361)	-	(26,724,361)
- Profit-sharing bonuses reclassified to payroll costs	14	-	-	-	-	-	-	-	(3,207,520)	(3,207,520)		(3,207,520)
Acquisition and extinction of treasury shares	26 and 27	(375,523)	(5,338,129)	-	-	(3,601,081)	-	-	-	(9,314,733)	-	(9,314,733)
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	13	-	-	-	-	-	-	-	-	-	(60,885,568)	(60,885,568)
Income and expenses recognized directly in equity*		-	-	-	(2,277,656)	-	29,035,264	(4,042,300)	-	22,715,308	(4,421,893)	18,293,415
Acquisitions / Disposals to non-controlling interests		-	-	-	-	-	-	473	-	473	-	473
Changes in the consolidation perimeter		-	-	-	-	-	-	-	-	-	(75,557)	(75,557)
Other movements		-	-	-	-	-	-	3,207,520	-	3,207,520	464,694	3,672,214
Profit for the period		-	-	-	-	-	-	-	47,291,544	47,291,544	27,049,715	74,341,259
Equity as of 30 June 2016		**81,270,000**	**(5,391,245)**	**-**	**(7,198,743)**	**717,616,945**	**(36,867,942)**	**(46,414,721)**	**47,291,545**	**750,305,839**	**377,420,846**	**1,127,726,685**

**Net of deferred taxes*

INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 AND 2016

Amounts in Euro	Notes	1st Semester 2017	1st Semester 2016	2nd Quarter 2017	2nd Quarter 2016
				(Unaudited)	*(Unaudited)*
OPERATING ACTIVITIES					
Receipts from customers		1,141,950,617	1,109,104,967	579,212,154	567,648,133
Payments to suppliers		(859,506,357)	(870,253,787)	(426,071,091)	(432,722,683)
Payments to personnel		(100,398,047)	(92,691,242)	(59,060,964)	(55,824,856)
Cash flow from operations		182,046,213	146,159,938	94,080,099	79,100,594
Income tax received / (paid)		(17,635,886)	(20,014,930)	(12,568,882)	(6,165,628)
Other receipts / (payments) relating to operating activities		5,692,870	10,942,829	16,874,294	12,617,783
Cahs flow from operating activities (1)		**170,103,197**	**137,087,837**	**98,385,511**	**85,552,749**
INVESTING ACTIVITIES					
Inflows					
Financial investments		-	269,092	-	125,727
Property, plant and equipment		1,490,946	20,906	1,218,518	(34,216)
Interest and similar income		1,516,869	1,382,722	507,254	731,247
Dividends		833,509	868,684	707,687	727,187
		3,841,324	2,541,404	2,433,459	1,549,945
Outflows					
Financial investments		(26,221,248)	(27,990,328)	(12,662,448)	(27,591,969)
Cash and cash equivalents - changes in consolidation perimeter		-	12,664	-	12,664
Property, plant and equipment		(55,141,880)	(58,208,618)	(22,122,817)	(27,237,462)
		(81,762,780)	(86,186,282)	(35,184,917)	(54,816,767)
Cash flow from investing activities (2)		**(77,921,456)**	**(83,644,878)**	**(32,751,458)**	**(53,266,822)**
FINANCING ACTIVITIES					
Inflows					
Proceeds from borrowings		2,606,219,558	3,267,918,174	1,154,225,830	2,073,150,128
		2,606,219,558	3,267,918,174	1,154,225,830	2,073,150,128
Outflows					
Repayments of borrowings		(2,558,806,044)	(3,234,265,871)	(1,115,154,406)	(2,016,249,950)
Repayment of financial leases		(332,531)	(512,046)	(170,624)	(275,496)
Interest and similar expenses		(34,226,972)	(45,499,706)	(19,489,298)	(32,111,552)
Dividends		(93,784,400)	(86,377,051)	(93,230,770)	(86,021,703)
Treasury shares aquisitions		-	(9,281,394)	-	(5,253,941)
		(2,687,149,947)	(3,375,936,068)	(1,228,045,098)	(2,139,912,642)
Cash flow from financing activities (3)		**(80,930,389)**	**(108,017,894)**	**(73,819,268)**	**(66,762,514)**
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		**11,251,352**	**(54,574,935)**	**(8,185,215)**	**(34,476,587)**
EXCHANGE GAINS / (LOSSES) ON CASH AND CASH EQUIVALENTS		(5,194,529)	(3,803,537)	(4,432,204)	310,301
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	31	**184,101,274**	**206,255,763**	**202,775,516**	**182,043,577**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	31	**190,158,097**	**147,877,291**	**190,158,097**	**147,877,291**

INDEX TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2017

(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 and it is listed on NYSE Euronext Lisbon since 1995, with ISIN PTSEM0AM0004.

HEAD OFFICE: Av. Fontes Pereira de Melo, 14, 10th Floor, Lisbon

SHARE CAPITAL: Euro 81,270,000

CORPORATE BODY NO.: 502 593 130

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

Semapa is included in the consolidation perimeter of Sodim - SGPS, S.A., which is its parent company and the final controlling entity.

These consolidated financial statements were approved by the Board of Directors on 27 July 2017.

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

1. SUMMARY OF THE PRINCIPAL ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

The interim consolidated financial statements for the six months period ended 30 June 2017 have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting and with the International Financial Reporting Standards adopted by the European Union (IFRS – formerly referred to as the International Accounting Standards - IAS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC) in force on the date of preparation of the mentioned financial statements.

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

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

1.2 ADDITIONAL DISCLOSURES

COMPARABILITY

During the period in analysis, there were any facts that could affect the comparability of these consolidated interim financial statements.

1.3 BASIS OF CONSOLIDATION

1.3.1 SUBSIDIARIES

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

These company's shareholders equity and net profit/(loss), corresponding to the third-party investment in such companies, are presented under the caption Non-controlling interests respectively in the Consolidated Statement of Financial Position, in a separate component of shareholders' equity, and in the Consolidated Income Statement. Companies included in the consolidated financial statements are detailed in Note 43.

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

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

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

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

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

In the case of disposals of shares resulting in a loss of control over a subsidiary, any remaining interest is revalued to the market value at the date of sale and the gain or loss resulting from such revaluation is recorded against income, as well as the gain or loss resulting from such disposal.

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

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

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

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

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

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

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

1.3.2 ASSOCIATES

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

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

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

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

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

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

1.3.3 JOINT VENTURES

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

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

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

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

When the Group's share in the joint venture's losses is equal to or exceeds its investment in the joint venture, the Group ceases to recognise additional losses, except where it has assumed liability or made payments in the associate's name.

Unrealised gains on transactions with associates are eliminated to the extent of the Group's share in the joint venture. Unrealised losses are also eliminated, except if the transaction reveals evidence of impairment of a transferred asset.

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

1.4 SEGMENTAL REPORTING

An operating segment is a component of an entity:

(i) that engages in business activities that may earn revenues and incur in expenses (including revenues and expenses relating to transactions with other components of the same entity);
(ii) whose operating results are regularly reviewed by the chief operating decision maker of the entity for the purposes of making decisions about allocating resources to the segment and assessing its performance; and
(iii) for which separate financial information is available.

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

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

PULP AND PAPER

The Navigator Company, S.A. is the subsidiary, acquired in 2004, that leads the Enterprise Group dedicated to the production and sales in Portugal, Germany, Spain, France, Italy, United Kingdom, Netherlands, Austria, Belgium, Switzerland, Morocco, Poland, Turkey, United States of America and Mozambique, among others, of cellulose pulp and paper and its related products, purchase of wood, forest and agricultural production, cutting timber and sale of pulp and paper.

CEMENT AND DERIVATIVES

Secil – Companhia Geral de Cal e Cimento, S.A. leads the Enterprise Group of cements and related products which operates in Portugal, Brazil, Lebanon, Tunisia, Angola, Netherlands, France, and Cape Verde, with cement production taking place at the Maceira, Pataias, Outão, Adrianópolis (Brazil), Gabés (Tunisia), Beirut (Lebanon) and Lobito (Angola) plants, and the production and sale of ready-mix concrete, aggregates, pre-cast and the operation of quarries via its subsidiaries.

ENVIRONMENT

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

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

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

1.5 Foreign currency translation

1.5.1 Functional and Reporting currency

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

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

1.5.2 Balances and transactions expressed in foreign currencies

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

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

1.5.3 Group Companies

The results and financial position of all Group entities that have a functional currency different from the Group's reporting currency are translated into the presentation currency as follows:

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

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

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

Whenever a foreign entity is disposed, the accumulated exchange difference is recognized in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted at the closing exchange rate. The corresponding exchange rate differences are recognized in other comprehensive income.

1.6 INTANGIBLE ASSETS

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

1.6.1 CO2 EMISSION RIGHTS

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

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

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

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

1.6.2 BRANDS

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

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

1.7 GOODWILL.

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

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

As mentioned in Note 1.5.3, goodwill generated on the acquisition of a foreign entity is recorded in the functional currency of that entity and converted into the reporting currency of the Group (Euro) at the exchange rate prevailing at the balance sheet date. Exchange differences generated in this conversion are recorded in the currency translation reserve as other full income.

1.8 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

	AVERAGE USEFUL LIFE
Land	14
Buildings and other constructions	12 – 30
Equipment:	
Machinery and equipment	6 – 25
Transportation equipment	4 - 9
Tools and utensils	2 - 8
Administrative equipment	4 - 8
Returnable containers	6
Other property, plant and equipment	4 – 10

The depreciation of land results from the estimation of the average useful life of the land, taking into account the period of extraction of raw material.

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

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

1.9 INVESTMENT PROPERTIES

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

Investment property consists essentially of property held for rental or capital appreciation (or both) and is not intended for use in the production, or supply of goods or services, for administrative purposes or for sale in the ordinary course of business

1.10 IMPAIRMENT OF NON-CURRENT ASSETS

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

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

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

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

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

1.11 BIOLOGICAL ASSETS

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

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

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

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

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

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

1.12 FINANCIAL INVESTMENTS

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

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

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

LOANS GRANTED AND RECEIVABLES

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

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

INVESTMENTS HELD TO MATURITY

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

AVAILABLE FOR SALE FINANCIAL ASSETS

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

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

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

Income relating to interest and dividends is recognized in the consolidated income statement in the period in which the right to receive it is effective.

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

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

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

DERECOGNITION OF FINANCIAL INVESTMENTS

The Group derecognises financial assets only when the contractual rights to its cash flows expire, or when it transfers the financial assets, all significant risks and benefits associated with their possession to another entity. The transferred financial assets are derecognised for which the Group has retained some significant risks and benefits, if the control over them has been transferred to another entity.

The Group derecognises financial liabilities only when the corresponding obligation is settled, cancelled or expires.

1.13 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

(i) At acquisition date, there is formal designation and documentation of the hedging relationship, namely regarding the hedged item, the hedging instrument and the company's evaluation of the hedging effectiveness;
(ii) There is an expectation that the hedge will be highly effective, at the inception of the hedging relation and along its duration;
(iii) The effectiveness of the hedge may be measured at the beginning of the operation and while it is running;
(iv) For cash flow hedges, the realization of the cash flows must be highly probable.

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

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

COVERAGE OF CASH FLOWS (INTEREST RATE AND EXCHANGE RISK RATE)

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

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

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

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

NET INVESTMENT HEDGING (EXCHANGE RATE RISK)

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

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

1.14 CORPORATE INCOME TAX

Corporate income tax includes current and deferred tax.

CURRENT TAX

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

DEFERRED TAX

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

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

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

TAX BUSINESS GROUP

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

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

1.15 INVENTORY

Inventories are valued in accordance with the following criteria:

- Goods and raw materials

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

- Finished products and work in progress

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

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

1.16 RECEIVABLES AND OTHER CURRENT ASSETS

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

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

1.17 CASH AND CASH EQUIVALENTS

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

1.18 SHARE CAPITAL AND TREASURY SHARES

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

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

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

Treasury shares are recorded at their acquisition amount as a decrease in shareholders' equity, in the caption Treasury shares, while the gains or losses inherent in their disposal are recorded under Other reserves.

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

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

The extinction of treasury shares is reflected in the consolidated financial statements as a reduction of share capital and in the caption treasury shares at its nominal and acquisition cost respectively. Its differential is assessed between the amounts recorded in Other reserves.

1.19 INTEREST-BEARING LIABILITIES

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

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

1.20 BORROWING COSTS

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

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

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

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

1.21 PROVISIONS

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

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

The Group incurs expenditure and assumes liabilities of an environmental nature. Accordingly, expenditures on equipment and operating techniques that ensure compliance with applicable legislation and regulations (as well as on the reduction of environmental impacts to levels that do not exceed those representing a viable application of the best available technologies, on those related to minimizing energy consumption, atmospheric emissions, the production of residues and noise, those established for the execution of visual and landscaping requalification), are capitalised when they are intended to serve the Group's business in a durable way, as well as those associated with future economic benefits and which serve to prolong life expectancy, increase capacity or improve the safety or efficiency of other assets owned by the Group (Notes 30 and 37).

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

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

1.22 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

1.22.1 PENSIONS OBLIGATIONS – DEFINED BENEFIT PLANS

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

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

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

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

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

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

1.22.2 PENSION OBLIGATIONS – DEFINED CONTRIBUTION PLANS

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

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

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

1.22.3 HOLIDAY PAY, ALLOWANCES, BONUSES AND TERMINATION EMPLOYMENT BENEFITS

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

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

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

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

1.23 PAYABLES AND OTHER CURRENT LIABILITIES

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

1.24 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

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

1.25 GOVERNMENT GRANTS

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

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

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

1.26 LEASES

Property, plant and equipment acquired under leasing contracts, as well as the corresponding liabilities, are recorded using the financial method. According to this method, the asset's cost is recorded in property, plant and equipment and the corresponding liability is recognised under the caption interest- bearing liabilities- financial leases, while the interest included in the instalments and the asset's depreciation, calculated as described in Note 1.8, are recorded as costs in the income statement of the period to which they relate.

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

LEASES INCLUDED IN CONTRACTS ACCORDING TO IFRIC 4

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

1.27 DIVIDENDS DISTRIBUTION

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

1.28 REVENUE RECOGNITION AND ACCRUAL BASIS

REVENUE

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

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

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

ACCRUAL ACCOUNTING PRINCIPLE

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

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

1.29 CONTINGENT ASSETS AND LIABILITIES

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

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

Contingent assets are not recognised in the consolidated financial statements but are disclosed in the notes when it is probable that a future economic benefit will arise from them (Note 41).

1.30 SUBSEQUENT EVENTS

Events after statement of consolidated financial position date which provide additional information about the conditions prevailing at the date of the statement of consolidated financial position are reflected in the consolidated financial statements. Subsequent events which provide information about conditions which occur after the statement of consolidated financial position date are disclosed in the notes to the consolidated financial statements, if material (Note 45).

1.31 NEW STANDARDS, CHANGES AND INTERPRETATION OF EXISTING STANDARDS

There are new standards, interpretations and amendments of existing standards that, despite having already been published, are only mandatory for the periods starting on or after 1 January 2017, as follows:

1. Standards and Interpretations that became effective on or after 1 January 2017, already endorsed by UE	Change	Effective Date *
IFRS 9 – Financial Instruments	New standard for the accounting of financial instruments.	1 January 2018
IFRS 15 – Revenue from Contracts with Customers	Revenue recognition related to the delivery of assets and services, by applying the method of the 5 steps.	1 January 2018

** Periods beginning on or after*

2. Standards and amendments effective, on or after 1 January 2017, not yet endorsed by UE	Change	Effective Date *
IAS 7 - Cash flow statement	Reconciliation of changes in financial liabilities with cash flows from financing activities.	1 January 2017
IAS 12 - Income Taxes	Deferred tax assets recognition on assets measured at fair value, the impact of temporary deductible differences in the estimate of future taxable income and the impact of restrictions on the recoverability of deferred tax assets.	1 January 2017
IAS 40 – Investment Properties	Clarification that evidence of change of use is required to effect the transfer of assets to and from the investment property category	1 January 2018
IFRS 2 – Share-based payment	Measurement of payment plans based on shares settled financially, accounting changes, and the classification of payment plans based on shares and settled in equity, when the employer has the obligation to withhold tax.	1 January 2018
IFRS 4 – Insurance contracts (application of IFRS 4 and IFRS 9)	Temporary exemption of the application of IFRS 9 for insurers for the years beginning before January 1, 2021. Specific regime for assets under IFRS 4 that qualify as financial assets at fair value through profit and loss in IFRS 9 and As financial assets at amortized cost in IAS 39, being allowed to classify the measurement difference in Other comprehensive income.	1 January 2018
Amendments to IFRS 15 – Revenue from contracts with customers	Identification of performance obligations, the moment of recognition of revenue from IP licenses, review of indicators for the classification of the principal versus agent relationship, and new schemes to simplify the transition.	1 January 2018
IFRS 16 - Leases	New definition of lease. New accounting of leases for renters. There are no changes to the accounting of leases by lessors.	1 January 2019
IFRS 17 - Insurance Contracts		1 January 2021
Improvement to standards 2014 - 2016	Several clarifications: IFRS 1, IFRS 12 and IAS 28	1 January 2017 / 1 January 2018
IFRIC 22 – Transactions in foreign currency and advanced consideration	Exchange rate to be applied when consideration is received or paid in advance.	1 January 2018
IFRIC 23 – Uncertainty over Income Tax Treatments		1 January 2019

** Exercises started on or after*

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

2. RISK MANAGEMENT

2.1 FINANCIAL RISK FACTORS

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

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

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

2.1.1 CURRENCY RISK

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

Regarding the Pulp and Paper segment a significant portion of its sales is denominated in currencies other than Euro. Thus, its development could have a significant impact on future sales of the Company mainly regarding USD exposure. Sales in Sterling Pound (GBP), Polish Zloty (PLN) and Swiss Franc (CHF) have also some expression, as sales in other currencies are less significant.

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

Furthermore, once a sale or purchase is made in a currency other than the Euro, the Group takes on an exchange risk up to the time it receives the proceeds of that sale, if no hedging instruments are in place, as it's been usual for the BEKP sales. Therefore, the Group is permanently exposed to currency risk trough a significant amount of receivables and albeit with lesser significance payables. This segment includes subsidiaries in Poland, Mozambique and in the United States of America, whereby the change in the currencies of those countries may have an impact on Semapa's consolidated financial position.

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

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

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

The Group's exposure to foreign Exchange rate as of 30 June 2017, based on the financial assets and liabilities that amounted to a net amount of Euro 478,725,963, creditor position (31 December 2016: Euro 445,353,056, creditor position) converted at the exchange rate as of that date is detailed as follows:

Amounts in Foreign Currency	United States Dollar	British Pound	Polish Zloty	Swedish Krone	Turkish Lira	Swiss Franc	Danish Krone	Brazilian Real
As of 30 June 2017								
Assets								
Cash and cash equivalents	79,628,151	134,777	123,689	334	(13,345)	59,173	1,081	18,642,842
Receivables	45,654,341	10,850,354	5,720,381	515,424	-	1,392,082	141,351	38,566,948
Other assets	341,594	-	-	-	-	-	-	306,710
Total Financial Assets	**125,624,086**	**10,985,131**	**5,844,070**	**515,757**	**(13,345)**	**1,451,255**	**142,432**	**57,516,500**
Liabilities								
Interest-Bearing liabilities	(23,780,045)	-	-	-	-	-	-	(423,604,330)
Payables	(14,371,079)	(63,027)	(2,044)	130,821	-	5,477	-	(98,446,844)
Total Financial Liabilities	**(38,151,124)**	**(63,027)**	**(2,044)**	**130,821**	**-**	**5,477**	**-**	**(522,051,174)**
Derivative financial instruments	**(452,089,298)**	**(10,680,000)**	**-**	**-**	**-**	**-**	**-**	**(55,480,014)**
Net financial position	**(364,616,337)**	**242,104**	**5,842,025**	**646,578**	**(13,345)**	**1,456,732**	**142,432**	**(520,014,688)**
As of 31 December 2016								
Total Financial Assets	120,427,931	12,667,352	4,669,702	686,298	46,752	1,101,834	383,097	53,830,159
Total Financial Liabilities	(47,665,957)	16,293	(2,044)	16,516	-	5,290	-	(612,565,840)
Derivative financial instruments	**(322,689,298)**	**(14,600,000)**	**-**	**-**	**-**	**-**	**-**	**(60,298,712)**
Net financial position	**(249,927,325)**	**(1,916,355)**	**4,667,657**	**702,814**	**46,752**	**1,107,124**	**383,097**	**(619,034,393)**

Amounts in Foreign Currency	Australian Dollar	Norwegian Krone	Mozambican Metical	Morrocan Dirham	000 Lebanese Pounds	Tunisian Dinar	Angolan Kwanza
As of 30 June 2017							
Assets							
Cash and cash equivalents	-	579	23,043,048	184,335	13,965,976	10,275,225	179,927,501
Receivables	92,858	484,999	1,338,401	-	25,286,464	30,559,063	107,648,981
Other assets	-	-	-	-	32,555	21,267	-
Total Financial Assets	**92,858**	**485,578**	**24,381,449**	**184,335**	**39,284,995**	**40,855,555**	**287,576,482**
Liabilities							
Interest-Bearing liabilities	-	-	-	-	(10,254,285)	(63,988,127)	(1,673,327,844)
Payables	-	-	50,284,930	(117,715)	(27,715,980)	(26,738,930)	(116,644,446)
Total Financial Liabilities	**-**	**-**	**50,284,930**	**(117,715)**	**(37,970,265)**	**(90,727,057)**	**(1,789,972,290)**
Derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net financial position	**92,858**	**485,578**	**74,666,379**	**66,620**	**1,314,730**	**(49,871,502)**	**(1,502,395,808)**
As of 31 December 2016							
Total Financial Assets	58,572	1,141,964	100,244,286	55,223	48,472,555	39,528,364	233,450,342
Total Financial Liabilities	(3,000)	-	(49,774,779)	(88,539)	(39,312,359)	(87,810,198)	(1,854,789,287)
Derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net financial position	**55,572**	**1,141,964**	**50,469,508**	**(33,316)**	**9,160,196**	**(48,281,834)**	**(1,621,338,945)**

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

2.1.2 INTEREST RATE RISK

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

On 30 June 2017 and 31 December 2016, the detail of the financial assets and liabilities with interest rate exposure, taking in consideration the maturities and the next repricing date was as follows:

Amounts in Euro	Until 1 moonth	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 30 June 2017						
Assets						
Non-current						
Other non-current assets	-	-	-	-	-	-
Current						
Cash equivalents	141,799,815	44,872,435	1,287,904	1,353,212	-	189,313,366
Total financial assets	**141,799,815**	**44,872,435**	**1,287,904**	**1,353,212**	**-**	**189,313,366**
Liabilities						
Non-current						
Interest bearing liabilities	202,917,533	117,366,170	295,001,538	704,463,980	342,105,005	1,661,854,226
Other liabilities	-	-	-	-	-	-
Current						
Interest bearing liabilities	175,126,952	25,299,362	131,467,516	-	-	331,893,830
Total financial liabilities	**378,044,485**	**142,665,532**	**426,469,054**	**704,463,980**	**342,105,005**	**1,993,748,056**
Difference	**(236,244,670)**	**(97,793,097)**	**(425,181,150)**	**(703,110,768)**	**(342,105,005)**	**(1,804,434,690)**

Amounts in Euro	Until 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 30 December 2016						
Assets						
Non-current						
Other non-current assets	-	-	-	-	-	-
Current						
Cash equivalents	113,912,982	49,741,548	20,446,744	-	-	184,101,274
Total financial assets	**113,912,982**	**49,741,548**	**20,446,744**	**-**	**-**	**184,101,274**
Liabilities						
Non-current						
Interest bearing liabilities	283,926,672	162,855,092	316,426,475	589,911,336	348,506,708	1,701,626,283
Other liabilities	-	-	-	-	-	-
Current						
Interest bearing liabilities	98,810,642	14,313,560	154,622,953	-	-	267,747,155
Total financial liabilities	**382,737,314**	**177,168,652**	**471,049,428**	**589,911,336**	**348,506,708**	**1,969,373,438**
Difference	**(268,824,332)**	**(127,427,104)**	**(450,602,684)**	**(589,911,336)**	**(348,506,708)**	**(1,785,272,164)**

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

The sensitivity analysis is based on the following assumptions:

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

2.1.3 CREDIT RISK

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

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

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

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

As of 30 June 2017 and 31 December 2016, accounts receivable from customers showed the following ageing structure, considering the due dates for the open balances, before impairment charges:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Total 30-06-2017	Total 31-12-2016
Not overdue	153,814,651	47,684,725	3,411,901	204,911,277	208,927,399
1 to 90 days	5,589,759	15,461,180	3,206,654	24,257,593	30,029,588
91 to 180 days	24,668	2,797,372	1,687,658	4,509,698	3,409,077
181 to 360 days	5,126	1,676,798	1,366,707	3,048,631	2,072,463
361 to 540 days	605	653,317	439,931	1,093,853	756,469
541 to 720 days	445	343,562	90,190	434,197	956,211
more than 721 days	50,091	13,201,352	356,985	13,608,428	14,310,330
	159,485,345	**81,818,306**	**10,560,026**	**251,863,677**	**260,461,537**
Litigation - doubtful debts	2,904,050	12,441,701	-	15,345,751	14,840,196
Impairments (Note 22)	(2,904,050)	(26,828,247)	(330,478)	(30,062,775)	(30,388,724)
Net receivables balance (Note 24)	**159,485,345**	**67,431,760**	**10,229,548**	**237,146,653**	**244,913,009**

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

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

The ageing analysis of receivables already overdue is as follows:

Amounts in Euro	30-06-2017		31-12-2016	
	Gross amount	Fair value of credit insurance	Gross amount	Fair value of credit insurance
Accounts receivable overdue but not impaired				
Overdue - less than 3 months	24,069,834	8,026,121	29,918,626	13,007,396
Overdue - more than 3 months	8,240,988	1,103,552	6,279,142	1,259,196
	32,310,822	9,129,673	36,197,768	14,266,592
Accounts receivable overdue and impaired				
Overdue - less than 3 months	187,759	-	110,962	-
Overdue - more than 3 months	29,875,016	-	30,277,762	-
	30,062,775	-	30,388,724	-

In accordance with the above-mentioned, it should be noted that the Group adopted a policy of credit insurance for all accounts receivable from costumers. Thus, it is considered that the effective Group's exposure to the credit risk has been mitigated and is within acceptable levels.

The table below represents the quality of the Group's credit risk, as of 30 June 2017 and 31 December 2016, for financial assets (Cash and cash equivalents and Derivative financial instruments), whose counterparts are financial institutions:

Amounts in Euro	30-06-2017	31-12-2016
AA-	13,233,038	13,134,247
A	48,921	26,837,653
A-	1,125,715	101,500
BBB+	36,413,977	2,906,665
BBB	76,795	440,751
BBB-	32,673,144	14,529,642
BB+	6,127,145	1,206,409
BB	2,959,179	1,665,819
BB-	6,538,331	22,556,276
B+	1,468,551	1,081,139
B-	25,678,225	29,729,965
Other	62,970,345	69,231,783
	189,313,366	183,421,849

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

The maximum exposure to the credit risk as at 30 June 2017 and 31 December 2016 is detailed in the following schedule:

Amounts in Euro	30-06-2017	31-12-2016
Non-current		
Available-for-sale financial assets (Note 21)	378,444	342,122
Other non-current assets	6,901,345	6,744,351
Current		
Receivables and other current assets (Note 24)	308,704,125	292,240,424
Derivative financial instruments (Note 24)	7,948,679	942,139
Cash and cash equivalents	189,313,366	183,421,849
	513,245,959	**483,690,885**
Credit risk exposures relating to off balance sheets itens		
Warranties (Note 39)	33,239,331	33,074,932
	33,239,331	**33,074,932**

2.1.4 LIQUIDITY RISK

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

The liquidity of the agreed financial liabilities will generate the following not discounted cash flows, including interests till maturity at consolidated statement of financial position date:

Amounts in Euro	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
As of 30 June 2017						
Liabilities						
Interest bearing liabilities						
Bond loans	-	3,420,792	60,330,138	625,813,079	320,214,888	**1,009,778,897**
Commercial paper	187,122	1,138,404	169,880,801	554,203,349	-	**725,409,676**
Bank loans	12,229,411	19,687,959	114,154,270	210,649,119	45,290,164	**402,010,924**
Financial leases payables	36,653	73,305	544,978	1,625,102	579,872	**2,859,910**
Derivative financial instruments	527,057	89,986	1,189,273	369,843	-	**2,176,159**
Other liabilities	161,318,407	72,620,938	6,381,384	1,865,557	-	**242,186,286**
Total liabilities	**174,298,649**	**97,031,385**	**352,480,845**	**1,394,526,049**	**366,084,924**	**2,384,421,852**
As of 31 December 2016						
Liabilities						
Interest bearing liabilities						
Bond loans	700,483	3,379,104	60,343,996	638,991,968	319,158,888	**1,022,574,439**
Commercial paper	412,563	390,392	101,221,608	524,298,577	-	**626,323,140**
Bank loans	15,928,494	15,682,428	106,450,995	275,349,444	84,493,050	**497,904,411**
Financial leases payables	59,755	119,511	751,228	1,631,277	662,515	**3,224,286**
Derivative financial instruments	-	-	1,268,804	1,190,187	-	**2,458,991**
Accounts payable and other liabilitie	139,708,112	23,761,395	1,187,462	15,312,774	-	**179,969,743**
Total liabilities	**156,809,407**	**43,332,830**	**271,224,093**	**1,456,774,227**	**404,314,453**	**2,332,455,009**

As of 30 June 2017 and 31 December 2016, bank loans granted and not withdrawn amount to Euro 581,587,987 and Euro 695,258,377 respectively.

2.1.5 CAPITAL RISK

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

2.2 OPERATIONAL RISK FACTORS

2.2.1 RISKS RELATING TO THE PULP AND PAPER SEGMENTS

RISKS RELATING TO THE FORESTRY SECTOR

Navigator Group manages an area of more than 118 thousand acres of land, from north to south of Portugal and Azores, divided in 1,400 Management Units in 168 counties, according to the principles laid down in its Forestry Policy. Eucalyptus trees and the forestation areas in progress with similar kind of species occupy 74% of this area, namely the Eucalyptus globulus, the species that is universally acknowledged as the tree with the ideal fibre for producing high quality paper. In the remaining, there are pine and cork oak forest areas. The group is the largest private national pine producer and one of the country's largest cork oak producers.

The Group is also managing, in a development stage, the forestation of 356,210 hectares in Mozambique, which were prepared to plant 42 thousands of hectares and planted 13.1 thousand hectares in the provinces of Manica and Zambezia, under a concession agreement reached with de Mozambique government that forecasts an industrial unit installation for BEKP pulp and electric energy.

In April, the Navigator Group started contacts with the Mozambique government in order to review the agreement, namely in what regards to re-scheduling the investment, due to changes in initial context, and to political, social and economic concerns. In this context, the project is expected to be developed in two sequential phases, with a first phase or objective of implementing a production and export operation of eucalyptus, essentially oriented to the Asian market. Only after a successful conclusion of this phase of the event, the Navigator Group will be able to evaluate and decide on a passage to the second phase, which includes a construction of a factory and an associated thermoelectric power plant.

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

The main risk factor threatening the eucalyptus forests lies in the low productivity of Portuguese forests and in the worldwide demand for certified products, considering that only a small proportion of the Portuguese forests is certified. It is expected that this competitive pressure will remain in the future. As an example, the forestry area managed by the Group represents near 3% of Portugal's total forested area, 45% of all certified Portuguese forests according with PECF standards and 31% of all certified Portuguese forests according with FSC® standards.

In order to answer these questions, in 2016 the Group initiated a project aimed at promoting forest certification in areas owned by private individuals, in order to reinforce the object of all the eucalyptus wood that the Group is processing to come from the certified activity of third parties, in 2020.

Moreover, the Group is working to proactively promote good forest management practices aimed at improving the productivity of third-party forest areas. This effort, has been developed through the CELPA (Association of the Paper Industry, representative of the main industrial groups in the sector) included in the Best Eucalyptus Program, which may in the future be reinforced with more supporting measures, in addition to the technical support already provided.

The main risks associated with the sector are the ones related to the productive capacity of the land, the risk of wildfires, as well as the regulatory risk, according to the review announced by the Government, Decree-Law No. 96/2013, of 19 July, of the legal regime applicable to forestation and reforestation with resort to forestry species,. The combination of all these factors, which in recent years has not existed measures of strategic action of the State in the sector, has forced the raw material importation, a process that impacts on the sector profitability.

The activity of Navigator Group is exposed to risks related to forest fires, namely:

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

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

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

Moreover, the Group has a stake in the Afocelca grouping – a complementary corporate grouping (CCG) between the The Navigator Group and the ALTRI Group, whose mission is to provide assistance to the fight against forest fires at the grouped companies' land holdings, in close coordination and collaboration with the National Civil Protection Authority (Autoridade Nacional de Protecção Civil – ANPC). This grouping manages an annual budget of around 3 million euro, and has created an efficient and flexible structure which implements practices aimed at reducing protection costs and minimizing the losses by forest fires for the members of the grouping, which own and manage more than 210 thousand acres of forests in Portugal.

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

i. Increase the productivity of its woodlands through the use of the best agro-forestry practices adapted to local conditions and compatible with the environment in order to ensure adequate biodiversity levels;

ii. Establish and improve the network of forestry infrastructures to enable the required accessibility for management, whilst making them compatible with the forestry protection measures against wildfires;

iii. Ensure compliance with the water-cycle functions, promoting, whenever possible, the rehabilitation and qualitative protection of water resources.

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

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

RISKS RELATING TO THE PRODUCTION AND TRADING OF BEKP (BLEACHED EUCALYPTUS KRAFT PULP), UWF PAPER (UNCOARED FINE PAPERS FOR PRINTING AND WRITING), TISSUE AND PELLETS

SUPPLY OF RAW MATERIALS

The wood supplied by the Group's forestry's represents less than 20% of the Group's needs, meaning the Group needs to buy wood. Being the internal market insufficient to ensure the Group's needs, recurrent purchases in Iberian market and outside are required.

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

The planting of new areas is subject to the authorization of the relevant entities. Legislative changes may limit the national productive potential, although there are initiatives to increase productivity of existing areas and, consequently, availability of raw material.

If domestic production proved to be insufficient, in volume and in quality, namely of certified wood, the Group could have to place greater reliance on imports of wood from Spain and extra – Iberian Peninsula.

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

The Group seeks to maximize the added value of its products, particularly through increased integration of certified wood in these products. These initiatives aim to respond to the growing demand for products - paper and pulp - certified by the various markets where the Group has commercial activity.

As at 30 June 2017, an increase of 10% on the cost of a cubic meter of the eucalyptus wood consumed in the production of BEKP, would have had an impact in Group's earnings of some Euro 15,830,000 (2016: Euro 16,140,000).

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

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

Finally, another resource required for the production process is water. The concern with the use of this resource that the Group assumes as finite is significant. Over the past few years investments have been made aimed at reducing the use of water in the process, which decreased more than 20% between 2005 and 2016. In addition, the quality levels achieved in the effluent treatment are among the highest and effluent volumes between 2005 and 2016 have been reduced by more than 24% as a result of investment in process improvement, aimed at minimizing the environmental impact of the Group.

MARKET PRICE FOR BEKP, UWF PAPER AND TISSUE

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

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

On 30 June 2017, a 10% drop in the price per ton of BEKP and of 5% in the price per ton of UWF paper and Tissue paper sold by the Group in the period, would have represented an impact on its earnings of about Euro 9,170,000 and Euro 31,070,000 respectively (2016: Euro 6,570,000 and 30,200,000, respectively).

DEMAND FOR GROUP PRODUCTS

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

The demand for printing and writing paper has been historically related with macroeconomic factors and the increasing use of copy and print material. A breakdown of the global economy and the increase of unemployment can cause a slowdown or decline in demand for printing and writing paper, thus affecting the performance of the Group, as well as the replacement of this product by an alternative one.

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

- Expected future economic growth;
- Population growth and other demographic changes;
- Product penetration levels;
- Developments in the quality of Tissue paper and product specifications; and
- Substitution effects.

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

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

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

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

Due to the evolution of the world energy matrix, demand for alternative and renewable energy sources has been a constant, making forest biomass and its by-products an extremely important outlet. One such product is wood pellets, a type of firewood, usually produced from refined and dried wood sawdust, or sawdust, which is then compressed.

As far as pellets are concerned, their main applications are:

- In the industrial segment, it is used as fuel for the generation of electric power in thermoelectric power plants (reducing or replacing, for example, the consumption of coal or fuel in such plants);
- In the residential segment, in domestic heating, but also in the heating of commercial or public spaces.

New uses have also been given for this product (such as acting as a kind of "bed" for animals, such as horses).

Currently, in the world scenario, the greatest demand and production of pellets are located in the Northern Hemisphere, namely in Europe and the USA. The European Union is the driving force behind the market for wood pellets, and this market is expected to grow steadily. Estimates point to a consumption of 24 million tonnes of wood pellets by 2020, of which 11 million tonnes will be imported.

Currently, wood pellets are mainly imported from the USA, Canada, Russia and the Baltic States. Emerging exporters are Australia, South Africa and countries in South America.

The growth of this market is driven by the competitiveness of wood pellets compared to conventional fossil fuels such as natural gas and oil.

In fact, the prices of wood pellets are more stable than oil or natural gas. Even with the price of a barrel of oil well below average, biofuels pellets find their niche market for simple issues of (i) price stability and (ii) being a renewable fuel.

It is estimated that production of this product will continue to grow despite the availability of cheap oil and natural gas. To extend this growth will be decisive the requirements of the United Kingdom and the European Union for sustainable biomass and actions to meet greenhouse gas reduction targets.

ENERGY

The process is dependent on the constant supply of electricity and steam energy. Responding to that, Group has several cogeneration units, which provide this supply, and redundancies were planned between the generating units in order to mitigate the risk of any unplanned stops of those units to pulp and paper mills. The excess production from the consumption needs is sold in the market at regulated tariffs. After this period (2020 to Cacia and 2023 to Setubal), units began to operate in self-consumption regime, which can be proven by the reduction shown in the revenues arising from this segment in 2016, as well as from reduction in consumption of electricity and natural gas.

COUNTRY RISK – MOZAMBIQUE

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

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

At the moment, the Mozambique project is essentially a forestry project, with an option to develop an industrial project involving the construction of a large scale pulp mill. The Group is currently developing a process of reflection on the pace of evolution of the project in Mozambique, mainly dictated by the evolution of the current socio-political context, which, being unstable, brings greater challenges to the project, in terms of the safety of all those who are involved in it and guaranteeing the supply of the necessary products, materials and services. The pressure on the Metical is felt by the inflation of prices, which has been notorious since 2015 and that continues to increase.

By the end of 2017's first semester, expenses incurred in this project amounted to Euro 82 million (31 December 2016: Euro 76 million), mainly associated with planting activities, land preparation, with the construction of what is now the largest Nursery of Africa and with the identification of species of eucalyptus with industrial viability in the areas concessioned to the Group by the Mozambican State.

However, as a result of the aforementioned, the Group prudently carried out a reassessment of the value of its assets in Mozambique, having recognized in the year an impairment loss of Euro 51 million, of which Euro 48 million in property, plant and equipment and Euro 3 million in biological assets.

COUNTRY RISK – USA

The Colombo Energy Inc. project for the new pellet plant in the USA (in Greenwood, South Carolina) has already begun its start-up on 18 July 2016, and went into continuous operation in September. The value of the investment is USD 121 million, subject to the specific risk of the country.

The Group is studying the residential market in the USA, aiming to direct 10 to 20% of its capacity for this market.

In addition to this project, the United States of America market has a significant weight in UWP papers total sales, which increases the country's specific risk exposure.

This exposition requires a careful evaluation of its impacts, for example, changes in regulations or tax nature, or even from their application and interpretation by government and tax authorities.

Similarly to what happened with producers of other nationalities (Australians, Brazilians, Chinese and Indonesians) in imports of UWF paper into the United States of America, the Group has been the target of anti-dumping measures by the US Department of Commerce since 2015. The Group considers that no anti-dumping margin should be applied, with the applied rate being revised downwards during 2016 to 7.8%.

COMPETITION

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

As paper and pulp markets are highly competitive, implying that the construction of new production units may have a relevant impact in prices worldwide.

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

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

The Group sells about 66% of the paper (2016: 63%) it produces in Europe, with significant market shares in Western European countries and relevant market shares in other major European markets. The continued geographical expansion was relevant for the overall sales growth in the first half of 2017, particularly in the Middle East and Africa. The Group also has a significant presence in the US, accounting for more than half of the sales of European producers to this market, even though the imposition of anti-dumping tariffs penalized sales in that market.

CONCENTRATION OF CUSTOMER PORTFOLIO

As of 30 June, 2017, the Group's top 10 BEKP customer groups accounted for 15% of BEKP pulp production (2016: 17%) and 61% of foreign sales of BEKP pulp (2016: 76%). This asymmetry results from the strategy followed by the Group of increasing integration of the BEKP pulp produced in the UWF paper, which the Group produces and sells. Nevertheless, the Group believes there is little exposure to risks of customer concentration in the BEKP pulp sales.

As of 30 June, 2017, the Group's top 10 UWF customer groups accounted for 50% of the Group's sales in the period (2016: 51%), although the top 10 individual customers account for approximately 24% of total sales (2016 : 23%). In relation to UWF securities, the Group follows a risk mitigation strategy for its client portfolio. In the first half of the year, the Group sold UWF papers to approximately 117 countries (2016: about 113 countries) and has more than 988 individual customers (2016: 996 customers), allowing a dispersion of sales between markets and / or customers.

Tissue sales amounted to Euro 37.1 million during the first semester of 2017, which represents an increase of 12% compared to the same period of 2016. Its commercial activity is mainly focused in the Iberian markets, representing 97% of its sales. The 10 main customers represent about 47% of total sales (2016: 49%).

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

The Colombo Energy Inc. project for the new pellet plant in the USA (in Greenwood, South Carolina) began its start-up process on 18 July, 2016 and produced its first pellets on 21 July, having entered in continuous production in October 2016.

The commercial activity began in December 2016 and in the first half of 2017 the Group recorded a sales volume of 65 thousand tones, with sales of approximately 7.4 million. Up To date, a contract has been concluded with a single customer that guarantees the sale of 40% of the factory's production, for a period of 10 years. The group intends to expand the commercial activity of the pellet business to the European market and to the American market, both in the industrial and residential segments

ENVIRONMENTAL LEGISLATION

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

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

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

Up to date, the legislative changes that are known relate to the evolution of the system of allocation of EU emission trading of CO2 emission rights (CELE), established by Directive 2003/87/CE, and recently amended by Directive 2009/29/CE (new CELE Directive), which outlines the legal framework of the CELE for the period 2013-2020 and which was transposed into national law by Decree-Law 38/2013 of 15 March, which came to result in reducing the scope of free allocation of CO2 emission rights allowances.

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

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

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

In the context of prospecting future developments in the area of the environment associated with energy, the Group started to develop a broader plan where it is intended to bring together the challenges that will be put to the horizon of 2030.

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

On the other hand, following the Decree-Law nº 147/2008 of 29 June, which transposed to the national regulations the Directive 2004/35/CE, the Group ensured the environmental insurance required by that legislation, ensuring compliance with the regulations in force and mitigating the environmental risks to which it is exposed.

RISKS ASSOCIATED WITH THE PRODUCTION OF ENERGY AND PELLETS

Energy is considered to be an activity of growing importance in the Group allowing the use of the biomass generated in the BEKP production, but also ensuring the supply - under the co-generation regime - of thermal and electric power at the BEKP and UWF paper industrial complexes, also enabling, among others, the group's wood suppliers to generate additional income from the sale of biomass and contributing to the reduction of the risk of fires in the country.

Considering the increasing integration of the Group’s mills dedicated to the production of BEKP and UWF paper and as a means of increasing the use of the biomass gathered in the woodlands, the Group built in 2009 new biomass power-generating units, to produce electrical power through biomass, which are now fully operating.

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

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

In addition, and despite the legal provisions,

I. Decree-Law 23/2010 and Act 140/2012, revised by Act 325-A/2012, applicable to the ERP system - Special Regime in cogeneration;

II. For units powered through residual forestry biomass, dedicated to the production of electricity, the legal framework is provided by Decree-Law 33-A/2005, revised by Decree-Law 225/2007, that extends from 15 to 25 years the guaranteed tariffs under the PRE, which enables some revenue stability to be planned for the near future;

III. There is a risk that the change in every tariffs may eventually penalize the products produced by the Group, from renewable resources will penalize those products (already occurring, with specific measures over the energy price and the introduction an Extraordinary Contribution to the Energy Sector affecting cogenerating units) with a capacity of more than 20MW. The constant search for the optimization of production costs and efficiency of the generating units is the way the Group seeks to mitigate this risk.

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

The Group represents a relevant part of the energy produced in Portugal. The units owned and operated by the group have been watching the review of electricity prices over a transitory period initiated in 2012, through 2020 and ending in 2025. As a consequence, operation will become economically unfeasible. Over the aforementioned period, the energy generated by these units will no longer be sold to the national grid (already the case in the gas cogeneration unit in Figueira da Foz), as it will no longer be economically feasible. These units will be converted into auto consumption units after the transitory period applicable to each installation.

RISKS ASSOCIATED TO TRANSPORT AND LOGISTICS

The Navigator Group exports over 95% of its production of UWF paper, 87% of its production of BEKP and about 35% of its production of tissue paper. As a consequence, transportation and logistics costs are materially relevant. A continuous rise in transport costs may have a significant impact in the Group's earnings.

2.2.2 RISKS RELATING TO THE CEMENT AND DERIVATIVES SEGMENT

SUPPLY OF RAW MATERIALS

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

SALE PRICE

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

DEMAND FOR GROUP'S PRODUCTS

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

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

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

COMPETITION

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

ENERGY COSTS

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

COUNTRY RISKS – BRAZIL, TUNISIA, LEBANON AND ANGOLA

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

ENVIRONMENTAL LEGISLATION

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

2.2.3 RISKS RELATING TO THE ENVIRONMENT SEGMENT

SUPPLY OF RAW MATERIALS

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

SALE PRICE

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

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

DEMAND OF GROUP'S PRODUCTS

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

COMPETITION

ETSA Group develops its activity in a market where it competes with other companies operating in the collection and recovery of animal by-products and other companies that produce substitutes for these products such as industries related to the production of cereals and edible oils. In this framework, any increase or decrease in competition will be reflected in the levels of profitability of the Group.

2.2.4 RISKS RELATING TO THE GROUP IN GENERAL

ENVIRONMENTAL LEGISLATION

The Group has been following a strategy of carrying out a series of environmental related investments that, among other advantages, have resulted in a continued reduction of the CO2 emissions.

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

HUMAN RESOURCES

Successful organizations have the right talent, in the right place, at all levels – people who look beyond the obvious and take the business into the future. The shortage of talent is now a structural problem of companies. With technological advancement and the constant need for innovation, intellectual capital has become crucial to the companies' survival and expansion.

In this sense, the Group's ability to successfully implement the strategies outlined depends on its ability to attract the best talent, recruit and retain the most qualified and competent employees in each role, a situation aggravated by the high average age of a significant proportion of the population of the Group.

Although human resources and talent management policies are geared to these objectives, there may be limitations in this area and relevant investment needs in the future. The Group has been carrying out various actions aimed at disseminating its culture and values.

OTHER RISKS

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

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

2.2.5 CONTEXT RISKS

The lack of efficiency in the Portuguese economy continues to be accompanied by the management, as it may have a negative effect on the Group's ability to be competitive. This is more so, but not exclusively, in the following areas:

- Ports and railroads;
- Roads particularly those providing access to the Group's producing units;
- Rules regarding territory management and forest fires;
- Low productivity of the country's forests;
- The lack of certification of the vast majority of the Portuguese forest;
- Volatility of fiscal policies and non-reduction in Corporate income tax.

3. IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

3.1 IMPAIRMENT OF *GOODWILL* AND BRANDS

The Group tests the Goodwill (Note 1.7) and brands (Note 1.6.2) carried in the consolidated statement of financial position for impairment losses annually, in accordance with the accounting policy described in Notes 1.10.

The recoverable amounts of the cash generating units are ascertained based on the calculation of their value-in-use and fair value less cost to sell. These calculations require the use of estimates and assumptions that if different may have an impact in the estimated recoverable value (Note 15).

For brands, annual assessments are prepared by an independent entity based on a post-tax cash-flow discount model, called the "income-split method" associated with the influence of the brand (difference between the net mark margin minus investments in Marketing and net margin of the associated white label) discounted at the time of valuation based on a specific discount rate. These calculations also require the use of estimates and assumptions that, in case of change, may have an impact on the estimated recoverable amount (Note 16).

3.2 INCOME TAX

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

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

The Board of Directors believes that any reviews/ inspections by tax authorities will not have a material impact on the consolidated financial statements as of 30 June 2017, at this date all years until 2014, inclusive, have been reviewed by the Tax Authorities.

3.3 ACTUARIAL ASSUMPTIONS

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

3.4 FAIR VALUE OF BIOLOGICAL ASSETS

In determining the fair value of biological assets the Group used the discounted cash flows method considering assumptions related to the nature of the assets being valued (Note 1.11). Changes in these assumptions may have an impact in the value of those assets (Note 18).

3.5 RECOGNITION OF PROVISIONS AND ADJUSTMENTS

The Group is involved in several lawsuits underway, for which, based in the opinion of its lawyers, a judgment is made in order to assess if a provision for these contingencies should be booked Impairment in accounts receivable are calculated essentially based on accounts receivable’s ageing, customers’ risk profile and customers’ financial situation (Note 22).

4. SEGMENT REPORTING

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

OPERATING SEGMENTS

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

- Developing business activities that can earn revenues and incur expenses;
- whose operational results are regularly reviewed by the Group's chief operating decision-maker for the purpose of making decisions about allocating resources to the segment and evaluating its performance; and
- For which distinct information is available..

The Executive Committee of Semapa and its subsidiaries are the main responsible for making operational decisions, periodically analysing reports with operational information on the segments, using them to monitor the operational performance of their business, and to decide on the best allocation of resources.

The financial information by operating segments for the first semester of 2017 is analysed as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
REVENUE					
Revenue	812,642,545	248,978,410	14,659,087	-	1,076,280,042
Operational results	115,784,959	18,663,809	2,496,073	(55,210)	136,889,631
Net financial results (Note 10)	(8,305,941)	(24,459,799)	(257,910)	(7,818,443)	(40,842,093)
Group share of (loss) / gains of associated companies and joint ventures (Note 9)	-	259,158	-	-	259,158
Income tax expense (Note 11)	(16,968,861)	(2,093,750)	(332,625)	(1,053,439)	(20,448,675)
Profit for the period	**90,510,157**	**(7,630,582)**	**1,905,538**	**(8,927,092)**	**75,858,021**
Profit for the period - Attributable to non-controlling interest	(27,696,376)	(4,802,870)	(213)	-	(32,499,459)
Profit for the period - Attributable to Semapa's Shareholders	**62,813,781**	**(12,433,452)**	**1,905,325**	**(8,927,092)**	**43,358,562**
OTHER INFORMATION					
Segment assets	2,307,250,801	1,493,714,419	93,270,298	113,482,676	4,007,718,194
Deferred tax assets (Note 28)	40,644,762	33,757,231	151,460	-	74,553,453
Investment in associates and joint ventures (Note 19)	-	3,315,453	-	-	3,315,453
Total segment liabilities	1,403,663,627	1,013,711,193	25,895,886	420,558,899	2,863,829,605
Depreciation, amortisation and impairment losses (Note 8)	82,402,392	25,409,518	1,407,487	98,862	109,318,259
Provisions (Note 30)	189,617	246,097	100,100	-	535,814
Capital expenditures (Note 17)	35,210,007	10,928,008	1,334,425	11,156	47,483,596

The financial information by operating segments for the first semester of 2016 is analysed as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
REVENUE					
Revenue	778,570,196	231,828,066	12,421,317	-	1,022,819,579
Operational results	100,284,838	17,739,514	1,743,085	218,831	119,986,268
Net financial results (Note 10)	(13,462,204)	(17,757,853)	(321,134)	(9,314,917)	(40,856,108)
Group share of (loss) / gains of associated companies and joint ventures (Note 9)	-	1,144,690	-	-	1,144,690
Income tax expense (Note 11)	(7,109,552)	1,450,665	(365,916)	91,212	(5,933,591)
Profit for the period	**79,713,082**	**2,577,016**	**1,056,035**	**9,004,874**	**74,341,259**
Profit for the period - Attributable to non-controlling interest	(24,239,862)	(2,809,735)	(118)	-	(27,049,715)
Profit for the period - Attributable to Semapa's Shareholders	**55,473,220**	**(232,719)**	**1,055,917**	**9,004,874**	**47,291,544**
OTHER INFORMATION					
Segment assets	2,334,942,361	1,527,640,139	95,240,040	121,953,781	4,079,776,321
Deferred tax assets (Note 28)	48,347,010	28,083,809	94,149	-	76,524,968
Total assets of Post-employment benefits (Note 15)	-	-	-	-	-
Investment in associates and joint ventures (Note 19)	-	3,650,081	-	-	3,650,081
Total segment liabilities	1,383,952,269	984,088,172	31,669,823	552,339,371	2,952,049,635
Depreciation, amortisation and impairment losses (Note 8)	93,591,302	23,172,062	1,488,639	95,338	118,347,341
Provisions (Note 30)	1,398,423	730,283	-	-	2,128,706
Capital expenditures (Note 17)	75,262,820	9,231,633	730,970	31,895	85,257,318

GEOGRAPHICAL SEGMENTS

1st Semester 2017	Pulp and paper	Cement and derivatives	Environment	Total amount	Total %
Sales and services rendered					
Portugal	147,308,425	96,629,845	10,493,526	**254,431,796**	23.64%
Rest of Europe	426,042,225	12,376,877	4,096,953	**442,516,055**	41.12%
America	86,184,420	46,027,487	-	**132,211,907**	12.28%
Africa	39,252,593	48,654,275	68,608	**87,975,476**	8.17%
Asia	112,586,132	45,289,926	-	**157,876,058**	14.67%
Overseas	1,268,750	-	-	**1,268,750**	0.12%
	812,642,545	**248,978,410**	**14,659,087**	**1,076,280,042**	**100.00%**

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

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

5. OTHER INCOME

As of 30 June 2017 and 2016, the caption Other income comprises:

Amounts in Euro	1st Semester 2017	1st Semester 2016
Grants - CO2 emission allowances	5,675,965	8,340,928
Impairment reversal (Note 22)	588,378	1,686,750
Gains on disposals of CO2 emission allowances	1,373,448	1,958,500
Supplementary income	533,281	1,971,355
Gains on disposals of non-current assets	1,190,833	490,461
Gains on inventories	1,118,447	2,128,693
Gains on disposals of current assets	11,608	5,816
Government grants	11,150	211,711
Own work capitalised	51,135	7,405,383
Revenues from waste management	333,146	162,853
Other operating income	10,837,668	8,602,270
	21,725,059	**32,964,720**

As at 30 June 2016 the caption Own work capitalised comprises Euro 7,393,612 regarding the preparation of land for forestation. These costs are related with the Mozambique project, capitalised in accordance with the accounting policy described in Note 1.11. During the first semester of 2017, there was no capitalization relative to this project which explains its reduction.

The amount presented under the caption Grants – CO_2 emissions allowances regards to the recognition of the grant, due to the allocation of free allowances (Note 1.6.1).

6. COST, EXPENSES AND LOSSES

As of 30 June 2017 and 2016, Costs, expenses and losses were detailed as follows:

Amounts in Euro	1st Semester 2017	1st Semester 2016
Cost of sales and services rendered		
Cost of inventories sold and consumed	(405,183,341)	(415,548,619)
Cost of materials and services consumed		
Energy and fluids	(80,811,361)	(76,546,060)
Inventory transportation	(78,652,993)	(76,224,225)
Professional fees	(57,191,055)	(45,266,043)
Repair and maintenance	(25,306,545)	(23,205,453)
Fees	(4,289,383)	(2,914,920)
Insurance	(8,844,337)	(7,039,733)
Subcontracts	(1,226,650)	(1,025,221)
Others	(36,063,654)	(37,756,923)
	(292,385,978)	**(269,978,578)**
Variation in production	(8,396,653)	4,662,312
Payroll costs		
Statutory bodies (Note 7)	(9,942,203)	(9,486,701)
Other remmunerations	(84,974,042)	(80,395,574)
Pension costs (Note 29)	(2,159,878)	(2,157,062)
Other payroll costs	(30,272,492)	(29,685,228)
	(127,348,615)	**(121,724,565)**
Others costs and losses		
Membership fees	(384,200)	(286,048)
Donations	(364,241)	(327,921)
Cost with CO_2 emission allowances	(5,493,977)	(7,156,678)
Inventories and other receivables impairment (Note 22)	(1,908,229)	(1,614,521)
Losses on inventories	(5,050,991)	(2,709,520)
Indirect taxes	(4,656,397)	(4,926,556)
Losses on disposal of non-current assets	500,857	(88,649)
Other operating costs	(3,799,807)	(2,560,887)
	(21,156,985)	**(19,670,780)**
Net Provisions (Note 30)	(535,814)	(2,128,706)
Total of Costs, Expenses and Losses	**(855,007,386)**	**(824,388,936)**

The caption Other payroll costs, in the first semester 2017 and 2016, was detailed as follows:

Amounts in Euro	1st Semester 2017	1st Semester 2016
Other payroll cost		
Social Security tax contribution	(18,964,316)	(19,415,817)
Insurance	(2,482,653)	(1,964,992)
Social responsibilities	(3,755,928)	(3,279,882)
Other payroll cost	(5,069,595)	(5,024,537)
	(30,272,492)	**(29,685,228)**

7. REMUNERATION OF STATUTORY BODIES

As of 30 June 2017 and 2016, the caption Remuneration of statutory bodies was detailed as follows:

Amounts in Euro	1st Semester 2017	1st Semester 2016
Members of Semapa's Board of Directors	4,865,591	4,334,724
Corporate bodies from other group companies	5,076,612	5,151,977
	9,942,203	**9,486,701**

8. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

As of 30 June 2017 and 2016, the caption Depreciation, amortisation and impairment losses were detailed as follows:

Amounts in Euro	1st Semester 2017	1st Semester 2016
Depreciation of property, plant and equipment		
Land	(2,295,048)	(2,251,603)
Environmental restoration and landscaping	(56,158)	(57,836)
Buildings	(10,479,057)	(9,993,509)
Other tangible assets	(99,019,185)	(95,601,981)
Government grants	3,292,087	4,469,653
	(108,557,361)	(103,435,276)
Amortisation and impairment losses of tangible assets		
Land	-	(14,478,835)
Buildings	188,984	243,498
Equipments and other tangibles	315,227	285,377
Assets under construction		
Land	(2,136,213)	-
	(1,632,002)	(13,949,960)
Amortisation of intangible assets (Note 16)		
Industrial property and other rights	(7,007)	(9,614)
CO2 emission rights	-	(1,618,487)
	(7,007)	(1,628,101)
Impairment losses in assets held for sale	(2,159)	(25,003)
Amortizations in investment properties	(9,396)	(9,396)
ICMS -Tax on movement of goods and services		
Tax included in depreciations (Brazil)	889,666	700,395
	889,666	700,395
	(109,318,259)	**(118,347,341)**

In the first semester of 2016, an impairment loss associated with the Mozambican project under development was also recognized by the Navigator Group, following the valuation of assets located in that country, in the amount of Euro 14,478,835.

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

In the first semester of 2017 and 2016, the Group recorded its share of the net income/ (loss) of associated companies and joint-ventures as follows:

Amounts in Euro	1st Semester 2017	1st Semester 2016
Associated companies		
Setefrete, SGPS, S.A.	248,281	1,072,620
J.M.J. - Henriques, Lda.	(67)	(52)
Ave-Gestão Ambiental e Val. Energética, S.A.	10,944	72,122
	259,158	**1,144,690**

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

10. NET FINANCIAL RESULTS

As of 30 June 2017 and 2016, Net financial results comprise:

Amounts in Euro	1st Semester 2017	1st Semester 2016
Interest paid on loans from shareholders (Note 35)	(20,860)	(44,156)
Interest paid on loans from associated companies and joint ventures (Note 35)	(2,572)	(2,572)
Interest paid on borrowings	(28,108,838)	(35,408,150)
Other interest earned	2,287,650	3,729,387
Fair value in available-for-sale financial assets (Note 21)	-	(35,503)
Financial assets at fair value through profit and loss	(2,750)	(27,040)
Gains / (losses) on financial instruments - hedging (Note 34)	(1,629,140)	(2,717,365)
Gains / (losses) on financial instruments - trading (Note 34)	4,028,547	(483,356)
Expenses with loans issuing and other comissions	(4,936,395)	(5,946,299)
Early repayment of bond financing	-	(6,046,500)
Foreign exchange gains / (losses)	(12,255,770)	4,252,113
(Costs)/gains with compensatory interest	1,521,196	2,520,197
Other financial expenses	(1,282,513)	(651,193)
Other financial income	(440,648)	4,329
	(40,842,093)	**(40,856,108)**

In the first semester of 2016, 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, which led to the immediate recognition of a premium paid for the early repayment of High Yield loan in the amount of Euro 6,046,500.

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

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

11. INCOME TAX

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

As of 30 June 2017, the tax business group led by Semapa as the dominant society comprises Groups Secil and ETSA, as well has all the subsidiaries that meet the legal requirements of the Corporate Income Tax Code. The companies that integrate the Navigator Group also integrated the tax business group led by The Navigator Company, S.A..

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

To the extent that the State Budget Law for 2017 (Law No. 42/2016, of 28 December) stipulated the obligation to coincide the taxation period and the social accounting period, the Corporate Income Tax service department, , in response to a request for binding information submitted by Semapa, expressly authorized that "as a result of the new requirement introduced by the OE 2017 Law", Semapa and its subsidiaries proceeded "to change the tax period adopted, and to return to the calendar year already in 2017, even though the obligation to remain at least five years in the different period of the calendar year has not been fulfilled ". Therefore, the companies of the Semapa group changed their taxation period from 1 July to 30 June for the period from 1 January to 31 December with effect from 1 January 2017.

As of 30 June 2017 and 2016, Income tax expense comprises:

Amounts in Euro	1st Semester 2017	1st Semester 2016
Current tax	(28,931,462)	(17,782,510)
Provisions for current tax	12,016,553	6,252,503
Deferred tax	(3,533,766)	5,596,416
	(20,448,675)	**(5,933,591)**

The reconciliation of the effective tax rate in the periods ended 30 June 2017 and 2016 is as follows:

Amounts in Euro	1st Semester 2017	1st Semester 2016
Profit before tax	96,306,696	80,274,850
Expected income tax	21,669,007	18,061,841
State surcharge	1,424,735	880,678
Differences (a)	(3,617,080)	(51,198,122)
Prior year tax adjustments	(7,367,637)	(827,344)
Recoverable tax losses carried forward	(487,371)	(238,045)
Non recoverable tax losses	7,751,808	27,896,397
Impairment and reversal of provisions	2,136,213	-
Impact of the change in the income tax rate	(1,079,509)	16,151,690
Provision for current tax	(2,908,107)	7,822,348
Tax benefits	(229,537)	(13,012,056)
Other	3,156,153	396,204
	20,448,675	**5,933,591**
Effective tax rate	21.23%	7.39%

(a) This amount is made up essentially of :		
Impairment losses of tangible assets		
Effects arising from the application of the equity method (Note 14)	(259,158)	(1,144,690)
Capital gains / (losses) for tax purposes	397,820	(179,491,938)
Capital gains / (losses) for accounting purposes	(548,427)	(119,583)
Impairment of taxed provisions	4,189,737	2,539,041
Tax benefits	(2,875,139)	(2,293,457)
Dividends from non-EU companies	1,970,000	-
Reversal of taxed provisions	(19,296,959)	(19,705,860)
Intra-group earning's subject to taxation	1,275,292	207,574
Employees benefits	711,513	1,182,497
Others	(1,640,592)	(28,720,794)
	(16,075,913)	(227,547,210)
Tax effect (22.5%)	**(3,617,080)**	**(51,198,122)**

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

Dividends are considered when determining the taxable income in the year in which they are received, if the assets are held for less than one year or if investments represent less than 10% of the share capital.

12. EARNINGS PER SHARE

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

Amounts in Euro	1st Semester 2017	1st Semester 2016
Profit attributable to Semapa's shareholders	43,358,562	47,291,544
Weighted average number of ordinary shares in issue	80,683,671	81,272,056
Basic earnings per share	0.537	0.582
Diluted earnings per share	0.537	0.582

13. NON-CONTROLLING INTERESTS

As of 30 June 2017 and 2016, non-controlling interests shown in the Income statement are detailed as follows:

	Income	
Amounts in Euro	1st Semester 2017	1st Semester 2016
The Navigator Company, S.A.	27,693,746	24,457,391
Raiz - Instituto de Investigação da Floresta e Papel	2,630	(29,559)
Portucel Moçambique	-	(187,970)
Britobetão - Central de Betão, Lda	-	882
Société des Ciments de Gabés	(133)	28,527
IRP - Indústria de Rebocos de Portugal, S.A.	71,434	33,289
Secil - Companhia de Cimento do Lobito, S.A.	(917,680)	(592,074)
Ciments de Sibline, S.A.L.	5,564,157	3,257,281
Cimentos Madeira group	26,509	40,934
ETSA - Investimentos, SGPS, S.A.	213	118
Other	58,583	40,896
	32,499,459	**27,049,715**

As of 30 June 2017 and 31 December 2016, non-controlling interests in the Consolidated Statement of financial position are detailed as follows:

	Equity	
Amounts in Euro	30-06-2017	31-12-2016
The Navigator Company, S.A.	275,767,892	323,112,484
Raiz - Instituto de Investigação da Floresta e Papel	212,158	210,138
Portucel Moçambique	2,122,060	2,062,468
Britobetão - Central de Betão, Lda	(790)	(790)
Société des Ciments de Gabés	898,821	1,030,887
IRP - Indústria de Rebocos de Portugal, S.A.	495,104	423,669
Secil - Companhia de Cimento do Lobito, S.A.	(2,101,728)	(1,332,888)
Ciments de Sibline, S.A.L.	71,119,737	77,912,222
Cimentos Madeira group	5,207,227	5,180,563
ETSA - Investimentos, SGPS, S.A.	7,530	7,316
Other	1,204,664	1,148,138
	354,932,675	**409,754,207**

The movement in the non-controlling interests', by operating segments, as of 30 June 2017 and 31 December 2016 is as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Total
Balance as of 1 January 2016	**327,364,027**	**87,918,441**	**6,987**	**415,289,455**
Acquisitions / (Disposals)	-	(133,592)	-	(133,592)
Dividends	(52,018,480)	(17,663,591)	-	(69,682,071)
Currency translation reserve	(1,978,947)	2,290,221	-	311,274
Financial instruments	(1,744,933)	29	-	(1,744,904)
Actuarial gains and losses	(3,050,775)	370	-	(3,050,405)
Other movements in equity	(5,678,108)	-	-	(5,678,108)
Profit for the year	62,492,236	11,949,993	329	74,442,558
Balance as of 31 December 2016	**325,385,020**	**84,361,871**	**7,316**	**409,754,207**
Currency translation reserve	(283,476)	(6,020,125)	-	(6,303,601)
Financial instruments	1,748,924	11	-	1,748,935
Actuarial gains and losses	(5,928)	157	-	(5,771)
Other movements in equity	59,050	(74)	1	58,977
Profit for the period	27,696,376	4,802,870	213	32,499,459
Balance as of 30 June 2017	**278,102,110**	**76,823,035**	**7,530**	**354,932,675**

14. APPLICATION OF PREVIOUS YEAR'S PROFIT

In accordance with the resolutions of the Annual General Assembly Meeting of the financial statements approval, the profit of the 2016 and 2015 exercises were applied as follows:

	Application of year's net profit	
Amounts in Euro	2016	2015
Dividens distribution	36,307,652	26,724,361
Profit-sharing bonuses reclassified to payroll	3,509,978	3,207,520
Other reserves	75,045,182	51,598,160
Profit for the year	**114,862,812**	**81,530,041**
Dividends per share	**0.450**	**0.329**

The legal reserves are constituted by the maximum amount.

At the Annual General Meeting of the company, which took place on 25 May 2017, the distribution of dividends amounting to Euro 36.3 million (45 cents per share) was approved. It was also approved an amount up to Euro 4,400,000 of the 2016 net profit for Board members and other employees' profit-sharing bonuses.

15. GOODWILL

The movement in Goodwill for the period's ended as of 30 June 2017 and 31 December 2016 was as follows:

Amounts in Euro	30/06/2017	31/12/2016
Balance at the beginning of year	**352,812,897**	**335,643,370**
Impairment	-	(5,770,410)
Acquisitions	7,739,608	10,756,626
Exchange rate adjustments	(5,686,791)	12,183,311
Final balance	**354,865,714**	**352,812,897**

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

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

Amounts in Euro	30-06-2017	31-12-2016
Cement and derivatives	195,535,252	193,482,435
Pulp and paper	122,907,528	122,907,528
Environment	36,422,934	36,422,934
	354,865,714	**352,812,897**

CHANGES IN THE PERIMETER

In March 2017, the subsidiary Secil completed the acquisition of a set of assets in Spain from the LafargeHolcim group, a cement terminal, two quarries and thirteen ready-mix plants located in the Spanish regions of Asturias, Galicia and Castile and Leon.

This acquisition resulted in a Goodwill in the amount of Euro 7,739,608, calculated as follows:

Amounts in Euro	Cementos Secil, SLU
Non-Current Assets	
Other intangible assets	1,803,911
Property, plant and equipment	2,884,819
Currents Assets	
Inventories	1,071,662
State and other public entities	58,800
Total (sold)/acquired	**5,819,192**
Positive acquisition difference (Note 15)	7,739,608
Net assets (Sold)/acquired	**13,558,800**

In accordance with IAS 36, Goodwill is subject to impairment tests performed on an annual basis or whenever impairment may occur in accordance to the accounting policy described in Note 1.7.

16. OTHER INTANGIBLE ASSETS

As of 30 June 2017 and 31 December 2016, changes under the Other intangible assets heading, as well as the correspondent amortisation and impairment losses were as follows:

Amounts in Euro	Brands	Expenditures on research and development	Industrial properties and other rights	CO2 emission allowances	Assets under construction	Total
Acquisition cost						
Amount as of 1 January 2016	**283,857,737**	**11,737**	**214,943**	**24,125,836**	**3,844**	**308,214,097**
Change of consolidation perimeter	-	-	-	13,618	-	13,618
Acquisition / attributions	-	-	3,300	12,427,934	6,226	12,437,460
Disposals	-	-	-	(4,498,000)	-	(4,498,000)
Adjustments, transfers and write-off's	(35,456)	-	40,968	(13,697,379)	(5,512)	(13,697,379)
Exchange rate adjustment	5,297,552	-	-	(13,618)	-	5,283,934
Amount as of 31 December 2016	**289,119,833**	**11,737**	**259,211**	**18,358,391**	**4,558**	**307,753,730**
Change of perimeter	-	-	1,803,911	13,618	-	1,817,529
Acquisition / attributions	-	-	100,000	14,052,759	2,333	14,155,092
Disposals	-	-	-	(1,379,428)	-	(1,379,428)
Adjustments, transfers and write-off's	-	-	(936,883)	(12,807,796)	(358)	(13,745,037)
Exchange rate adjustment	(5,806,429)	-	-	(13,618)	-	(5,820,047)
Amount as of 30 June 2017	**283,313,404**	**11,737**	**1,226,239**	**18,223,926**	**6,533**	**302,781,839**
Accumulated amortisation and impairment losses						
Amount as of 1 January 2016	**(11,287,850)**	**(10,844)**	**(214,298)**	**(25,501)**	**-**	**(11,538,493)**
Amortisation and impairment losses	1,079,181	-	(22,146)	27,395	-	1,084,430
Adjustments , transfers and write-off'	-	-	-	(1,895)	-	(1,895)
Exchange rate adjustment	(676,168)	-	-	-	-	(676,168)
Amounts as of 31 December 2016	**(10,884,837)**	**(10,844)**	**(236,444)**	**(1)**	**-**	**(11,132,126)**
Amortisation and impairment losses	-	-	(7,213)	-	-	(7,213)
Adjustments , transfers and write-off'	-	-	133,329	1	-	133,330
Exchange rate adjustment	903,849	-	-	-	-	903,849
Amount as of 30 June 2017	**(9,980,988)**	**(10,844)**	**(110,328)**	**-**	**-**	**(10,102,160)**
Net book value as of 1 January 2016	**272,569,887**	**893**	**645**	**24,100,335**	**3,844**	**296,675,604**
Net book value as of 31 December 2016	**278,234,996**	**893**	**22,767**	**18,358,390**	**4,558**	**296,621,604**
Net book value as of 30 June 2017	**273,332,416**	**893**	**1,115,911**	**18,223,926**	**6,533**	**292,679,679**

17. PROPERTY, PLANT AND EQUIPMENT

The following movements were registered in the periods ended 30 June 2017 and 31 December 2016 under the caption Property, plant and equipment, as well as on the respective depreciation and impairment losses accounts:

Amounts in Euro	Land	Buildings and other constructions	Equipments and other tangibles	Assets under construction	Total
Acquisition Cost					
Amount as of 1 January 2016	**427,676,574**	**1,102,015,756**	**5,189,921,579**	**103,150,144**	**6,822,764,053**
Change of consolidation perimeter	2,465,305	9,800,758	22,452,956	110,636	34,829,655
Acquisition	1,368,547	1,651,379	14,777,926	168,260,495	186,058,347
Disposals	(39,818)	(2,444,016)	(13,089,543)	(6,351)	(15,579,728)
Adjustments, tranfers and write-off's	3,223,165	16,461,261	118,088,961	(160,730,192)	(22,956,805)
Exchange rate adjustment	8,658,782	16,926,013	26,867,432	314,031	52,766,258
Amount as of 31 December 2016	**443,352,555**	**1,144,411,151**	**5,359,019,311**	**111,098,763**	**7,057,881,780**
Change of consolidation perimeter	101,635	855,684	1,927,500	-	2,884,819
Acquisition	374,217	87,186	1,895,757	45,126,436	47,483,596
Disposals	(881,118)	(2,633,042)	(2,648,477)	220,417	(5,942,220)
Adjustments, tranfers and write-off's	2,980,531	(863,269)	2,372,884	(6,645,259)	(2,155,113)
Exchange rate adjustment	(13,726,148)	(16,527,159)	(49,292,904)	(1,282,375)	(80,828,586)
Amount as of 30 June 2017	**432,201,672**	**1,125,330,551**	**5,313,274,071**	**148,517,982**	**7,019,324,276**
Accumulated depreciations and impairment losses					
Amount as of 1 January 2016	**(56,668,444)**	**(664,476,228)**	**(3,760,939,850)**	**(3,741,590)**	**(4,485,826,112)**
Change of consolidation perimeter	(1,787,836)	(9,365,208)	(22,545,174)	-	(33,698,218)
Depreciation and impairment losses	(4,522,293)	(19,033,655)	(172,351,541)	-	(195,907,489)
Disposals	-	336,201	9,620,843	-	9,957,044
Impairment losses	(2,960,025)	-	-	(51,325,138)	(54,285,163)
Adjustments, tranfers and write-off's	-	7,799,554	3,362,798	-	11,162,352
Exchange rate adjustment	1,079,810	1,103,637	2,022,673	-	4,206,120
Amount as of 31 December 2016	**(64,858,788)**	**(683,635,699)**	**(3,940,830,251)**	**(55,066,728)**	**(4,744,391,466)**
Depreciation and impairment losses	(2,295,048)	(10,343,762)	(98,365,898)	-	(111,004,708)
Disposals	-	2,156,213	2,594,778	-	4,750,991
Impairment losses	-	-	-	(2,136,213)	(2,136,213)
Adjustments, tranfers and write-off's	35,678	2,874,005	3,105,443	-	6,015,126
Exchange rate adjustment	2,437,125	5,164,809	23,508,903	-	31,110,837
Amount as of 30 June 2016	**(64,681,033)**	**(683,784,434)**	**(4,009,987,025)**	**(57,202,941)**	**(4,815,655,433)**
Net book value as of 1 January 2016	**371,008,130**	**437,539,528**	**1,428,981,729**	**99,408,554**	**2,336,937,941**
Net book value as of 31 December 2016	**378,493,767**	**460,775,452**	**1,418,189,060**	**56,032,035**	**2,313,490,314**
Ner book value as of 30 June 2017	**367,520,639**	**441,546,117**	**1,303,287,046**	**91,315,041**	**2,203,668,843**

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

18. BIOLOGICAL ASSETS

As of 30 June 2017 and 31 December 2016, changes in biological assets were as follows:

Amounts in Euro	30-06-2017	31-12-2016
Amount at the beginning of the year	**125,612,948**	**116,996,927**
Changes in fair value		
Logging in the period	(11,374,797)	(22,637,607)
Growth	3,738,678	15,151,098
New plantations	887,389	2,718,849
Other changes in fair value	9,958,905	13,383,681
Total changes in fair value	**3,210,175**	**8,616,021**
	128,823,123	**125,612,948**

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

Amounts in Euro	30-06-2017	31-12-2016
Other changes in fair value		
Forestry	2,280,028	3,125,794
Struture	2,464,777	3,336,748
Fixed and variable costs	5,214,100	10,109,370
Mozambique Project Impairment	-	(3,188,231)
	9,958,905	**13,383,681**

Biological assets as of 30 June 2017 and 31 December 2016 are as follows:

Amounts in Euro	30-06-2017	31-12-2016
Eucalyptus (Portugal)	117,488,918	116,413,499
Other species (Portugal)	4,823,817	1,820,807
Eucalyptus (Mozambique)	6,510,388	7,378,642
	128,823,123	**125,612,948**

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

Amounts in Euro	30/06/2017	31/12/2016
Eucalyptus (Portugal) - wood potential extraction k m3ssc	10,196	11,649
Pine (Portugal) - wood potential extraction k ton	455	455
Pine (Portugal) -pinecones potential extraction k ton	n/a	n/a
Cork (Portugal) - cork potential extraction k @	615	615
Eucalyptus (Portugal) - wood potencial extraction h m3ssc (1)	2,326	1,988

(1) Valuation for areas with one or more years of age

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

19. INVESTMENT IN ASSOCIATES AND JOINT-VENTURES

The following movements were registered in this caption during the periods ended 30 June 2017 and 31 December 2016:

Amounts in Euro	30/06/2017	31/12/2016
Opening balance	**3,885,458**	**3,403,708**
Appropriated net profit (Note 9)	259,158	1,380,062
Dividends received	(833,509)	(868,685)
Fair value in associates	4,615	(29,434)
Exchange rate adjustments	(269)	(193)
Closing balance	**3,315,453**	**3,885,458**

As of 30 June 2017 and 31 December 2016 the caption Investments in associates and joint ventures presented in the consolidated statement of financial position, including goodwill comprises:

	Book Value			
Entities	%Held	30-06-2017	%Held	31-12-2016
Associated companies				
Setefrete, SGPS, S.A.	25.00%	2,875,110	25.00%	3,329,903
MC - Materiaux de Construction	49.36%	1,801	49.36%	2,068
J.M.J. - Henriques, Lda.	50.00%	376,685	50.00%	376,752
Ave, S.A.	35.00%	61,857	35.00%	176,735
		3,315,453		**3,885,458**

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

At 30 June 2017 and 31 December 2016, the financial information relating to associated companies was as follows:

		30 June 2017				
Amounts in Euros		Total assets	Total liabilities	Equity	Net Profit	Revenue
Ave-Gestão Ambiental e Valorização Energética, S.A.	a)	3,080,849	2,904,103	176,746	115,775	4,188,833
MC- Materiaux de Construction	b)	848,325	917,984	(69,659)	(96,745)	4,283,556
J.M.J. - Henriques, Lda.	b)	1,080,583	327,211	753,372	(134)	-
Setefrete, SGPS, S.A.	c)	5,852,370	432,180	5,420,190	2,833,262	102,813

a) 30 Nov 2016 figures
b) 31 May 2017 figures
c) 30 Jun 2017 figures

		31 December 2016				
Amounts in Euros		Total assets	Total liabilities	Equity	Net Profit	Revenue
Ave-Gestão Ambiental e Valorização Energética, S.A.	a)	3,137,609	2,632,651	504,958	545,137	10,068,168
MC- Materiaux de Construction	b)	848,325	917,984	(69,659)	(96,745)	4,283,556
J.M.J. - Henriques, Lda.	b)	1,080,241	326,737	753,504	(3,386)	-
Setefrete, SGPS, S.A.	c)	7,826,888	3,418,274	4,408,614	4,763,825	13,248,333

a) 30 Nov 2016 figures
b) 31 Dec 2016 figures
c) 31 Jul 2016 figures

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following movements were registered in this caption during the periods ended 30 June 2017 and 31 December 2016:

Amounts in Euro	30-06-2017	31-12-2016
Opening balance	**47,258**	**342,968**
Acquisitions	-	-
Disposals	-	(268,670)
Changes in fair value	(2,750)	(27,040)
	44,508	**47,258**

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

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The following movements were registered in this caption during the periods ended 30 June 2017 and 31 December 2016:

Amounts in Euro	30-06-2017	31-12-2016
Fair value at the beginning of the year	**342,122**	**229,136**
Acquisitions	-	81,636
Transfers	36,322	66,853
Changes in fair value (Note 10)	-	(35,503)
	378,444	**342,122**

As of 30 June 2017 and 31 December 2016 the fair value of available-for-sale financial assets comprises:

	Fair Value	
Amounts in Euro	30-06-2017	31-12-2016
Liaision Technologie	260,486	260,486
Other financial assets	117,958	81,636
	378,444	**342,122**

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

22. IMPAIRMENT IN NON-CURRENT AND CURRENT ASSETS

In the periods ended 30 June 2017 and 31 December 2016, the following movements were registered on impairments in non-current assets:

Amounts in Euro	Goodwill	Brands	Other non--current assets	Property, plant and equipment	Investments in associates	Total
As of 1 January 2016	**-**	**11,075,942**	**1,855,975**	**102,292**	**16,102**	**13,050,311**
Change of consolidation perimeter	190,826	-	-	-	150	190,976
Increases (Notes 8 and 16)	5,770,410	5,093,288	-	-	-	10,863,698
Reversions	-	(6,172,470)	-	-	-	(6,172,470)
As of 31 December 2016	**5,961,236**	**9,996,760**	**1,855,975**	**102,292**	**16,252**	**17,932,515**
As of 30 June 2017	**5,961,236**	**9,996,760**	**1,855,975**	**102,292**	**16,252**	**17,932,515**

During the period ended 30 June 2017 and 31 December 2016, the following movements were registered on impairments in current assets:

Amounts in Euro	Inventories	Accounts receivable	Other receivables	Total
As of 1 January 2016	**14,319,637**	**28,055,767**	**8,317,362**	**50,692,766**
Change of consolidation perimeter	632,016	3,068,177	-	3,700,193
Increases (Note 6)	1,151,661	2,153,088	276,649	3,581,398
Reversals (Note 5)	(1,160,320)	(2,172,783)	(2,276,924)	(5,610,027)
Direct utilisations	(8,745)	(510,841)	(43,971)	(563,557)
Adjustments, tranfers and write-off's	(223,033)	(204,684)	(9,293)	(437,010)
As of 31 December 2016	**14,711,216**	**30,388,724**	**6,263,823**	**51,363,763**
Increases (Note 6)	1,053,069	855,160	-	1,908,229
Reversals (Note 5)	(122,017)	(466,361)	-	(588,378)
Direct utilisations	(3,676)	(290,324)	-	(294,000)
Adjustments, tranfers and write-off's	(939,669)	(424,424)	(10,913)	(1,375,006)
As of 30 June 2017	**14,698,923**	**30,062,775**	**6,252,910**	**51,014,608**

23. INVENTORIES

As of 30 June 2017 and 31 December 2016 the caption Inventories comprised:

Amounts in Euro	30-06-2017	31-12-2016
Raw Materials	203,701,530	183,096,265
Work in progress	24,902,040	25,133,435
Byproducts and waste	3,136,703	1,718,613
Finished and intermediate products	93,278,698	98,592,441
Advances to inventories' suppliers	3,276	176,941
	325,022,247	**308,717,695**

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

During the periods ended 30 June 2017 and 31 December 2016, movements in Raw materials, finished products and goods and Advances to inventories were as follows:

Amounts in Euro	30-06-2017	31-12-2016
Opening balance	281,865,647	294,291,751
Acquisitions	420,301,198	794,459,901
Closing balance	(296,983,504)	(281,865,647)
Cost of inventories sold and consumed (Note 6)	**405,183,341**	**806,886,005**

As of 30 June 2017 and 31 December 2016, location of inventories by geographical segment, were as follows:

Amounts in Euro	30-06-2017	31-12-2016
Portugal	81,941,959	85,179,945
Other European countries	170,236,598	143,297,051
USA	24,930,736	31,125,834
Africa	22,595,218	21,955,546
Asia	25,317,736	27,159,319
	325,022,247	**308,717,695**

24. RECEIVABLES AND OTHER CURRENT ASSETS

As of 30 June 2017 and 31 December 2016 the caption Receivables and other current assets comprised:

Amounts in Euro	30-06-2017	31-12-2016
Accounts receivable	237,146,653	244,913,009
Accounts receivable - related parties (Note 35)	627,067	859,869
Derivative financial instruments (Note 34)	7,948,679	942,139
Other receivables	50,788,281	43,720,096
Accrued income	20,142,124	2,747,450
Deferred costs	16,269,836	11,721,863
	332,922,640	**304,904,426**

Note: The presented figures are net of impairment losses.

As of 30 June 2017 and 31 December 2016, Other receivables comprised:

Amounts in Euro	30-06-2017	31-12-2016
Other receivables		
Advance payments to suppliers	5,223,206	2,123,078
Advance payments to personnel	1,108,912	1,392,317
Price adjustment | Acquisition of Supremo Cimentos	1,952,421	2,143,467
Financial incentives to be received	58,870	58,869
Collateral provided to other parties	5,139,980	4,281,655
Department of Commerce (EUA)	28,528,521	26,369,181
Others	8,776,371	7,351,529
	50,788,281	**43,720,096**

In 2015 the Navigator Group was investigated for alleged dumping practices on imports of UWF paper into the United States of America and a provisional anti-dumping duty was imposed on sales to that country of 29. 53%. On 11 January, 2016, the United States Department of Commerce revised the applied rate down to 7.8%. Although the set rate is substantially lower than the margin originally determined, Navigator remains in complete disagreement with the application of any anti-dumping margin in the period because, given the calculation algorithm used and validated by its US lawyers, the group does not determine any price difference between the domestic (Portugal) and destination (US) markets, for the period after August 2015. Due to this understanding, the Group recognised Euro 28,528,521 corresponding to the anti-dumping rate differential on sales of paper to the United States of America.

The amount evidenced in the item Price Adjustment - Acquisition of Supremo Cimentos in 2016 relates to the price adjustment determined in the context of the purchase agreement of this subsidiary between the parties.

As of 30 June 2017 and 31 December 2016, Accrued income and deferred costs were detailed as follows:

Amounts in Euro	30-06-2017	31-12-2016
Accrued income		
Interest receivable	409,131	531,667
Other	19,732,993	2,215,783
	20,142,124	**2,747,450**
Deferred costs		
Insurance	4,873,548	579,987
Rents and leases	3,464,565	3,303,855
Other	7,931,723	7,838,021
	16,269,836	**11,721,863**
	36,411,960	**14,469,313**

During the first semester of 2017, the Navigator Group joined the EDP – Serviços Universal, S.A. self-billing system. At the reporting date, the invoices did not have been received, thus the amount to be invoiced was recognized under the caption Other accrued income, explaining both the increase in this item and the reduction in the balance of customers.

25. STATE AND OTHER PUBLIC ENTITIES

At 30 June 2017 and 31 December 2016, there were no arrears debts to the State and other public entities.

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

The balances relating to these entities were as follows:

CURRENT ASSETS

Amounts in Euro	30-06-2017	31-12-2016
Corporate Income Tax - CIT	2,478,532	13,059,045
Personnel Income Tax - withheld on salaries	728,919	1,603,048
Value added tax to be recovered	3,440,952	10,556,220
Value added tax - refund requested	55,226,005	50,235,500
Tax over Merchandise and Services Circulation (ICMS)	4,499,174	5,697,852
Tax on Manufactured Products	599,140	453,567
Contributions for Social Security financing	20,700	22,726
PIS and COFINS credit on fixed assets	16,121,086	18,509,519
Other	9,294,226	10,411,417
	92,408,734	**110,548,894**

CURRENT LIABILITIES

Amounts in Euro	30-06-2017	31-12-2016
Corporate Income Tax - CIT	37,996,054	47,023,845
Personnel Income Tax - witheld on salaries	9,205,365	5,895,841
Value added tax	27,323,084	35,043,858
Social Security	6,333,562	4,566,054
Tax over Merchandise and Services Circulation (ICMS)	664,441	632,292
Company Development Program Catarinense (PRODEC)	2,803,099	3,457,328
Paraná Competitive Program	9,386,956	7,837,913
Contributions for Social Security financing	180,965	81,928
Additional tax settlements	16,430,012	17,742,052
Others	1,446,703	996,462
	111,770,241	**123,277,573**

As of 30 June 2017 and 31 December 2016, the caption Corporate Income tax – CIT comprise (net between Current assets and Current liabilities) is detailed as follows:

Amounts in Euro	30-06-2017	31-12-2016
Corporate income tax for the year	28,052,311	49,035,557
Exchange rate differences	(150,329)	190,773
Payments on account and additional payments on account	(1,270,076)	(4,099,706)
Witholding tax	(1,045,864)	(1,131,722)
Prior years corporate income tax	9,931,480	(10,030,102)
	35,517,522	**33,964,800**

26. SHARE CAPITAL AND TREASURY SHARE

As of 30 June 2017 and 31 December 2016, Semapa share capital was fully subscribed and paid up, being represented by 81,270,000 shares and by 81,645,523 shares, respectively, with a unit nominal value of 1 Euro.

At 30 June 2017 and 31 December 2016, the following entities had substantial holdings in the company's capital:

Name	Number of shares	% 30-06-2017	% 31-12-2016
Longapar, SGPS, S.A.	22,225,400	27.35	27.35
Cimo - Gestão de Participações, SGPS, S.A.	16,199,031	19.93	19.93
Sodim, SGPS, S.A.	15,252,726	18.77	18.77
Bestinver Gestión, SGIIC, S.A.	7,166,756	8.82	8.82
Cimigest, SGPS, S.A.	3,185,019	3.92	3.92
Santander Asset Management España, SA	1,981,216	2.44	2.79
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	0.72
Other shareholders with less than 2% participation	13,513,324	16.63	16.27
	81,270,000	**100.00**	**100.00**

As of 30 June 2017 and 31 December 2016, Semapa - Sociedade de Investimento e Gestão, SGPS, SA holds 586,329 treasury shares.

27. RESERVES AND RETAINED EARNINGS

As of 30 June 2017 and 31 December 2016 the captions Fair value reserve, Translation reserve and Other reserves comprised:

Amounts in Euro	30/06/2017	31/12/2016
Fair value of financial instruments	(260,931)	(4,780,771)
Other fair value reserves	(1,281,742)	(1,281,742)
Total amount of fair value reserve	**(1,542,673)**	**(6,062,513)**
Translation reserve	**(71,382,776)**	**(31,600,075)**
Legal reserve	16,695,625	16,695,625
Others reserves	700,921,321	700,921,321
Total amount of other reserves	**717,616,946**	**717,616,946**
Total	**644,691,497**	**679,954,358**

Fair value of financial instruments

The amount presented on fair value of financial instruments (net of deferred tax), shown under the caption Fair value of financial instruments, relates to the appropriation of the financial instruments fair value changes classified as hedging, described in Note 34, and accounted in accordance with the policy described in Note 1.13.

Translation reserve

The translation reserve corresponds to the accumulated amount related to the appropriation by the Group of the exchange differences resulting from the financial statements translation, of the subsidiary companies operating outside the Euro zone, namely Brazil, Tunisia, Lebanon, Angola, Mozambique, USA (including net investment), and United Kingdom.

Legal reserve

Commercial Company law prescribes that at least 5% of annual net profit must be transferred to the legal reserve until this is equal to at least 20% of the issued capital, which is verified as of 31 December 2016. This reserve cannot be distributed unless in the event of the company’s winding up; however, it may be used to absorb losses after the other reserves have been exhausted or it can be incorporated into the issued capital.

Other reserves

This caption corresponds to available reserves for distribution to shareholders constituted through the appropriation of prior year’s earnings.

Retained earnings

Increase and decrease interest held in subsidiaries without loss of control

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

As of 30 June 2017 and 31 December 2016, the accumulated negative amount of these differences, regarding additional stake acquisition in subsidiaries, amounts to Euro 416,498,687.

REMEASUREMENTS (ACTUARIAL GAINS OR LOSSES)

The differences between the assumptions used for the purpose of determining liabilities related to post-employment benefits and what effectively occurred are equally recorded under this caption (as well as changes made to those assumptions and the difference between the expected return on the assets of the funds and their actual yield) as described in Note 1.22.1.

28. DEFERRED TAXES

The following movement took place in the caption Deferred tax assets and liabilities during the period ended 30 June 2017:

Amount in Euro	As of 1 January 2017	Exchange adjustment	Income statement Increases	Income statement Decreases	Retained earnings	Transfers	Assets held for sale	As of 30 June 2017
Temporary differences originating deferred tax assets								
Tax losses carried forward	57,504,185	(6,095,747)	11,197,704	-	-	-	-	62,606,142
Taxed provisions	30,560,249	(1,063,642)	230,145	(3,236,536)	-	1	-	26,490,217
Harmonisation of depreciation criteria	116,353,989	-	-	(9,115,084)	-	3,500,001	-	110,738,906
Underfunding of pension funds	5,156,848	(12,117)	7,587	(331,544)	64,452	-	-	4,885,226
Financial instruments	10,398,848	-	-	-	(7,343,138)	1	-	3,055,711
Deferred accouting gains on inter-group transa	33,270,651	(3,300)	6,519,884	(4,551,888)	-	-	-	35,235,348
Fiscal investment incentives	14,174,165	-	-	(915,742)	-	1	-	13,258,424
Fair values of business combinations	1,734,023	(132,340)	-	-	-	-	-	1,601,683
Other temporary differences	8,690,053	(315,976)	-	(1,500,965)	-	(2,782,890)	-	4,090,222
	277,843,011	**(7,623,122)**	**17,955,320**	**(19,651,758)**	**(7,278,686)**	**717,114**	**-**	**261,961,880**
Temporay differences originating deferred tax liabilities								
Fixed tangible asset revaluation	(60,835,881)	5,146,771	-	337,529	-	5,643	-	(55,345,938)
Retirements benefits	(2,121,065)	-	(20,587)	-	(106,495)	(1)	-	(2,248,147)
Derivative financial instruments	1,769,836	(142,315)	(326,872)	-	-	-	-	1,300,649
Fiscal incentives	(1,270,679)	-	(8,610,780)	-	180,254	-	-	(9,701,206)
Harmonisation of depreciation criteria	(388,205,374)	6,311,543	(17,440,931)	4,187,103	-	-	-	(395,147,659)
Deferred accounting losses on inter-group trar	(3,250,619)	-	-	2,688,253	-	1	-	(562,365)
Valuation of biological assets	(3,979,927)	-	(5,474,789)	-	-	-	-	(9,454,716)
Fair value of intangible assets - brands	(257,146,542)	3,418,036	(1,462,209)	-	-	-	-	(255,190,715)
Fair value of tangible assets	(126,776,591)	-	-	7,635,775	-	-	-	(119,140,816)
Fair value of business combinations	(180,076,742)	8,920,701	-	6,331,863	-	(5,643)	(15,156)	(164,844,977)
Other temporay differences	(2,027,027)	63,094	(86,366)	502,095	-	-	-	(1,548,204)
	(1,023,920,611)	**23,717,830**	**(33,422,534)**	**21,682,618**	**73,759**	**-**	**(15,156)**	**(1,011,884,094)**
Deferred tax assets	**78,652,223**	**(2,440,519)**	**4,020,439**	**(3,677,074)**	**(2,001,610)**	**(6)**	**-**	**74,553,453**
Deferred tax liabilities	**(276,468,649)**	**6,399,847**	**(7,151,217)**	**3,274,086**	**21,784**	**2**	**(3,374)**	**(273,927,521)**

The following movement took place in the caption Deferred income tax assets and liabilities during the year ended 31 December 2016:

Amount in Euro	As of 1 January 2016	Exchange adjustment	Income statement Increases	Income statement Decreases	Retained earnings	Transfers	Assets held for sale	As of 31 December 2016
Temporary differences originating deferred tax assets								
Tax losses carried forward	23.773.019	8.635.677	24.973.420	-	-	122.069	-	57.504.185
Taxed provisions	25.295.497	(79.022)	4.780.837	(49.016)	-	611.953	-	30.560.249
Harmonisation of depreciation criteria	106.391.961	-	32.178.197	(22.216.168)	-	(1)	-	116.353.989
Underfunding of pension funds	5.903.648	(8.537)	973	(778.487)	39.251	-	-	5.156.848
Financial instruments	5.337.254	-	-	-	5.061.594	-	-	10.398.848
Deferred accounting gains on inter-group transactions	28.069.893	12.366	5.274.545	(86.153)	-	-	-	33.270.651
Valuing growth forests	1.275.824	-	-	(1.275.824)	-	-	-	-
Fiscal investment incentives	14.766.526	-	866.532	(1.458.893)	-	-	-	14.174.165
Fair values of business combinations	1.678.976	55.047	-	-	-	-	-	1.734.023
Other temporary differences	11.956.517	1.559.868	2.134.048	(5.102.930)	-	(1.857.450)	-	8.690.053
	224.449.115	**10.175.399**	**70.208.552**	**(30.967.471)**	**5.100.845**	**(1.123.429)**	**-**	**277.843.011**
Temporay differences originating deferred tax liabilities								
Fixed tangible asset revaluation	(56.949.332)	(11.111.474)	411	7.224.514	-	-	-	(60.835.881)
Retirements benefits	(3.965.861)	-	(34.119)	8.949.104	(7.070.191)	2	-	(2.121.065)
Derivative financial instruments	(234.446)	206.353	-	3.207.985	(138.304)	(1.271.752)	-	1.769.836
Tax incentives	(11.991.792)	-	(319.179)	10.535.135	505.157	-	-	(1.270.679)
Harmonisation of depreciation criteria	(470.774.266)	(1.376.072)	(20.461.179)	104.406.143	-	-	-	(388.205.374)
Deferred accounting losses on inter-group transactic	(689.367)	-	(2.652.963)	91.711	-	-	-	(3.250.619)
Valuing growth forests	-	-	(3.979.927)	-	-	-	-	(3.979.927)
Fair value of intangible assets - brands	(250.854.281)	(119.791)	-	(6.172.470)	-	-	-	(257.146.542)
Fair value of tangible assets	(142.048.141)	-	-	15.271.550	-	-	-	(126.776.591)
Fair value of business combinations	(193.509.554)	(1.003.787)	-	14.461.876	-	5.035	(30.312)	(180.076.742)
Other temporay differences	(2.726.080)	(245.785)	(825.242)	182.327	-	1.587.753	-	(2.027.027)
	(1.133.743.120)	**(13.650.556)**	**(28.272.198)**	**158.157.875**	**(6.703.338)**	**321.038**	**(30.312)**	**(1.023.920.611)**
Deferred tax assets	**74.480.542**	**3.460.214**	**18.859.763**	**(19.598.030)**	**1.556.640**	**(106.906)**	**-**	**78.652.223**
Deferred tax liabilities	**(305.515.909)**	**(5.025.758)**	**(3.047.169)**	**38.857.863**	**(1.839.319)**	**108.390**	**(6.747)**	**(276.468.649)**

29. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

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

The following is a breakdown of the obligations assumed and reflected in the Consolidated Statement of financial position at 30 June 2017 and 31 December 2016:

30 June 2017	Pulp and paper	Cement and Derivatives	Holdings	Total
Group liabilities for past services				
Active	59,484,388	48,155	-	59,532,543
Ex - collaborator	19,542,309	-	-	19,542,309
Retirees	70,436,352	23,886,204	1,200,677	95,523,233
Market value of the pension funds	(142,263,403)	(21,784,975)	-	(164,048,378)
Equity	-	185,385	-	185,385
Insurance policies	-	(139,183)	-	(139,183)
Reserve account (overfunding due to the change to a defined contribution plan)	-	(646,085)	-	(646,085)
Unfunded pensions liabilities	**7,199,646**	**1,549,501**	**1,200,677**	**9,949,824**
Other unfunded liabilities				
Healthcare assistance	-	46,992	-	46,992
Retirement and death liabilities	-	99,770	-	99,770
Long-service award liabilities	-	313,580	-	313,580
Total net liabilities	**7,199,646**	**2,009,843**	**1,200,677**	**10,410,166**
Total unfunded liabilities	**7,199,646**	**2,009,843**	**1,200,677**	**10,410,166**

31 December 2016	Pulp and paper	Cement and Derivatives	Holdings	Total
Group liabilities for past services				
Active	62,591,075	47,043	-	62,638,118
Ex - collaborator	17,035,183	-	-	17,035,183
Retirees	69,251,640	24,892,174	1,232,653	95,376,467
Market value of the pension funds	(142,420,782)	(22,430,525)	-	(164,851,307)
Equity	-	220,905	-	220,905
Insurance policies	-	(173,075)	-	(173,075)
Reserve account (overfunding due to the change to a defined contribution plan)	-	(656,487)	-	(656,487)
Unfunded pensions liabilities	**6,457,116**	**1,900,035**	**1,232,653**	**9,589,804**
Other unfunded liabilities				
Healthcare assistance	-	71,885	-	71,885
Retirement and death liabilities	-	100,162	-	100,162
Long-service award liabilities	-	323,572	-	323,572
Total net liabilities	**6,457,116**	**2,395,654**	**1,232,653**	**10,085,423**
Total unfunded liabilities	**6,457,116**	**2,395,654**	**1,232,653**	**10,085,423**

SUB-GROUP NAVIGATOR

RETIREMENT AND PENSION SUPPLEMENTS

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

Under the prevailing Social Benefits Regulation, permanent employees of Navigator that chose not to move to the defined contribution plan, together with the retired employees as of the transition date (1 January 2009) and from 1 January 2014, the former employees of Navigator Paper Figueira (former Soporcel), Navigator Forest Portugal (former PortucelSoporcel Florestal), RAIZ, Empremédia, and Navigator Lusa (former PortucelSoporcel Lusa), are entitled, after retirement or in case of disability, to a monthly retirement pension or disability supplement. This is calculated according to a formula, which considers the beneficiary's gross monthly remuneration updated to the work category at the date of retirement and the number of years of service, up to a limit of 30 (limit of 25 to Navigator Paper Figueira, Navigator Forest Portugal, Empremédia, Navigator Lusa and RAIZ), including a survivor pension to the spouse and direct descendants.

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

In 2010 and 2013 respectively, the Group completed the necessary procedures to convert the defined benefit plans of its subsidiaries The Navigator Company, Navigator Paper Figueira, Navigator Forest Portugal, Raiz, Empremédia, and Navigator Lusa to defined contribution plans for the current employees, keeping the acquired benefits as of transition date. The acquired rights attributable to former employees and retirees in case they leave the company or in case of a job change or retirement, will remain unchanged.

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

- Benefit safeguard plan, or
- Pure defined contribution plan.

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

The Group also maintains responsibilities with defined benefit post-employment benefit plans for The Navigator Company employees who have opted not to accept the conversion of their defined contribution plan, representing 13 individuals in addition to the former Employees , Retirees or, when applicable, acquired rights.

At 30 June 2017, the amount of liabilities related to post-employment benefit plans, related to two administrators of the Navigator Group, amounted to Euro 1,046,761 (31 December 2016: Euro 1,669,240).

SECIL SUB-GROUP

The Pension Fund Secil Group comprises Secil and the subsidiaries:

(i) CMP – Cimentos Maceira e Pataias, S.A. and Unibetão – Industrias de Betão Preparado, S.A. whose funds were incorporated (and simultaneously extinguished) into Secil Pension Fund;

(ii) Cimentos Madeira, Lda. , which integrated (and extinguished simultaneously) their insurance policy in the Secil pension fund;

(iii) Britobetão – Central de Betão, Lda., Secil Britas, S.A., Betomadeira, S.A. and Brimade, S.A..

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

DEFINED-BENEFIT PLANS

(I) DEFINED-BENEFIT PLANS WITH FUNDS MANAGED BY INDEPENDENT ENTITIES

LIABILITIES FOR COMPLEMENTARY RETIREMENT AND SURVIVOR'S PENSIONS

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

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

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

(II) DEFINED-BENEFIT PLANS MANAGED BY THE GROUP

LIABILITIES FOR COMPLEMENTARY RETIREMENT AND SURVIVOR'S PENSIONS

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

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

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

LIABILITIES FOR HEALTHCARE

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

LIABILITES FOR RETIREMENT AND DEATH BENEFITS

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

- at Societé des Ciments de Gabes (Tunisia), on retirement date and in terms of the General Labour Agreement, article no. 52, a retirement subsidy representing: (i) 2 months of the last salary if the worker has less than 30 years' service to the company, and (ii) 3 months of the last salary, if the worker has 30 years or more service to the company.

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

LIABILITIES FOR LONG-SERVICE AWARDS

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

ASSUMPTIONS USED IN THE VALUATION OF LIABILITIES

The actuarial studies conducted by independent entities for the purpose of calculating the liabilities for past services on those dates, were based on the following assumptions:

	30-06-2017	31-12-2016
Social Benefits formula	Decree-Law nº 187/2007 of May 10	Decree-Law nº 187/2007 of May 10
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Wage growth rate	1.00%	1.00%
Technical interest rate	2.00%	2.00%
Assets rate of return	2.00%	2.00%
Pensions growth rate - cement segment	0.45%	0.45%
Pensions growth rate - other segments	0.75%	0.75%
Semapa pensions reversability rate	50.00%	50.00%
Number of Semapa complement annual payments	12	12

The following table presents five-year historical information on the present value of liabilities, funds' market value, non-financed liabilities and net actuarial gains/ (losses). Information related to the last five years were as follows:

Amounts in Euro	2013	2014	2015	2016	1st Semester 2017
Present value of liabilities	99,516,232	100,073,116	168,798,865	175,766,292	175,243,812
Fair value of plan assets and reserve acc	95,945,454	99,038,106	167,886,448	165,680,869	164,833,646
Surplus / (deficit)	**(3,570,778)**	**(1,035,010)**	**(912,417)**	**(10,085,423)**	**(10,410,166)**
Net actuarial gains / (losses)	**(6,786,377)**	**343,040**	**(10,421,772)**	**(11,626,310)**	**(9,177)**

FUNDS LINKED TO BENEFIT PLANS' PENSIONS

During the first semester of 2017 and the year of 2016, funds' assets/insurance policies registered the following movements:

Amounts in Euro	30-06-2017 Autonomous fund	30-06-2017 Covered capital	31-12-2016 Autonomous fund	31-12-2016 Covered capital
Opening balance	**164,851,307**	**173,075**	**166,974,909**	**206,932**
Exchange rate adjustment	-	(21,058)	-	(17,696)
Endowments made in the year	400	-	-	35,201
Expected return	1,705,612	5,684	4,315,102	(11,137)
Differences between actual and expected returns	584,844	-	396,495	-
Pensions paid	(3,093,785)	-	(6,835,199)	-
Retirement charged	-	(18,518)	-	(40,225)
Closing balance	**164,048,378**	**139,183**	**164,851,307**	**173,075**

As at 30 June 2017 and 31 December 2016, fund's assets were made up as follows:

Amounts in Euro	30-06-2017	%	31-12-2016	%
Bonds	111,168,305	67.8%	100,649,957	61.1%
Shares	42,575,196	26.0%	34,007,794	20.6%
Liquidity	3,081,874	1.9%	21,672,205	13.1%
Public Debt	6,818,386	4.2%	7,873,444	4.8%
Real Estate	155,545	0.1%	152,377	0.1%
Other applications	249,072	0.2%	495,530	0.3%
	164,048,378	**100.0%**	**164,851,307**	**100.0%**

MOVEMENTS IN OBLIGATIONS FOR PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Movements occurred in liabilities assumed by the Group, shown in the consolidated statement of financial position as of 30 June 2017, are as follows:

Amounts in Euro	Opening balance	Exchange rate	Costs and incomes	Actuarial losses and incomes	Payments	Closing balance
Post-employment benefits						
Assumed by the group	5,835,844	-	13,670	62,051	(339,510)	5,572,055
Autonomous fund	169,213,924	-	2,471,886	434,005	(3,093,785)	169,026,030
Insurance policy	220,905	(27,598)	4,912	5,684	(18,518)	185,385
Retirement and death	100,162	(5,752)	5,360	-	-	99,770
Healthcare assitance	71,885	-	(23,519)	(64)	(1,310)	46,992
Long service award	323,572	-	108,595	-	(118,587)	313,580
	175,766,292	**(33,350)**	**2,580,904**	**501,676**	**(3,571,710)**	**175,243,812**

COSTS INCURRED IN PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

As of 30 June 2017 and 2016 costs incurred in pensions and other post-employment benefits, were detailed as follows:

	30-06-2017					
Amounts in Euro	Current services	Interest cost	Expected return on the plan assets	Net effect of reintroduction of BD plans	Period contributions	Impact in the profit for the year
Post-employment benefits						
Assumed by the group	-	71,898	-	-	-	71,898
Autonomous fund	1,072,970	1,622,574	(1,642,925)	(309,548)	669,528	1,412,599
Insurance policy	-	-	-	-	-	-
Retirement and death	3,156	2,204	-	-	-	5,360
Healthcare assistance	-	(23,519)	-	-	-	(23,519)
Long service award	12,039	3,224	93,332	-	-	108,595
Contributions to defined contribution plans	-	-	-	-	584,945	584,945
	1,088,165	**1,676,381**	**(1,549,593)**	**(309,548)**	**1,254,473**	**2,159,878**

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

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

Actuarial gains and losses recognised in the first semester of 2017, in the statement of comprehensive consolidated income, are detailed as follows:

Amounts in Euro	Other gains and losses	Real vs expected income	Gross value	Deferred taxes	Impact on equity
Post-employment benefits					
Assumed by the group	(116,020)	-	**(116,020)**	33,112	**(82,908)**
Autonomous fund	38,408	68,371	**106,779**	(27,838)	**78,941**
Healthcare assitance	64	-	**64**	(14)	**50**
	(77,548)	**68,371**	**(9,177)**	**5,260**	**(3,917)**

30. PROVISIONS

During the course of the periods ended 30 June 2017 and 31 December 2016, the following movements took place in the caption Provisions:

Amounts in Euro	Legal claims	Tax claims	Environmental restauration	Others	Total
As of 1 January 2016	**2,626,047**	**56,214,594**	**7,144,503**	**38,245,671**	**104,230,815**
Change in perimeter	-	-		(2,530,781)	(2,530,781)
Increases	-	2,112,283	516	17,221,369	19,334,168
Reversals	(374,826)	(2,173,379)	(157,298)	(19,016,560)	(21,722,063)
Direct utilisations	-	-	(19,813)	3,201,438	3,181,625
Exchange adjustments	-	-	1,595	364,490	366,085
Financial discounts	-	-	289,490	-	289,490
Transfers and adjustments	(29,455)	(28,548,109)	-	-	(28,577,564)
As of 31 December 2016	**2,221,766**	**27,605,389**	**7,258,993**	**37,485,627**	**74,571,775**
Increases (Note 6)	200,691	-	-	1,095,163	1,295,854
Reversals (Note 6)	(11,074)	-	(78,817)	(670,149)	(760,040)
Direct utilisations	-	-	(2,910)	(2,888,427)	(2,891,337)
Exchange adjustments	-	-	(752)	(739,426)	(740,178)
Financial discounts	-	-	141,793	-	141,793
Transfers and adjustments	81,642	(3,174,620)	-	(1,221,654)	(4,314,632)
As of 30 June 2017	**2,493,025**	**24,430,769**	**7,318,307**	**33,061,134**	**67,303,235**

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

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

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

31. INTEREST-BEARING LIABILITIES

As of 30 June 2017 and 31 December 2016 Group's interest-bearing net debt was as follows:

Amounts in Euro	30-06-2017	31-12-2016
Interest-bearing liabilities		
Non-current	1,658,316,488	1,697,565,380
Current	330,230,994	266,268,367
	1,988,547,482	**1,963,833,747**
Cash and cash equivalents		
Cash	844,731	679,425
Short term bank deposits	148,304,471	143,499,139
Other short term investments	41,008,895	39,922,710
	190,158,097	**184,101,274**
Interest-bearing net debt	**1,798,389,385**	**1,779,732,473**

Non-current interest-bearing liabilities

As of 30 June 2017 and 31 December 2016, non-current interest-bearing liabilities were as follows:

Amounts in Euro	30-06-2017	31-12-2016
Non-current		
Bond loans	871,000,000	871,000,000
Commercial paper	540,000,000	510,000,000
Bank loans	248,433,234	318,194,383
Expenses with loans issuing	(7,775,433)	(9,753,767)
Interest-bearing bank debt	**1,651,657,801**	**1,689,440,616**
Financial leases	1,962,648	2,038,700
Other loans	4,237,695	5,692,866
Other interest-bearing debts	458,344	393,198
Other interest-bearing debts	**6,658,687**	**8,124,764**
Non current interest-bearing liabilities	**1,658,316,488**	**1,697,565,380**

Bond loans

As of 30 June 2017 and 31 December 2016, current and non-current bond loans were as follows:

Amounts in Euro	30-06-2017	31-12-2016	Due date	Reference rate	Market value 30-06-2017
Non-current bond loans					
Portucel 2015 / 2023	200,000,000	200,000,000	September 2023	Euribor	n.a.
Portucel 2016 / 2021	100,000,000	100,000,000	April 2021	Flat Rate	n.a.
Portucel 2016 / 2021	45,000,000	45,000,000	August 2021	Euribor	n.a.
Semapa 2016 / 2021	100,000,000	100,000,000	June 2021	Flat Rate	n.a.
Semapa 2014 / 2019	150,000,000	150,000,000	April 2019	Euribor	103.05
Semapa 2014 / 2020	80,000,000	80,000,000	November 2020	Euribor	101.96
Secil 2015 / 2020	60,000,000	60,000,000	June 2020	Flat Rate	n.a.
Secil 2015 / 2020	80,000,000	80,000,000	May 2020	Flat Rate	n.a.
Secil 2016 / 2021	26,000,000	26,000,000	January 2021	Flat Rate	n.a.
Secil 2016 / 2023	30,000,000	30,000,000	February 2023	Flat Rate	n.a.
Current bond loans					
Secil	40,000,000	40,000,000	October 2017	Flat Rate	n.a.
	911,000,000	**911,000,000**			

COMMERCIAL PAPER

At 30 June 2017 and 31 December 2016, the current and non-current commercial paper programs were as follows:

30/06/2017 Amount in Euro	Contracted Amount	Used Amount Non-Current	Current	Total	Due Date	Interest Rate
Holdings						
Commercial paper program 100M	100,000,000	100,000,000	-	100,000,000	September 2020	Euribor
Commercial paper program 100M	100,000,000	-	-	-	November 2020	Euribor
Commercial paper program 120M	120,000,000	-	-	-	December 2018	Euribor
Commercial paper program 25M	25,000,000	25,000,000	-	25,000,000	February 2019	Euribor
Commercial paper program 40M	40,000,000	40,000,000	-	40,000,000	August 2021	Euribor
Commercial paper program 35M	35,000,000	-	29,350,000	29,350,000	December 2017	Euribor
Commercial paper program 20M	20,000,000	20,000,000	-	20,000,000	February 2022	Euribor
Cement and derivatives segment						
Commercial paper program 10M	10,000,000	-	-	-	May 2019	Euribor
Commercial paper program 75M	75,000,000	-	35,000,000	35,000,000	May 2018	Euribor
Commercial paper program 39,6M	39,600,000	-	-	-	January 2019	Euribor
Commercial paper program 50M	50,000,000	-	39,000,000	39,000,000	January 2018	Euribor
Commercial paper program 25M	25,000,000	-	-	-	July 2021	Euribor
Commercial paper program 40M	40,000,000	20,000,000	10,000,000	30,000,000	August 2018	Euribor
Commercial paper program 20M	20,000,000	20,000,000	-	20,000,000	July 2021	Euribor
Commercial paper program 15M	15,000,000	-	-	-	June 2018	Euribor
Paper and pulp segment						
Commercial paper program 125M	125,000,000	125,000,000	-	125,000,000	May 2020	Euribor
Commercial paper program 70M	70,000,000	70,000,000	-	70,000,000	April 2021	Flat rate
Commercial paper program 50M	50,000,000	-	50,000,000	50,000,000	November 2017	Euribor
Commercial paper program 75M	75,000,000	75,000,000	-	75,000,000	July 2020	Euribor
Commercial paper program 50M	50,000,000	20,000,000	-	20,000,000	July 2020	Euribor
Commercial paper program 100M	100,000,000	25,000,000	-	25,000,000	March 2020	Euribor
Total	**1,184,600,000**	**540,000,000**	**163,350,000**	**703,350,000**		

31-12-2016 Amount in Euro	Contracted Amount	Used Amount Non-Current	Current	Total	Due Date	Interest Rate
Holdings						
Commercial paper program 100M	100,000,000	100,000,000	-	100,000,000	September 2020	Euribor
Commercial paper program 100M	100,000,000	-	-	-	November 2020	Euribor
Commercial paper program 120M	120,000,000	90,000,000	-	90,000,000	December 2018	Euribor
Commercial paper program 25M	25,000,000	25,000,000	-	25,000,000	February 2019	Euribor
Commercial paper program 40M	40,000,000	30,000,000	10,000,000	40,000,000	August 2021	Euribor
Commercial paper program 35M	35,000,000	-	35,000,000	35,000,000	December 2017	Euribor
Cement and derivatives segment						
Commercial paper program 15M	15,000,000	-	-	-	May 2019	Euribor
Commercial paper program 75M	75,000,000	40,000,000	-	40,000,000	May 2018	Euribor
Commercial paper program 39,6M	39,600,000	-	-	-	January 2019	Euribor
Commercial paper program 50M	50,000,000	-	-	-	January 2018	Euribor
Commercial paper program 25M	25,000,000	-	-	-	July 2021	Euribor
Commercial paper program 40M	40,000,000	30,000,000	-	30,000,000	August 2018	Euribor
Commercial paper program 20M	20,000,000	-	-	-	July 2021	Euribor
Commercial paper program 15M	15,000,000	-	-	-	June 2018	Euribor
Paper and pulp segment						
Commercial paper program 125M	125,000,000	125,000,000	-	125,000,000	May 2020	Euribor
Commercial paper program 70M	70,000,000	70,000,000	-	70,000,000	April 2021	Flat rate
Commercial paper program 50M	50,000,000	-	50,000,000	50,000,000	November 2017	Euribor
Commercial paper program 75M	75,000,000	-	-	-	July 2020	Euribor
Commercial paper program 50M	50,000,000	-	-	-	July 2020	Euribor
Commercial paper program 100M	100,000,000	-	-	-	March 2020	Euribor
Total	**1,169,600,000**	**510,000,000**	**95,000,000**	**605,000,000**		

MATURITY OF BOND LOANS AND OTHER LOANS

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

Amounts in Euro	30-06-2017	31-12-2016
1 to 2 years	255,684,547	256,036,583
2 to 3 years	312,029,441	226,147,112
3 to 4 years	535,180,934	492,763,661
4 to 5 years	159,357,788	333,391,134
More than 5 years	401,876,563	396,941,957
	1,664,129,273	**1,705,280,447**

As of 30 June 2017 and 31 December 2016, non-current bank loans were as follows:

Amount in Euro	30-06-2017	31-12-2016	Reference rate
Non-current			
Holdings			
Banco do Brasil	-	17,500,000	Euribor 3m
Abanca	40,000,000	40,000,000	Euribor 12m
Cement and derivatives segment			
BNDES	40,922,772	51,297,654	TJLP/Cesta Moedas/Flat and US$
Banco Santander (Banco EKF)	37,185,703	43,740,365	CDI
Millennium BCP	13,409,582	15,133,603	Several
BBIC - Banco BIC Português, SA	-	6,063,337	Several
ABT- Attijari Bank de Tunisie	5,278,807	6,892,199	Several
Haitong	1,695,950	5,441,207	CDI
Banco ITAU	4,858,983	7,003,482	CDI
UBCI - Union Bancaire Pour Le Commerce Et L'	3,963,756	5,479,424	Several
Other Loans	12,277,603	18,974,065	Several
Paper and pulp segment			
BEI	85,684,523	95,535,714	Several
Environment segment			
Banco BPI	1,266,667	2,300,000	Several
Banco BIC	1,888,888	2,833,333	Euribor 6m
Total	**248,433,234**	**318,194,383**	

CURRENT INTEREST-BEARING LIABILITIES

As of 30 June 2017 and 31 December 2016, current interest-bearing liabilities were as follows:

Amounts in Euro	30/06/2017	31/12/2016
Current		
Bond loans	40,000,000	40,000,000
Commercial paper	163,350,000	95,000,000
Bank loans	123,033,479	108,985,402
Expenses with bond loans issuing	(1,662,836)	(1,702,642)
Interest-bearing bank debt	**324,720,643**	**242,282,760**
Shareholders short-term loans (Note 35)	4,372,793	8,830,127
Financial leases	513,665	773,982
Other loans - QREN	-	223,854
Other debts	623,893	14,157,644
Other interest-bearing debts	**5,510,351**	**23,985,607**
Current interest-bearing liabilities	**330,230,994**	**266,268,367**

As of 30 June 2017 and 31 December 2016, current bank loans were as follows:

Amount in Euro	30/06/2017	31/12/2016	Reference rate	Spread
Current				
Holdings				
Caixa Geral de Depósitos	114,731	24,312	Euribor 12m	5.000%
Banco BPI	200,000	600,000	Euribor 6m	3.000%
Banco BIC	-	3,757,143	Euribor 3m	5.250%
Banco do Brasil	17,500,000	-	Euribor 3m	2.250%
Cement and derivatives segment				
BNDES	13,442,933	14,476,041	TJLP/Cesta Moedas/Flat and US$	1,2% to 3,54%
BBIC - Banco BIC Português, SA	-	12,125,131	Several	Several
Banco Santander Totta	-	36,160	Several	Several
Banco Santander (Banco EKF)	5,312,243	5,832,049	CDI	1.350%
Banco Caixa Geral	7,000,421	5,485,051	Several	Several
Banco do Brasil	2,870,289	4,372,824	CDI	4.200%
Banque Mediterranee	5,305,481	4,846,223	Several	Several
ABT- Attijari Bank de Tunisie	3,682,183	3,621,315	Several	Several
Banco Fomento de Angola	2,116,638	4,219,203	Flat Rate (16%)	
Banco Caixa Geral Angola	2,079,592	2,251,614	Luibor 3 M	5.000%
BIAT	1,799,662	2,063,813	TMM	1.25%
Millennium BCP	3,404,584	3,428,959	Several	Several
Banco ITAU	3,296,974	1,883,255	Several	Several
Banco Keve	2,039,284	2,224,790	Luibor 6 M	2.010%
Banco Millennium Atlântico	5,017,083	1,061,352	Several	Several
Other loans	10,625,189	9,148,231	Several	Several
Paper and pulp segment				
BEI	19,702,381	19,702,381	Euribor 6m	0.75%
Other Loans	6,208,843	-	Several	Several
Environment segment				
Banco BIC	4,138,889	2,388,889	Several	Several
Banco BPI	4,706,667	4,056,666	Several	Several
Banco Popular	1,630,000	1,380,000	Euribor 6m	2.000%
Caixa Geral de Depósitos	839,412	-	Euribor 12m	1.750%
Total	**123,033,479**	**108,985,402**		

LIABILITIES RELATED TO FINANCIAL LEASING

As of 30 June 2017 and 31 December 2016, the Group's debt-repayment terms relating to finance leases, except for liabilities resulting from the application of IFRIC 4, are shown as follows:

Amounts in Euro	30-06-2017	31-12-2016
Less than a year	543,198	816,511
1 to 2 years	961,196	868,937
2 to 3 years	146,302	248,004
3 to 4 years	153,329	149,725
4 to 5 years	160,721	156,929
More than 5 years	547,462	629,726
	2,512,208	**2,869,832**
Future interest	(35,895)	(57,150)
Liabilities present value	**2,476,313**	**2,812,682**

As of 30 June 2017 and 31 December 2016, Group's assets acquired under financial lease, was as follows:

	30-06-2017			31-12-2016		
Amounts in Euro	Acquisition Value	Accumulated depreciation	Net book value	Acquisition value	Accumulated depreciation	Net book value
Building	2,000,815	143,774	**2,144,589**	2,000,815	(143,774)	**1,857,041**
Machinery and equipment	6,872,442	2,273,279	**9,145,721**	9,843,098	(6,876,356)	**2,966,742**
Machinery and equipment - IFRIC 4	14,000,000	(11,351,352)	**2,648,648**	14,000,000	(10,972,973)	**3,027,027**
	22,873,257	**(8,934,299)**	**13,938,958**	**25,843,913**	**(17,993,103)**	**7,850,810**

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

BANK CREDIT FACILITIES GRANTED AND NOT DRAWN

At 30 June 2017 and 31 December 2016, bank credit facilities granted and not drawn amounted to Euro 581,587,987 and Euro 695,258,377 respectively.

FINANCIAL COVENANTS

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

Additionally, as of 30 June 2017 and 31 December 2016 the group comply with the financial ratios limits imposed under its financing contracts.

32. PAYABLES AND OTHER CURRENT LIABILITIES

As of 30 June 2017 and 31 December 2016, the caption Payables and other current liabilities comprised:

Amounts in Euro	30-06-2017	31-12-2016
Accounts payable to suppliers	194,183,893	182,449,988
Accounts payable to suppliers of fixed assets	28,657,606	39,150,234
Instituto do Ambiente	6,426,511	13,495,261
Derivative financial instruments (Note 34)	4,673,274	10,185,130
Other creditors	17,252,996	9,209,742
Related parties (Note 35)	18,867,838	3,487,349
Accrued costs	94,867,669	109,546,762
Deferred income	17,934,368	12,258,343
	382,864,155	**379,782,809**

As of 30 June 2017 and 31 December 2016, the captions Accrued costs and Deferred income comprised:

Amounts in Euro	30-06-2017	31-12-2016
Accrued costs		
Insurance costs	37,710	7,834
Payroll expenses	46,333,407	54,199,992
Interest payable	8,764,245	11,306,041
Accrued - energy costs	8,464,126	8,757,517
Transport services	211,694	490,024
Bank services	421,263	475,123
Audit fees	62,089	92,364
Consulting fees	1,788,787	1,826,588
IT Services	396,124	322,995
Other	28,388,224	32,068,284
	94,867,669	**109,546,762**
Deferred income		
Government grants	5,953,571	5,929,823
Grants - CO2 emission allowances	11,044,080	5,351,466
Others	936,717	977,054
	17,934,368	**12,258,343**

OTHER LIABILITIES

As at 30 June 2017 and 31 December 2016, the caption Non-current liabilities were detailed as follows:

Amounts in Euro	30-06-2017	31-12-2016
Non-current liabilities		
Government grants	28,288,572	31,202,382
Equipaments - Omya (IFRIC 4)	108,935	2,098,758
Others	541,442	-
	28,938,949	**33,301,140**

The movement in current investment allowances (in Deferred income) and non-current assets (in Other liabilities) in the first semester of 2017 and year 2016 was as follows:

Amounts in Euro	30-06-2017	31-12-2016
Opening balance	37,132,205	48,437,450
Attribution	33,879	-
Utilization	(2,951,558)	(10,879,379)
Exchange adjustments	-	(425,866)
(Regularization/ payments)	27,616	-
	34,242,142	**37,132,205**

GOVERNMENT GRANTS

On 18 June 2014, the Group's subsidiary CelCacia – Celulose de Cacia, SA, signed two contracts for financial and tax incentives, with AICEP - Agency for Investment and Foreign Trade of Portugal, to support the investment to increase the capacity of the plant in Cacia. The total estimated investment amounts to Euro 49.3 million. The incentives already approved amount to Euro 9.264 million as a repayable financial incentive, and Euro 5.644 million as a tax incentive, to use until 2024. The contract includes an award of achievement, corresponding to the conversion of up to 75% (Euro 6,947,450) of the refundable incentives granted into non-refundable incentives, by meeting the objectives set by the contract.

33. ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale are related with the acquisition of Uniconcreto – Betão Pronto, S.A. by the subsidiary Secil. As at this date the Company was unable to conclude the sale of the referred assets.

34. FINANCIAL ASSETS AND LIABILITIES

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

As of 30 June 2017 and 31 December of 2017, the reconciliation of the consolidated statement of financial position with the various categories of financial assets and liabilities included therein is detailed as follows:

30 June 2017	Financial instruments - trading	Financial intruments - hedging	Loans and other accounts receivable	Financial assets at fair value through profit or loss	Financial assets held-for-sale	Other interests - bearing liabilities	Non financial Assets/Liabilities
Amounts in Euro	Note 24/32	Note 24/32	Note 24	Note 20	Note 21	Note 31/32	Note 24/32
Assets							
Financial assets at fair value through profit or loss	-	-	-	44,508	-	-	-
Financial assets held-for-sale	-	-	-	-	378,444	-	-
Other non-current assets	-	-	6,901,345	-	-	-	-
Current assets	3,017,556	4,931,123	308,704,125	-	-	-	16,269,836
Cash and cash equivalents	-	-	190,158,097	-	-	-	-
Total assets	**3,017,556**	**4,931,123**	**505,763,567**	**44,508**	**378,444**	**-**	**16,269,836**
Liabilities							
Non-current interest-bearing liabilities	-	-	-	-	-	1,658,316,488	-
Other liabilities	-	-	-	-	-	28,938,949	-
Current interest-bearing liabilities	-	-	-	-	-	330,230,994	-
Current liabilities	1,122,798	3,550,476	-	-	-	353,830,002	24,360,879
Total liabilities	**1,122,798**	**3,550,476**	**-**	**-**	**-**	**2,371,316,433**	**24,360,879**

31 December 2016	Financial instruments - trading	Financial intruments - hedging	Loans and other accounts receivable	Financial assets at fair value through profit or loss	Financial assets held-for-sale	Other interests - bearing liabilities	Non financial Assets/Liabilities
Amounts in Euro	Note 24/32	Note 24/32	Note 24	Note 20	Note 21	Note 31/32	Note 24/32
Assets							
Financial assets at fair value through profit or loss	-	-	-	47,258	-	-	-
Financial assets held-for-sale	-	-	-	-	342,122	-	-
Other non-current assets	-	-	6,744,351	-	-	-	-
Current assets	-	942,139	292,240,424	-	-	-	11,721,863
Cash and cash equivalents	-	-	184,101,274	-	-	-	-
Total assets	**-**	**942,139**	**483,086,049**	**47,258**	**342,122**	**-**	**11,721,863**
Liabilities							
Non-current interest-bearing liabilities	-	-	-	-	-	1,697,565,380	-
Other liabilities	-	-	-	-	-	33,301,140	-
Current interest-bearing liabilities	-	-	-	-	-	266,268,367	-
Current liabilities	2,940,253	7,244,877	-	-	-	343,844,075	25,753,604
Total liabilities	**2,940,253**	**7,244,877**	**-**	**-**	**-**	**2,340,978,962**	**25,753,604**

As of 30 June 2017 and 31 December 2016 the fair value of these assets and liabilities is similar to the amount recognised in the consolidated statement of financial position.

The following table presents the Group´s assets and liabilities measure at fair value as of 31 December 2016 according to the following hierarchic levels:

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

ASSETS MEASURED AT FAIR VALUE

Amounts in Euro	30/06/2017	Level 1	Level 2	Level 3
Financial assets at fair value recognised in reserves				
Hedging derivatives	**4,931,123**	-	4,931,123	-
Financial assets at fair value through profit or loss				
Trading derivatives	**3,017,556**	-	3,017,556	-
Financial assets at fair value through profit or loss				
Shares (Note 20)	**44,508**	44,508	-	-
Financial assets held-for-sale				
Shares (Note 21)	**378,444**	378,444	-	-
Assets at fair value				
Biological assets (Note 18)	**128,823,123**	-	-	128,823,123
	137,194,754	**422,952**	**7,948,679**	**128,823,123**

Amounts in Euro	31/12/2016	Level 1	Level 2	Level3
Financial assets at fair value recognised in reserves				
Hedging derivatives	**942,139**	-	942,139	-
Financial assets at fair value through profit or loss				
Shares (Note 20)	**47,258**	47,258	-	-
Financial assets held-for-sale				
Shares (Note 21)	**342,122**	342,122	-	-
Assets at fair value				
Biological assets (Note 18)	**125,612,948**	-	-	125,612,948
	126,944,467	**389,380**	**942,139**	**125,612,948**

LIABILITIES MEASURED AT FAIR VALUE

Amounts in Euro	30-06-2017	Level 1	Level 2
Financial liabilities at fair value recognised in reserves			
Hedging derivatives	3,550,476	-	3,550,476
Financial liabilities at fair value through profit or loss			
Trading derivatives	1,122,798	-	1,122,798
	4,673,274	-	4,673,274

Amounts in Euro	31-12-2016	Level 1	Level 2
Financial liabilities at fair value recognised in reserves			
Hedging derivatives	7,244,877	-	7,244,877
Financial liabilities at fair value through profit or loss			
Trading derivatives	2,940,253	-	2,940,253
	10,185,130	-	10,185,130

DERIVATIVE FINANCIAL INSTRUMENTS

As of 30 June 2017, details of the fair value of derivative financial instruments were as follows:

Amount in Euro	Fair Value change (trading)	Fair Value change (hedging)	Total
As of 1 January 2017	(2,940,252)	(6,302,739)	(9,242,991)
New contracts / Settlement	806,463	1,024,388	1,830,851
Changes in fair value recognised in results (Note 10)	4,028,547	(1,629,140)	2,399,407
Changes in fair value recognised in reserves	-	8,288,138	8,288,138
As of 30 June 2017	1,894,758	1,380,647	3,275,405

DETAILS AND MATURITY OF THE DERIVATIVE FINANCIAL INSTRUMENTS

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

The movement in the balances presented in the consolidated statement of financial position for the period ended 30 June 2017 and the year ended 31 December 2016, relating to financial instruments was as follows:

				30-06-2017			31-12-2016
Amounts in Euro	Amount	Currency	Maturity	Positive	Negative	Net	Net
Hedging							
Coverage of net investment	25,050,000	USD	2017	426,655	-	426,655	(249,273)
Exchange rate forwards - future sales	347,000,000	USD	2018	4,248,518	-	4,248,518	901,050
Exchange rate forwards - future sales	53,333,334	GBP	2018	255,950	-	255,950	-
Interest rate swaps (SWAP's) EUR	505,000,000	Euro	2020/23	-	(3,550,476)	(3,550,476)	(6,954,515)
				4,931,123	(3,550,476)	1,380,647	(6,302,738)
Trading							
Exchange rate forwards	62,300,000	USD	2017	365,282	-	365,282	(1,778,650)
Exchange rate forwards	10,680,000	GBP	2017	1,854,672	-	1,854,672	(164,752)
Cross currency interest rate swap	17,739,298	USD	2018/2019	-	-	-	(426,933)
Exchange Collar	23,894,658	BRL	2018	-	-	-	(153,640)
Non Deliverable Forward (NDF)	31,585,356	BRL	2017/2018	797,602	(1,122,798)	(325,196)	(416,278)
				3,017,556	(1,122,798)	1,894,758	(2,940,253)
				7,948,679	(4,673,274)	3,275,405	(9,242,991)

DERIVATIVE FINANCIAL INSTRUMENTS | TRADING

PULP AND PAPER SECTOR

The Group has a currency exposure on sales invoiced in foreign currencies, namely US dollars (USD) and sterling pounds (GBP). Since the Group's financial statements are translated into Euro, it runs an economic risk on the conversion of these currency flows to the Euro. The Group is also obliged, albeit to a lesser degree, to make certain payments in those same currencies which, for currency exposure purposes, act as a natural hedge. Thus, the hedge is aimed at safeguarding the net value of the statement of financial position items denominated in foreign currencies against the respective currency fluctuations.

The hedging instruments used in this operation are foreign exchange forward contracts covering the net exposure to other currencies at the time the invoices are issued, for similar maturity dates and amounts of the expense. The nature of the risk hedged is the change in the carrying amount of sales and purchases expressed in foreign currencies. At the end of each month customer and suppliers' balances expressed in foreign currency are updated, with the gain or loss offset against the fair value change of the forwards negotiated.

As of 30 June 2017 the Company has in place financial foreign exchange instruments classified as trading with a notional amount of Euro 2,219,954 (31 December 2016: Euro 1,943,402 negative value).

In addition to the acquisitions made in 2015 and 2016 of 400,000 CO2 emission allowances for delivery in 2017-2019, the Navigator Group completed in 2017 the complementary acquisition of 100,000 CO2 licenses, also for delivery in 2020.

CEMENT AND DERIVATIVES SECTOR

In July 2016, the subsidiary Supremo Cimentos, SA, contracted with a Brazilian financial institution for external financing in the amount of USD 9,239,297.81 maturing on 22 July 2019 and amortized in 5 equal instalments beginning on 24 July 2017. On the same date, a cross currency interest rate swap contract was signed with the purpose of covering exchange rate exposure. This derivative financial instrument allowed the Company to set the nominal value of the financing in BRL 30,000,000 and the payment of interest at the CDI rate plus a spread, fully replicating the amortization plan of said financing in USD.

In September 2016, the subsidiary, Supremo Cimentos, S.A., contracted with a Brazilian financial institution for external financing in the amount of USD 8,500,000 maturing on 26 November 2018, amortized in 6 equal instalments beginning on 28 August 2017. On the same date, a cross-current interest rate swap contract was signed with the purpose of covering an exchange rate summary. This derivative financial instrument allowed the Company to set the nominal value of the financing in the amount of BRL 27,542,550 and to pay interest on the CDI rate plus a spread, fully replicating the amortization plan of the USD financing.

Secil entered into three intercompany loans in Brazilian Reals (BRL) with the subsidiary Supremo (100% owned by Secil) and has negotiated derivative financial instruments that allow it to hedge against the impact of exchange rate volatility:

a) Exchange Collar in the amount of BRL 23,894,658 maturing in October 2018;

b) Non-deliverable Forward in the amount of BRL 92,003,458 maturing between February and October 2018.

Secil also contracted foreign currency risk hedges for a portion of the disbursements expected in 2017, in order to provide funds to its subsidiaries Secil Brasil and Supremo, totalling BRL 60,418,100 maturing until December of 2017.

FINANCIAL INSTRUMENTS: DERIVATIVES | HEDGE

PULP AND PAPER SECTOR - COVERAGE OF INVESTMENT IN FOREIGN OPERATIONS

The Group hedges the economic risk associated with the USD exchange rate exposure in its investment held on Portucel North America. For that purpose, the Group entered into a forward foreign exchange contract. In 30 June 2017, the Group had contracted an outstanding notional of USD 25,050,000.

This instrument is designated as a hedge of the net investment in the Group's US subsidiary, with fair value changes being recognised in equity.

PULP AND PAPER SECTOR - COVERAGE OF FUTURE SALES | EXCHANGE RATE RISK EUR/USD

The Navigator Group uses derivative financial instruments to limit the net risk of exchange exposure associated with estimated future sales and purchases in USD.

In this context, during the last quarter of 2016, the Group contracted a number of financial structures to cover a portion of the net foreign exchange exposure of sales estimated in USD for 2017. The derivative financial instruments contracted were Options and Zero Cost Collar, with a total value of USD 200,000,000, maturing on 31 December 2017. During 2017, the financial instrument was reinforced, through an additional contracting of USD 147,000,000 through Options and Zero Cost Collar, and GBP 53,333,333 through Options, maturing in January 2018 and December 2017, respectively.

PULP AND PAPER SECTOR – COVERAGE OF CASH FLOWS | INTEREST RATE

The Group hedges a portion of future interest payments on loans, commercial paper and bond loans, by engaging in an interest rate swap, in which pays a fixed rate and receives a variable rate. The instrument is designated as a cash flow hedge of the interest rate risk associated with the issued debt and does not cover credit risk. This hedge is designated until the maturity of the hedging instruments.

CEMENT AND DERIVATIVES SECTOR - COVERAGE OF CASH FLOWS | INTEREST RATE

In 2007, the Group issued a bond loan in the amount of Euros 40,000,000 (issued by the subsidiary Secil Betões e Inertes, S.A., which was dissolved and integrated into Secil in 2016). During the period ended 31 December 2009, the Group contracted a trading derivative, an interest rate swap (IRS) with a notional amount of Euros 40,000,000, however, after carrying out prospective and retrospective effectiveness tests, it was considered as cash flow hedge with effect from 1 July 2010.

In 2015, Secil contracted a bond loan of Euros 60,000,000 that will be repaid at pair in June 2020. On 23 June 2016, Secil contracted an interest rate hedge derivative through an interest rate Swap (IRS) with a notional amount of Euros 60,000,000, beginning on 9 December 2016 and maturing on 9 June 2020.

Also in fiscal year 2015, Secil contracted a bond loan of Euro 80,000,000, with a full repayment at par in May 2020. On 23 June 2016, an interest rate hedge derivative was contracted through an interest rate swap (IRS) with a notional amount of Euros 80,000,000, commencing on 25 November 2016 and maturing on 25 May 2020.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

These amounts are recognised at fair value which corresponds to their market value, deducted from impairment losses, if any (Note 21).

LOANS AND RECEIVABLES

These amounts are recognised at fair value which corresponds to their nominal value, after deducting any impairment losses identified during the course of the credit risk analysis of the credit portfolios held (Notes 2.1.3, 22 and 24).

OTHER FINANCIAL LIABILITIES

These items are recognised at their amortised cost, corresponding to the value of the respective cash flows discounted at the effective interest rate associated with each one of the liabilities concerned (Note 31).

35. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As of 30 June 2017 and 31 December 2016, related parties receivables and shareholders balances are detailed as follows:

Amounts in Euro	30-06-2017 Other receivables (Note 24)	30-06-2017 Other payables (Note 32)	30-06-2017 Interest-bearing liabilities (Note 31)	31-12-2016 Other receivables (Note 24)	31-12-2016 Other payables (Note 32)	31-12-2016 Interest-bearing liabilities (Note 31)
Shareholders						
Cimigest, SGPS, S.A.	-	-	-	-	-	6,209,058
Cimo SGPS, S.A.	-	-	2,113,223	-	-	321,842
Longapar, SGPS, S.A.	-	-	31,820	-	-	73,064
OEM SGPS, S.A.	-	-	2,227,750	-	-	2,226,163
Other related entities						
Cimilonga - Imobiliária, S.A.	-	(13,130)	-	-	(13,700)	-
Hotel Ritz, S.A.	-	824	-	-	10,843	-
Ave-Gestão Ambiental, S.A.	119,808	353,605	-	148,734	(146,844)	-
Cotif Sicar	-	77,831	-	-	89,255	-
Enermontijo, S.A.	168,039	24,112	-	363,682	6,708	-
Inertogrande	215,094	3,648	-	214,669	2,091	-
J.M.J. Henriques, Lda.	124,126	-	-	123,701	-	-
Seribo, S.A.	-	229,275	-	-	319,907	-
Setefrete - Soc. Tráfego Cargas, S.A.	-	361,282	-	-	3,423	-
Other shareholders subsidiaries	-	17,830,391	-	9,083	3,215,666	-
Total	627,067	18,867,838	4,372,793	859,869	3,487,349	8,830,127

As of 30 June 2017 and 2016, transactions between shareholders and other related parties comprised:

Amounts in Euro	1st Semester 2017 Service purchase	1st Semester 2017 Sales of goods and services rendered	1st Semester 2017 Other operating income	1st Semester 2017 Net financial costs	1st Semester 2016 Service purchase	1st Semester 2016 Sales of goods and services rendered	1st Semester 2016 Other operating income	1st Semester 2016 Net financial costs
Shareholders								
Cimigest SGPS, S.A.	(53,870)	-	2,502	(1,547)	(53,870)	-	-	(9,050)
Cimo SGPS, S.A.	-	-	-	(12,709)	-	-	-	(234)
Longapar, SGPS, S.A.	-	-	-	(1,006)	-	-	-	(29,549)
OEM SGPS, S.A.	-	-	-	(5,598)	-	-	-	(5,323)
	(53,870)	-	2,502	(20,860)	(53,870)	-	-	(44,156)
Other related entities								
Cimilonga - Imobiliária, S.A.	(509,719)	-	-	-	(507,214)	-	-	-
Hotel Ritz, S.A.	(34,130)	-	-	-	-	-	-	-
Sonagi, SGPS, S.A.	-	-	1,200	-	-	-	-	-
Enermontijo, S.A.	(85,049)	42,957	-	-	(149,121)	539,536	-	-
Enerpar, SGPS, S.A.	(115,728)	-	-	-	(147,502)	-	-	-
Ave-Gestão Ambiental, S.A.	(1,278,369)	24,568	14,581	-	(1,523,166)	25,510	(43,441)	
Secil Prebetão, S.A.	-	-	-	-	(21,321)	356,793	43,732	-
Seribo, S.A.	-	-	-	-	-	-	-	(2,405)
Setefrete, S.A.	(1,692,422)	-	20,351	-	(1,558,168)	-	24,086	-
Other	(1,277)	-	-	(2,572)	-	-	-	(167)
	(3,716,694)	67,525	36,132	(2,572)	(3,906,492)	921,839	24,377	(2,572)

36. ENVIRONMENTAL RELATED EXPENDITURES

As part of its business operations, the Group incurs in several environmental expenditure which, depending on their nature, are capitalised or recognised as costs in the operating results for the year.

Environmental expenses incurred by the Group in order to preserve resources or to avoid or reduce future damage, are capitalised when they are expected to extend the useful life or to increase the capacity, safety or efficiency of other assets held by the Group.

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

	1st Semester 2017		
Amounts in Euro	Revenue	Expenses of the period	Capitalisation of the period
Atmospheric emissions	-	1,067,811	127,898
Management of residual waters	-	5,201,810	95,009
Residual managements	(422,476)	1,111,063	-
Protection of nature	-	259,896	40,008
Energy	-	-	149,600
Other environmental protecting activities	-	1,773,415	56,312
	(422,476)	**9,413,995**	**468,827**

37. AUDIT FEES

In the period ended 30 June 2017 and 2016, expenses with statutory audit and other services, comprised:

Amounts in Euro	1st Semester 2017	1st Semester 2016
Statutory audit services		
Statutory auditors services	243,539	178,611
Auditor services in foreign subsidiaries	151,389	70,402
Tax consultancy services		
In Portugal	5,430	-
In foreign subsidiaries	5,626	36,229
Other reliability assurance services	-	60,809
	405,984	**346,051**

The services described as tax consultancy, mainly comprise the support in complying with tax obligations, being fully integrated in the transitional period expressed in Article 3 of Law 140/2015.

The services indicated as "other reliability assurance services" concern the issuance of analysis reports to the management information systems, specialized support in the scope of the Group's subsidiaries' sustainability reports and issuing opinions for certification of irrecoverable debts. They also include advice provided in the scope of assistance to incentives applications, which was in transitional period as expressed in Article 3 of Law 140/2015, as well as training.

The Board of Directors believes there are adequate procedures safeguarding the independence of auditors through the Audit Committee process analysis of the work proposed and careful definition of the work to be performed by the auditors.

38. NUMBER OF EMPLOYEES

At 30 June 2017 and 31 December 2016, the number of employees in service of the Group's various companies, was as follows:

Segment	30-06-2017	31-12-2016	Var. 17/16
Pulp and paper	3,092	3,111	(19)
Cement and derivatives	2,612	2,615	(3)
Environment	273	275	(2)
Holdings and others	27	27	-
	6,004	6,028	(24)

39. COMMITMENTS AND CONTINGENCIES

As of 30 June 2017 and 31 December 2016, the guarantees and other financial commitments provided by the Group were as follows:

Amounts in Euro	30/06/2017	31/12/2016
Warranties		
IAPMEI (in the perimeter of QREN)	6,272,718	5,775,752
Clearance products	1,835,250	2,868,454
Spanish State Tax Administration Agency	1,033,204	1,033,204
Spanish Employment, Industry and Tourism Council	954,118	-
APSS - Admi. dos Portos de Setúbal e Sesimbra	2,605,009	2,593,639
General Bureau of Customs of Setúbal	800,000	800,000
APDL - Administração do Porto de Leixões	711,219	707,343
Simria	338,829	338,829
Instituto de Conservação da Natureza - Arrábida	681,135	406,540
IAPMEI (âmbito do PEDIP)	209,305	209,305
Comissão de Coordenação e Desenv. Regional Norte	236,403	236,403
Comissão de Coordenação e Desenv. Regional Centro	627,245	863,173
Comissão de Coordenação e Desenv. Regional LVT	1,118,892	1,118,892
Comissão de Coordenação e Desenv. Regional Algarve	453,360	453,360
CNE (Massa Insolvente)	13,200,000	13,200,000
Mercedes Benz - Rent a Car	500,000	866,000
Others	1,662,644	1,604,038
	33,239,331	33,074,932
Other commitments		
Of purchase		
Property, plant and equipment	145,604,394	79,128,866
Other	35,793,718	35,793,718
Forestry land rents	61,714,949	53,542,281
Mortgage loan guarantees	1,148,989	1,218,088
	244,262,050	169,682,953
	277,501,381	202,757,885

As of 30 June 2017 and 31 December 2016 the commitments assume by the Group for operating leases are as follows:

Amount in Euro	30/06/2017	31/12/2016
Less than 1 year	2,376,188	2,481,448
Over 1 year and less than 5 years	4,623,409	4,272,315
	6,999,597	**6,753,763**
Costs incurred in the year	**2,125,967**	**3,203,888**

40. OTHER COMMITMENTS OF THE GROUP

INVESTMENT IN A NEW PLANT IN ANGOLA

On 26 October 2007, the Angolan Cabinet approved the Private Investment Project called the "Lobito New Cement Factory" involving an amount of USD 91,539,000, contracted on 14 December 2007, by Secil Lobito and by ANIP – Agência Nacional para o Investimento Privado, the latter representing the Angolan state. Furthermore, in 2008, an electric-power generating plant costing USD 18,000,000 was added to the investment.

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

At the beginning of 2016, the latest revised version of the Project was sent to the U.T.I.P., which includes the adjustment to the new market conditions, as well as the recommendations issued by the U.T.I.P. at the end of 2015. During 2016 fiscal year, Secil Lobito intended to know the position of the Angolan State on the reactivation and reformulation of this Project. According to the latest information obtained, this process is under consideration in the Civil House of the President of the Republic of Angola.

SECURITY DEPOSIT

The subsidiary Ciminpart sold its stake in VIROC in 2012. In the context of this proceeding, Secil has lodged a pledge on a bank deposit amounting to Euro 800,000.

41. CONTINGENT ASSETS

NON-TAX MATTERS

INFRASTRUCTURE ENHANCEMENT AND MAINTENANCE RATE

Under the licensing process nº 408/04 related to the new paper mill project, the Setubal city Council issued a settlement note to Navigator regarding an infrastructure increase and maintenance fee (“TMUE ") amounting to Euro 1,199,560, with which the company disagrees.

This situation regards the amount collected under this levy in the licensing process mentioned above, for the construction of a new paper mill in the industrial site of Mitrena, Setubal. Navigator disagrees with the amount charged and filled an administrative claim against it on 25 February 2008 (request 2485/08), followed by an appeal in Court against the rejection of the claim on 28 October 2008. At 3 October 2012 this claim had an adverse decision, and in 13 November and appeal to the Administrative Supreme Court (STA) was performed, which has brought down the action to Central Administrative Court (TCA) on 4 July, 2013. This appeal is still pending to Court decision.

PUBLIC DEBT SETTLEMENT FUND

In addition to the tax matters described below, a second request to the Public Debt Settlement Fund was submitted on 2 June 2010, which called for the reimbursement of various amounts, totalling Euro 136,243,939. These amounts related to adjustments in the financial statements of the group after its privatisation, that had not been considered in formulating the price of such privatization as they were not included in the documentation made available for consultation by the bidders.

On 24 May 2014, the Administrative and Fiscal Court of Almada denied the request of the Group to present testimonial proves, requesting written allegations. On 30 June 2014, the Group presented its complaint to the conference about this position, whilst presenting on the same date the written allegations requested by the Court. The Court upheld the claims of the Panel in this regard, and a hearing is awaited for the examination of witnesses, and experts have already been appointed by the parties, whose report is still pending.

TAX MATTER

PUBLIC DEBT SETTLEMENT FUND

According to Decree-Law no. 36/93 of 13 February, the tax debts of privatised companies relating to periods prior to the privatisation date (25 November 2006) are the responsibility of the Public Debt Settlement Fund. Navigator submitted an application to the Public Debt Settlement Fund on 16 April 2008 requesting the payment by the State of the tax debts raised by the tax authorities for periods before that date.

On 13 December 2010, Navigator presented a new application requesting the payment of debts settled by the tax authorities regarding 2006 and 2003. This application was supplemented on 13 October 2011, with the amounts already paid and uncontested regarding these debts, as well as with expenses directly related to them, pursuant to court ruling dated 24 May 2011 (Case No. 0993A/02), which confirmed the company's position regarding the enforceability of such expenses. In this context, the aforementioned Fund is liable as detailed:

Amounts in Euro	Period	Amounts requested	1st refund	Decreases in the perimeter of RERD	Process in favor of the Group	Outstanding
Portucel						
Value added tax - Germany	1998-2004	5,850,000	(5,850,000)	-	-	-
Corporate Income Tax	2001	314,340	-	-	(314,340)	-
Corporate Income Tax	2002	625,033	(625,033)	-	-	-
Value added tax	2002	2,697	(2,697)	-	-	-
Corporate Income Tax	2003	1,573,165	(1,573,165)	-	-	-
Corporate Income Tax	2003	182,230	(157,915)	-	(24,315)	-
Corporate Income Tax (RF)	2004	3,324	-	-	-	3,324
Corporate Income Tax	2004	766,395	-	-	(139,023)	627,372
Corporate Income Tax (RF)	2005	1,736	(1,736)	-	-	-
Corporate Income Tax	2005	11,754,680	-	(1,360,294)	-	10,394,386
Corporate Income Tax	2006	11,890,071	-	(1,108,178)	-	10,781,893
Expenses		314,957	-	-	-	314,957
		33,278,627	**(8,210,545)**	**(2,468,472)**	**(477,678)**	**22,121,932**
Soporcel						
Corporate Income Tax	2002	18,923	-	-	-	18,923
Corporate Income Tax	2003	5,725,771	-	-	-	5,725,771
Value added tax	2003	2,509,101	-	-	-	2,509,101
Stamp tax	2004	497,669	-	-	(497,669)	-
		8,751,464	**-**	**-**	**(497,669)**	**8,253,795**
		42,030,091	**(8,210,545)**	**(2,468,472)**	**(975,347)**	**30,375,727**

42. EXCHANGE RATE

The assets and liabilities of the foreign subsidiaries and associated companies were translated to Euro at the exchange rate prevailing on 30 June 2017.

The income statement transactions were translated at the average rate for the year. The differences arising from the application of these rates as compared with the balance prior to the conversion were reflected under the Currency translation reserve heading in shareholders' equity.

The rates used as of 30 June 2017 and 31 December 2016, against the Euro, were as follows:

	30-06-2017	31-12-2016	Valuation/ (depreciation)		30-06-2017	31-12-2016	Valuation/ (depreciation)
TND (tunisian dinar)				DKK (danish krone)			
Average exchange rate for the year	2.5410	2.3726	(7.10%)	Average exchange rate for the year	7.4368	7.4448	0.11%
Exchange rate at the end of the year	2.7783	2.4227	(14.68%)	Exchange rate at the end of the year	7.4366	7.4344	(0.03%)
LBN (lebanese pound)				HUF (hungarian florim)			
Average exchange rate for the year	1,632.70	1,668.70	2.16%	Average exchange rate for the year	309.4938	311.3319	0.59%
Exchange rate at the end of the year	1,720.40	1,589.10	(8.26%)	Exchange rate at the end of the year	308.9700	309.8300	0.28%
USD (american dollar)				AUD (australian dollar)			
Average exchange rate for the year	1.0830	1.1042	1.92%	Average exchange rate for the year	1.4359	1.4841	3.24%
Exchange rate at the end of the year	1.1412	1.0541	(8.26%)	Exchange rate at the end of the year	1.4851	1.4596	(1.75%)
GBP (sterling pound)				MZM (mozambican metical)			
Average exchange rate for the year	0.8601	0.8228	(4.53%)	Average exchange rate for the year	71.6026	70.1309	(2.10%)
Exchange rate at the end of the year	0.8793	0.8562	(2.70%)	Exchange rate at the end of the year	68.5000	75.1300	8.82%
PLN (polish zloty)				BRL (brazilian real)			
Average exchange rate for the year	4.2699	4.3653	2.18%	Average exchange rate for the year	3.4472	3.8532	10.54%
Exchange rate at the end of the year	4.2259	4.4103	4.18%	Exchange rate at the end of the year	3.7743	3.4379	(9.79%)
SEK (swedish krone)				MAD (moroccan dirame)			
Average exchange rate for the year	9.5946	9.4917	(1.08%)	Average exchange rate for the year	10.7854	10.8694	0.77%
Exchange rate at the end of the year	9.6398	9.5525	(0.91%)	Exchange rate at the end of the year	11.0160	10.6160	(3.77%)
CZK (czech krone)				NOK (norwegian krone)			
Average exchange rate for the year	26.7914	27.0345	0.90%	Average exchange rate for the year	9.1770	9.2800	1.11%
Exchange rate at the end of the year	26.1970	27.0210	3.05%	Exchange rate at the end of the year	9.5713	9.0863	(5.34%)
CHF (swiss franc)				AOA (angolan kwanza)			
Average exchange rate for the year	1.0763	1.0892	1.18%	Average exchange rate for the year	183.2466	184.4824	0.67%
Exchange rate at the end of the year	1.0930	1.0739	(1.78%)	Exchange rate at the end of the year	193.1401	178.3843	(8.27%)
TRY (turkish lira)							
Average exchange rate for the year	3.9360	3.3602	(17.14%)				
Exchange rate at the end of the year	4.0134	3.7072	(8.26%)				

43. COMPANIES INCLUDED IN THE CONSOLIDATION

INSTRUMENTAL COMPANIES INCLUDED IN CONSOLIDATION

Name	Head Office	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
Semapa Next, S.A.	Lisbon	100.00	-	100.00
Aphelion, S.A.	Lisbon	100.00	-	100.00

SUBSIDIARY COMPANIES OF SUB-GROUP ETSA – UNDER FULL CONSOLIDATION

Name	Head Office	Direct and indirect % of equity held 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
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
ABAPOR – Comércio e Industria de Carnes, 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 NAVIGATOR SUB-GROUP – UNDER FULL CONSOLIDATION

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
Navigator Parques Industriais, S.A.	Setúbal	100.00	-	100.00	69.40
Navigator Products & Tecnology, S.A.	Setúbal	100.00	-	100.00	69.40
Enerpulp – Cogeração Energética de Pasta, S.A.	Setúbal	100.00	-	100.00	69.40
Aboutbalance - SGPS, S.A.	Lisbon	100.00	-	100.00	69.40
Navigator Tissue Rodão, SA	Vila Velha de Ródão	-	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
Colombo Energy Inc.	USA	25.00	75.00	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	99.93	0.07	100.00	69.40
Navigator International GmbH	Germany	-	100.00	100.00	69.40
Navigator Paper Holding ,SGPS, S.A.	Setúbal	100.00	-	100.00	69.40
Navigator Fine Paper , 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
Navigator Afrique du Nord	Morocco	-	100.00	100.00	69.40
Navigator España, S.A.	Spain	-	100.00	100.00	69.40
Navigator Netherlands, BV	Netherlands	-	100.00	100.00	69.40
Navigator France, EURL	France	-	100.00	100.00	69.40
Navigator Paper Company UK, Ltd	UK	-	100.00	100.00	69.40
Navigator Italia, SRL	Italy	-	100.00	100.00	69.40
Navigator Deutschland, GmbH	Germany	-	100.00	100.00	69.40
Navigator Paper Austria, GmbH	Austria	-	100.00	100.00	69.40
Navigator Paper 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
Portucel Florestal, 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	-	92.60	92.60	64.27
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	91.30	91.30	63.36
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	88.70	88.70	61.56
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 – UNDER FULL CONSOLIDATION

Name	Head Office	Direct and indirect % equity held in Secil – Direct	Indirect	Total	% of sares held by Semapa
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	91.00	100.00	99.998
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	-	99.53	99.53	99.528
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
Secil Brasil Participações, S.A. (ex Nsospe, S.A.)	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
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 SA	Leiria	-	100.00	100.00	99.998
Uniconcreto - Betão Pronto, S.A.	Lisbon	100.00	-	100.00	99.998
Secil Netherlands BV (ex Finlandimmo Holding BV)	Netherlans	100.00	-	100.00	99.998
Secil Immo Netherlands BV	Netherlans	-	100.00	100.00	99.998
Secil Cement BV	Netherlans	-	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	-	100.00	100.00	99.998
Cementos Secil SLU	Madrid	100.00	-	100.00	99.998

(a) Companies owned by 51% by Brimade, SA and therefore controlled by the Group
(b) Companies included in the consolidation as of 1 July 2016

44. SUBSEQUENT EVENTS

As at 19 July 2017, the parliament approved a new legislative proposal that prohibits plantation of new eucalypt areas and introduces a mechanism that undermines its replantation.

Navigator views this approval with concern, since this legislative package only allows for new areas to be planted in exchange for existing plantations. In this case it imposes a gradual reduction, thus after 5 years the ratio of new areas of eucalyptus will correspond to half of each hectare of eucalypt forest give in compensation.

These discriminatory measures do not have any scientific, economic or environmental justification, and will have, as a consequence, immediate and in the long term, an even greater abandonment of rural properties in Portugal. In addition, the problem of forest fires will not be solved by this measure in our country since the main cause behind this reality is the accumulation of combustible material in the rural area. A poorly managed, abandoned and high-density forest responds to fire in a similar way, regardless of the dominant species. Eucalyptus is, in fact, one of the species with the least burning area in the last 15 years (2000-2015), according to ICNF data, below the wild pine tree and far below the heath and uncultivated forests that represent more than half of all the burned area in Portugal.

Navigator enhances the importance of prevention as a determinant tool in mitigating the fire risk, by creating opportunities to build and maintain infrastructures to penetrate the forest space and reduce the combustible material. These measures should be framed in a policy that gives priority to certified forest management. In managed and certified Navigator forests, the burned areas are less than 1% of the area under management, which reinforces the evidence that a well-managed and organized forest is less vulnerable to the risk of fire.

The implementation of this legislation will result in an aggravation of the already very heavy burden of imports of raw material for the eucalyptus pulp industry. This results in a loss of external competitiveness between national sector companies, and the country loses in the form the flow of foreign exchange and job destruction.

At 5 July 2017, Navigator proceeded to the second payment of dividends, corresponding to the distribution of reserves, approved on 24 May 2017 General Meeting, in the amount of about Euro 80 million, of which Euro 55,5 million were paid to Semapa. In total, Navigator's income distribution amounted to Euro 250 million.

45. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese. In the event of any discrepancies the Portuguese version prevails.

BOARD OF DIRECTORS

CHAIRMAN:

PEDRO MENDONÇA DE QUEIROZ PEREIRA

MEMBERS:

JOÃO NUNO DE SOTTOMAYOR PINTO DE CASTELLO BRANCO

JOSÉ MIGUEL PEREIRA GENS PAREDES

PAULO MIGUEL GARCÊS VENTURA

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

ANTÓNIO PEDRO DE CARVALHO VIANA BAPTISTA

CARLOS EDUARDO COELHO ALVES

FRANCISCO JOSÉ MELO E CASTRO GUEDES

MANUEL CUSTÓDIO DE OLIVEIRA

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

VÍTOR PAULO PARANHOS PEREIRA

PART 5

LIMITED REVIEW REPORT ON THE CONSOLIDATED HALF YEAR INFORMATION

Review Report on the Consolidated Financial Statements

(Free translation from the original in Portuguese)

Introduction

We have reviewed the accompanying consolidated financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. (the Company), which comprise the consolidated statement of financial position as at 30 June 2017 (which shows total assets of Euro 4,007,718,194 and total shareholder's equity of Euro 1,143,888,589, including a net profit of Euro 43,358,562), the consolidated income statement, comprehensive income, changes in equity and cash flows for the six months period then ended, and the accompanying explanatory notes to these consolidated financial statements.

Management's responsibility

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

Auditor's Responsibility

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying consolidated financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. as at 30 June 2017 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

28 September 2017

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with no. 20161485
represented by:

Jorge Manuel Santos Costa, R.O.C.

(This is a translation, not to be signed)