



ANNUAL
REPORT
2017

31 DECEMBER 2017

INDEX

(This is a translation of a document originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)

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MANAGEMENT REPORT

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To the Shareholders

Pursuant to the legal and statutory requirements, the Board of Directors of Altri, S.G.P.S., S.A. (from now on identified as “ Altri”, “Company” or “Group”) hereby presents its Management Report for the financial year of 2017. According to number 6 of article 508 - C of the Portuguese Companies Act, the Board of Directors has decided to submit a single Management Report, fulfilling all legal requirements that will enable a complete, practical and integrated analysis of the information herein available.

INTRODUCTION

The year 2017 was, once again, a record year in terms of production and pulp sales.

Altri was incorporated as of March 2005 and quickly became known and recognized as a reference European producer of bleached eucalyptus pulp and, recently, of dissolving pulp. The company is also present in the sector of renewable energy, being already a relevant player, based on forest resources, namely industrial cogeneration from black liquor and biomass. The forest strategy is based on full use of all the components provided by the forest: pulp, black liquor and forest wastes.

All the shares representing Altri’s share capital are admitted to trading on a regulated market, the Euronext Lisbon, integrating its main reference index, PSI-20.

Altri’s success is due to a multiplicity of factors, from which we may highlight the high level of investment made, especially in recent years - Altri invested in Portugal about 580 million Euro on its industrial units, which enabled Altri Group to be equipped with the most advanced technology known in the market, adapting, from now on, to the conditions of the New BREF (Best Available Techniques – Reference Document for the Production of Pulp, Paper and Board) which is beginning to be drawn and is expected to come into force as of 2019. That is the reason why Altri’s industrial units are, nowadays, references for good practices and environmental compliance, both, nationally and internationally.

Altri has three bleached pulp mills in Portugal, as follows: *Celulose Beira Industrial* (CELBI), S.A., located in Figueira da Foz, *Celtejo – Empresa de Celulose do Tejo*, S.A., located in Vila Velha de Ródão and *Caima – Indústria de Celulose*, S.A. located in Constância, with a total capacity of production above 1 million tons/year of bleached eucalyptus pulp.

Forest is a strategic asset of Altri. At the end of 2017, Altri, through its subsidiary, *Altri Florestal* S.A. maintained under its management, a forest area amounting 79,000 hectares in Portugal.

Altri Florestal management practices are certified by the main sustainable forest management certification systems, ensuring the achievement of the company’s current and future goals.

In these lands, eucalyptus stands out as the main crop of Altri forest, guaranteeing a self-supply complementary to that provided by the market in wood and biomass. These lands are certified by the Forest Stewardship Council® (FSC®)¹ and by the Programme for the Endorsement of Forest Certification (PEFC), two of the most worldwide acknowledged certification entities.

Although Altri’s forests are scattered across the country, the vast majority are concentrated in Tejo’s valley, close to the group’s mills, increasing their relevance. This proximity has a strategic importance as it allows the optimization of transportation costs, as well as an increase in efficiency in wood mobility when compared to productions located at farther distances.

Altri's industrial strategy implementation is based on integrated forest management in Portugal. This model is based on forest optimization, ensuring a full recovery of all its components. Thus, the eucalyptus is processed in Altri mills, producing pulp and power (cogeneration). The bark, the branches and forest waste are used to produce electric energy from biomass.

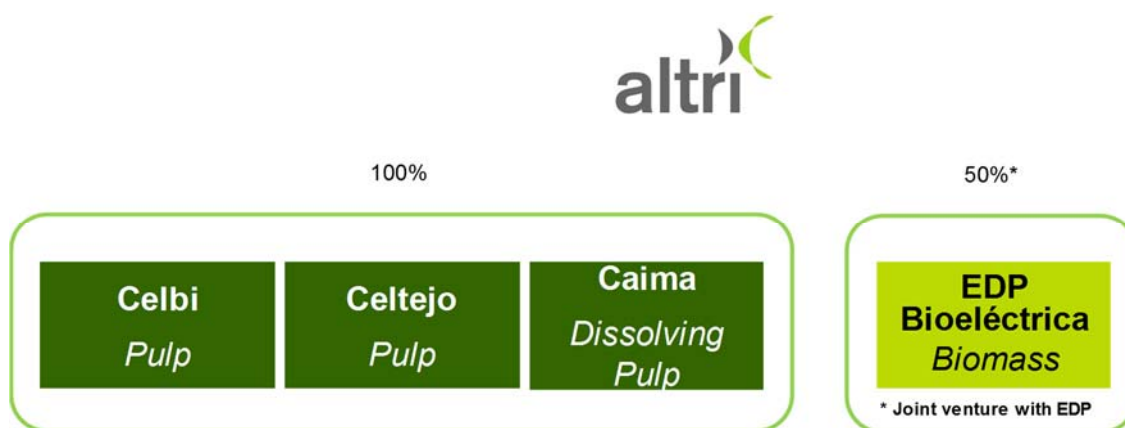
Altri's development strategy is clearly based on strengthening its operating efficiency and, at the same time, the diversification of revenue into segments with higher value added, enabling an increase in the value chain. In order to compete in the commodities market and with an adverse exchange rate environment, the company must cut its operating costs and invest on the production of higher value-added products, allowing for future growth.

Altri aims to be the most efficient producer in placing pulp at the client's facilities. As so, the Company developed a strategy based on three pillars:

- Cutting cash cost per ton: recent years' projects and ongoing projects do not imply an increase in fixed costs, leading to a dilution of the cash cost per ton;
- Strategic location of its customers: the prime location for Altri's customers is Western and Central Europe, which optimizes the balance between quality of customer services and transportation costs;
- Wood self-sufficiency: Altri has a forest area under management of about 79,000 hectares in Portugal, granting a potential level of wood self-sufficiency around 20%.

In pursuit of its continuous improvement objectives, and in particular with regard to the enhancement of forest resources, Altri acquired in 2005, 50% of EDP Produção – Bioelétrica, S.A., in a joint-venture with EDP to produce electricity from forest and biomass. This company is leader in its market segment with a share of 50% electricity production licenses through forest biomass.

Altri's organic structure is as follows:



MACROECONOMIC BACKGROUND

In a year marked by Donald Trump's mandate, tensions with North Korea and growing concern about crypto-coins, Europe was politically milder than it had been anticipated, largely because of the election of Macron in France and the retreat of the far-right extremists. All these factors contributed to a very positive year of 2017 in the financial markets, with historical records in several marketplaces. In the Euro Zone, GDP grew by 0.6% in the fourth quarter and by 2.7% when compared with the previous year. In the whole of 2017, the GDP of the Euro Zone grew 2.5%.

The Portuguese economy continues to benefit from an extraordinarily favorable environment counting on the external demand for goods and services to benefit the economy. Both, IMF and OECD, estimated an annual GDP change in 2017 of 2.6%, compared to 1.6% registered in 2016. With regard to the labour market, the unemployment rate fell by 2.2% over 2016, a better result than the Government had estimated. In relation to inflation, it remained in line with the Euro Zone average, standing at 1.4%, which compares to 0.2% in 2016.

In Europe, the outlook for 2018 points to a likely continuation of the trajectory of growth. The European Commission points out to a growth of 2.3% in the European Union and 2.2% in the Euro Zone, forecasts that may be revised upwards. Unemployment is expected to fall to 8.5% in the Euro Zone, while in the European Union this figure points to 7.8%. These results are driven by the expansion of domestic demand and the structural reforms implemented by some of the member states.

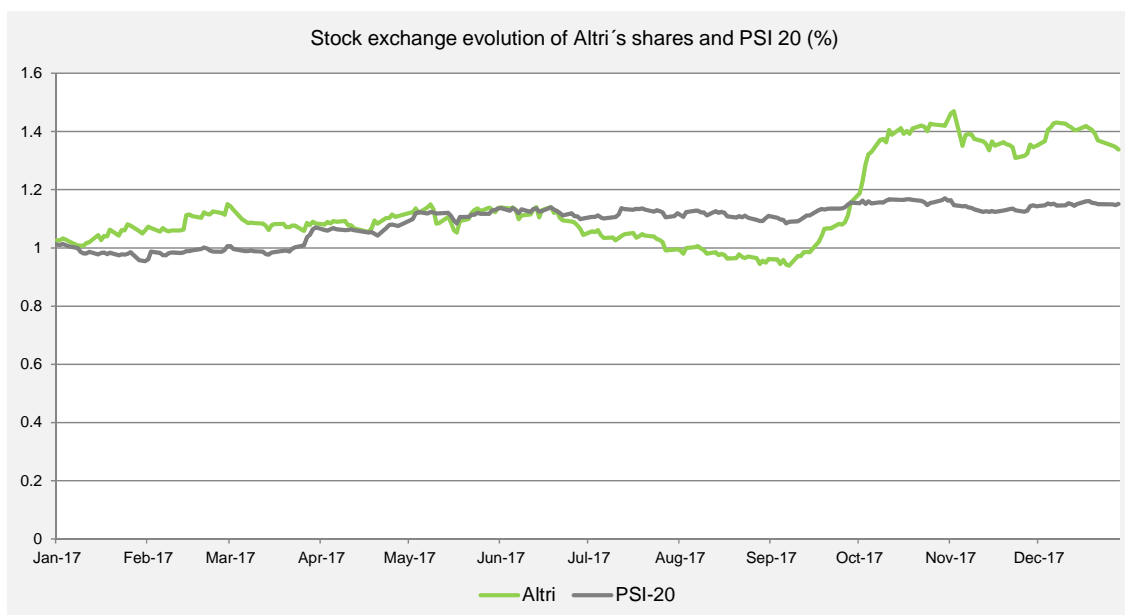
According to IMF, the US economy has been in the longest expansion since 1850 and is expected to continue in 2018. The unemployment rate fell to 4.1% in December and job creation remains robust. Despite a slowdown in growth at the beginning of 2017, GDP is expected to have grown by around 2.3% in 2017 and to continue accelerating in 2018, supported by a solid increase in consumption and recovery of investment. Moreover, it is expected that the tax reform will be implemented in the second quarter of 2018, and it is expected that results in GDP growth and tax reductions for both individual and corporate income. This measure intended to stimulate investment and consumption.

In relation to China, the Chinese economy will have grown 6.8%, above target, due to the strong demand for Chinese exports. China maintained its growth target for 2018 at 6.8 percent, trying to balance efforts to reduce the risks associated with excess debt in order to keep the economy on a steady growth path.

STOCK EXCHANGE EVOLUTION

(Remark: To enable a better comparison of the stock fluctuations, the PSI 20 index has been considered as being equal in value to the opening price of the shares.)

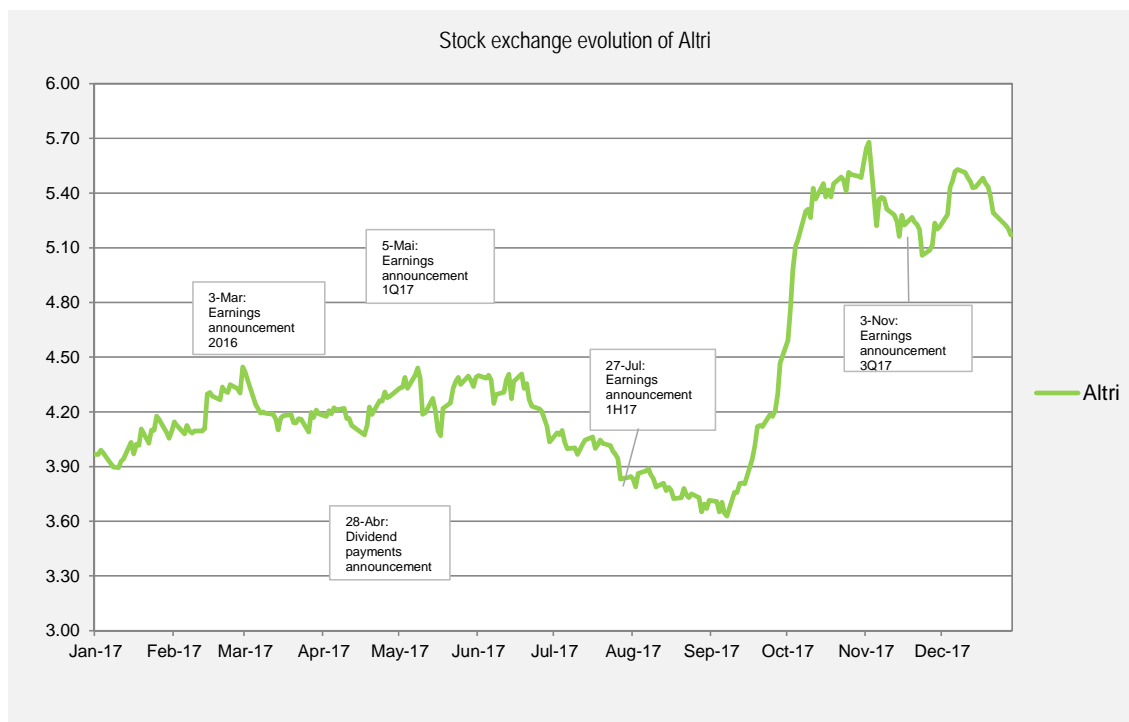
Altri's shares recorded an increase of 34% in 2017 while PSI-20 increased 15% in the same period.



Altri's share price closed in 2017 at 5.171 Euro per share. The market capitalization at the end of 2017 was about 1,061 million Euro.

During 2017, shares were traded at a maximum price of 5.680 Euro per share and at a minimum of 3.629 Euro per share. In total, 82 million Altri shares were traded in that period, equivalent to 40% of issued capital.

The main events that marked the evolution of the Company's shares during 2017 may be detailed chronologically as follows:



- On February 16, Altri announced the exercise, by its subsidiary Celbi, of the purchase option of the bonds CELBI 2014/2019.
- On March 3, the Group announced its financial performance for the year 2016, standing consolidated net profit of 77 million Euro. The consolidated total revenues amounted to 612.5 million Euro. Consolidated EBITDA amounted to 167 million Euro, having been a record year in terms of production and sales of pulp. At that date, shares closed at 4.37 Euro per share.
- On March 6, Altri reported having issued a seven-year bond loan, by private subscription, amounting to 70,000,000 Euro (seventy million Euro), named "ALTRI 2017 - 2024". Altri also informed, at that date, the acquisition of 500 bonds representing the bond loan named "ALTRI / NOVEMBRE 2018", amounting to 50,000,000 Euro, partly reimbursed afterwards, being then represented by 200 bonds, in the nominal amount of 20,000,000 Euro.
- In the statement made on April 28, the Company informed the market that the dividends for the year 2016, amounting to 0.25 Euro per share, would be paid from May 15 onwards;
- Through an announcement made on May 5, the Group announced results for the first quarter of 2017. The consolidated total revenues during this period reached 159.8 million Euro, EBITDA reached about 40 million Euro and the consolidated net profit was 17.1 million Euro.
- On July 27, Altri announced to the market the results of the 1st half of 2017 with a total income of 238 million Euro (+10%), an EBITDA of about 87.5 million Euro (-1%) and a net profit of about 41.5 million Euro (+3.3%).

- On November 3, Altri announced the result of the third quarter of 2017. The Group reached a total revenue of 490.8 million Euro (+8.2%); EBITDA reached 141.2 million Euro (+9.8%) and the net profit was about 68 million Euro (+19.2%);

GROUP'S ACTIVITY

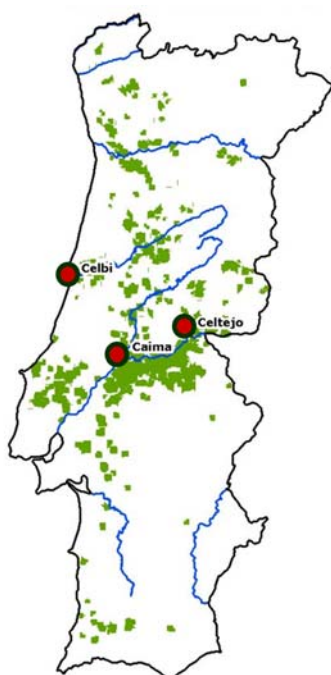
Altri is a European reference producer of bleached eucalyptus pulp and, recently, in dissolving pulp production. The Company is also present in the sector of renewable energy, being already a reference player, based on forest resources, namely industrial cogeneration from black liquor and biomass.

The main investments held by Altri are:

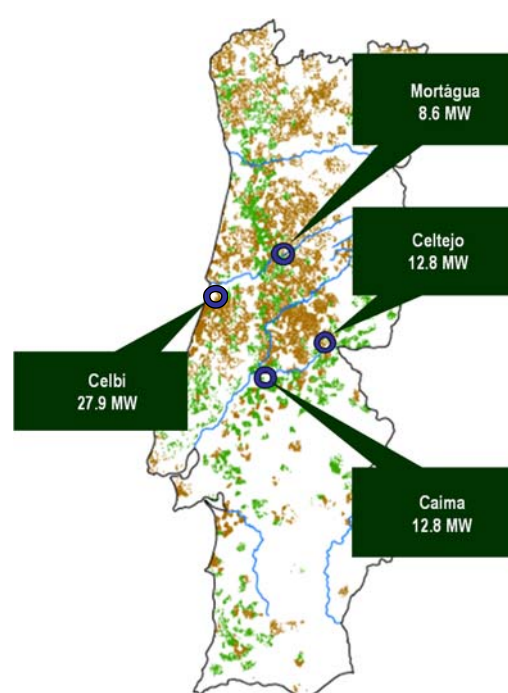
- **Celulose Beira Industrial (Celbi), S.A. (Celbi)**, based in Leirosa, Figueira da Foz – producer and distributor of paper pulp;
- **Celtejo – Empresa de Celulose do Tejo, S.A. (Celtejo)**, based in Vila Velha de Ródão – producer and distributor of paper pulp;
- **Caima – Indústria de Celulose, S.A. (Caima)**, based in Constância – producer and distributor of dissolving pulp;
- Altri Florestal, S.A., based in Leirosa, Figueira da Foz but with operating offices in Constância – manager of the Group's forestry resources.

Moreover, in order to fulfil its energetic needs and expand its activity in a strategic sector, the Group holds a participation of 50% in the share capital of EDP Bioelétrica.

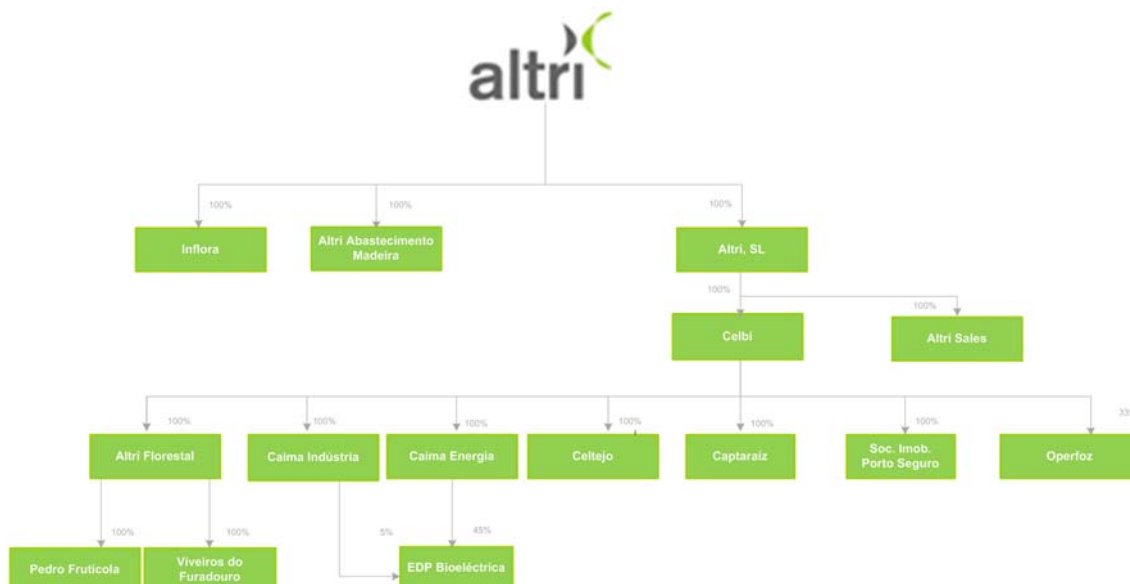
Location of the Group industrial units



Location of the centrals of energy production



Altri's complete structure of participation as of 31 December 2017 is as follows:



Altri's product

Celbi and Celtejo produce eucalyptus pulp, using the sulphate process, or Kraft. Caima produces dissolving pulp, for applications in the textile industry, by the sulphite process. Celbi pulp is bleached without the use of elemental chlorine (ECF pulp, elemental chlorine free). Caima and Celtejo's are TCF pulps (totally chlorine free), this means that they are blanched without using chlorine compounds.

For Celbi and Celtejo's pulp the use of eucalyptus globulus as a raw material, combined with the production process gives them special characteristics which make them particularly suitable to produce certain types of paper or paperboard.

The characteristics of Celbi's pulp production, make it more adequate for using in the production of fine printing and writing paper, decorative laminate papers and paper for high quality printing. On the other hand, Celtejo's pulp is particularly suitable to produce *tissue* paper.

Caima produces dissolving pulp using the Eucalyptus globulus as raw material. This pulp is used in the production of viscose, one of the raw materials of the textile industry, alongside cotton and polyester. There is an ongoing development project to make it possible in the future to use this pulp on a wider range of products, with applications in detergent and pharmaceutical industries, sponges, etc.

The target markets for paper pulp are Western Europe, Eastern Europe and the Mediterranean. Dissolving pulp is mainly sold in China, which is the largest world producer of viscose.

In addition to the dissolving pulp, Caima also sells magnesium lignosulfonate, which is mainly used in the construction industry, as an additive for concrete.

The paper pulp produced are approved by Nordic Ecolabelling of Paper Products (Celbi and Celtejo) and by the European Ecolabel (Celbi), so that they can be used in products that intend to use this environmental label. These are both environmental labelling programs based on an analysis of the product life cycle.

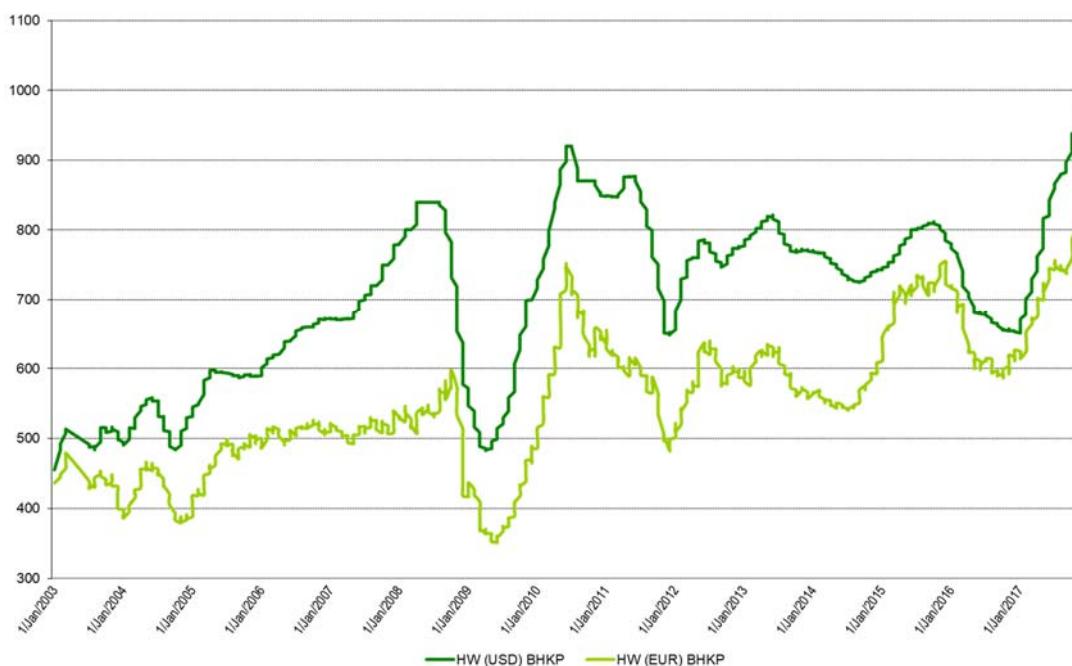
Pulp Market

According to Pulp and Paper Products Council (PPPC) World Chemical Market Pulp Global 100 Report, in 2017 total demand for hardwood pulp increased by 4.9%, leading to an absolute incremental growth of 1.59 million tons. In geographical terms, it is noted that, once again, the demand from China registered a double-digit growth level: + 12.9%.

In the 4th quarter of 2017, the evolution of the BEKP price in Euro was characterized by the continued upward trend, having the average price reached 799.7 EUR/ton, which compares to an average market price (PIX) of 745.8 EUR/ton, in the third quarter.

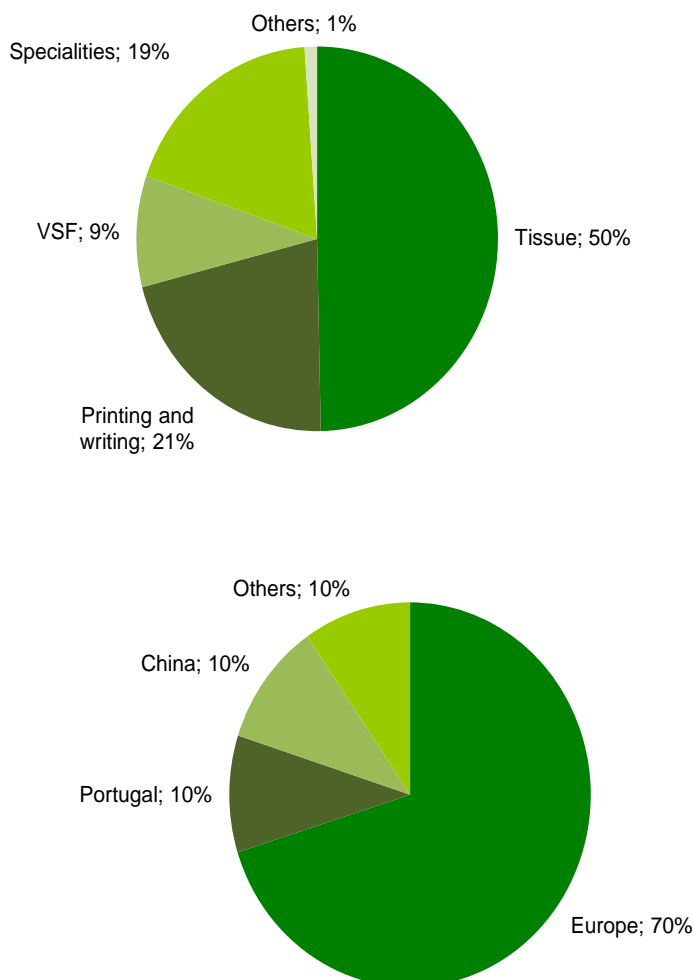
Market price evolution in BEKP pulp in Europe since 2013 until the end of 2017 (EUR)

Fonte: FOEX



In 2017 Altri reached, again, a new record of production and sales of pulp. Thus, during this year, Altri's produced about 1.042 million tons of pulp (more 12 thousand tons when comparing to the previous year), of which approximately 105.4 thousand tons were dissolving pulp (DP).

Pulp sales by region and detail by use



In 2017, Altri's total revenues reached 665.8 million Euro, which represents an increase of 9% compared to 2016. The pulp sales reached 566.0 million Euros (+10% compared to sales recorded in 2016). The average market price of BEKP in 2017 was 724.9 Euro/ton, representing an increase of 15% compared to the price in 2016.

In terms of geographical distribution of Altri's sales, Europe (excluding Portugal) is the main destination market of Group's sales, representing 70% of market sales, that is, approximately 739 thousand tons. China, such as Portugal, represents about 10% of pulp sales.

In terms of pulp use, tissue paper producers are Altri's main clients, with a share of 50%, followed by the fine printing and writing paper and the specialities' producers with market shares of 21% and 19% respectively. The viscose filaments producers – DWP pulp consumers – represent around 9% of sales.

CORPORATE RESPONSABILITY AND SUSTAINABILITY

Altri believes that the use, in the exercise of the activity of each of its mills and in Altri Florestal, of renewable raw materials, clean technologies, more efficient production processes in terms of energy and water consumption and sustainable forest management practices dully certified are essential, on one hand, to mitigate climate changes and, on the other hand, to enable Altri to exceed its permanent goal of continuous improvement in terms of environmental performance, thereby giving this guarantee to its Shareholders, its customers and suppliers, all its stakeholders and society in general.

This vision, daily applied to the performance of its activity, leads to continued increase in return of capital from its shareholders.

Altri believes that the welfare of its shareholders, and of all stakeholders, in which are included the communities where its industrial units are located and the society in general, depends on the continued success of the company and on its commitment to a sustainable development, which guides all decision-making.

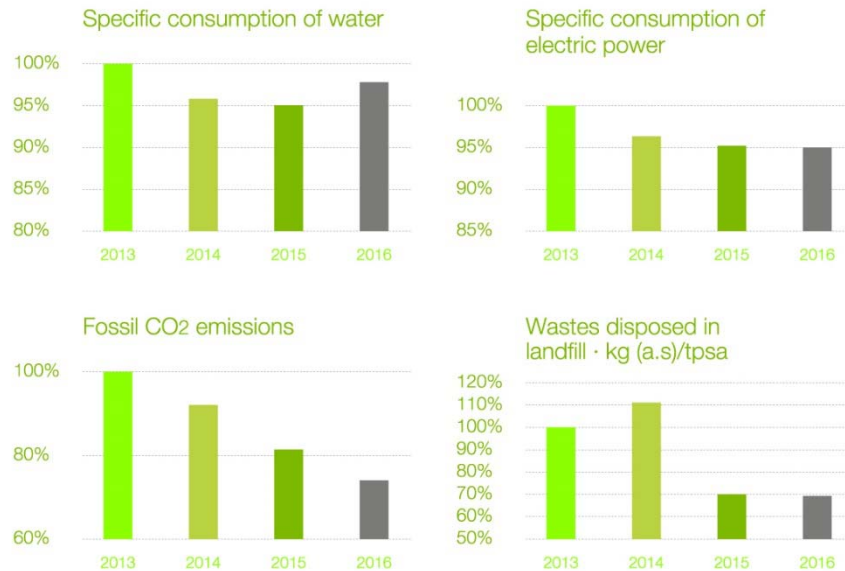
Certification of Management systems: All industrial units of Altri have its management systems certified in accordance with the requirements of ISO 9001, ISO 14001 and OHSAS 18001 and have their laboratories certified by ISO / IEC 17025. Celbi and Celtejo have implemented energy management systems, certified according to ISO 50001. Celbi and Caima are also registered under EMAS, a Community Eco-management and Audit System of the European Union. Celtejo has its Research, Development and Innovation system certified by the Norm NP 4457.

The responsibility chains of wood supply are also certified by international standards of forest management (FSC® - Forest Stewardship Council® and PEFC - Programme for the Endorsement of Forest Certification Schemes), which demonstrates the commitment established in the supply policy of Altri to check the origin of the wood along the supply chain.

Environment: renewable raw materials from sustainably managed forests are the base to produce Altri's eucalyptus pulp. Altri manages, in Portugal, a large area of certified forest, and all the wood produced in these areas is to supply its mills.

Altri is self-sufficient in electricity, using cogeneration systems where it is made a combined production of thermal energy and electrical power for industrial use. The excess of electricity is placed in the national network. Investment in new technologies and investing in best practices in energy efficiency have enabled to produce almost all its energy by the burning of biofuels, it is notorious the gradual reduction of fossil CO2 emissions from 2013 onwards.

It has taken a lot of effort on optimizing the balance of power in Altri mills, reflecting the importance of the topic energy to the group. Also, the use of water and waste disposals have been the target of various reduction programs over the years, always in accordance with the best practices known at international level in these matters.



The other indicators of eco-efficiency and environmental performance in the areas of water, air, waste and natural resources, have remained stable or with decreases trends and in line with the best available techniques defined for the pulp and paper sector reflected in the environmental certifications of the three mills of Altri.

Social responsibility:

In its relation with the society, each one of Altri’s industrial units streamlines the economy of the area in which it operates, particularly in the creation of direct and indirect employment.

The Group, through its industrial units, has strong policies of granting internships, whether professional or as a complement to the school curriculum, which allow young people the opportunity to have contact with a business reality, in a highly dynamic and very export-oriented business sector.

Altri Group's industrial units are very active in local communities, attentive to their needs and always available to evaluate granting support which would endow these communities with new opportunities, with better infrastructures and, within the legal framework in which we operate, grant them the donations and logistical support necessary to improve their quality of life.

The well-being of surrounding communities is therefore, today and increasingly, one of the main indicators to be considered by the management teams of Altri industrial units in their decision-making processes.

In order to implement all these objectives, Altri has been effectively promoting open channels of communication with local authorities, local institutions and the communities themselves in actions such as "Open Door" days in mills, cleaning of the beach, solidarity races, among other initiatives that make Altri's social relationship with local communities a true success story.

FINANCIAL REVIEW

The consolidated financial information of Altri was prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by European Union.

The key data and indicators of consolidated activity of Altri Group can be summarized as follows:

Thousand Euro	2017	2016	2017/2016 Var%
Total Revenues	665,779	612,496	8.7%
Cost of sales	257,011	244,831	5.0%
External supplies and services	166,658	161,135	3.4%
Payroll expenses	33,953	33,836	0.3%
Other expenses	8,291	4,890	69.5%
Provisions and impairment losses	-167	325	ss
Variations in the Fair Value of the Biological Assets	8,934	-	ss
Total expenses (a)	474,681	445,018	6.7%
EBITDA (b) margin	191,098 28.7%	167,477 27.3%	14.1% +1,4 pp
Amortisation and depreciation	53,692	51,192	4.9%
EBIT (c) margin	137,406 20.6%	116,285 19.0%	18.2% +1,7 pp
Results of associated companies	2,529	3,024	-16.4%
Financial expenses	-26,329	-24,578	7.1%
Financial income	4,982	5,966	-16.5%
Financial Profit	-18,818	-15,588	20.7%
Profit before income tax	118,589	100,697	17.8%
Income tax	-22,521	-23,720	-5.1%
Profit for the period attributable to parent company's shareholders	96,068	76,977	24.8%

(a) Operating costs excluding amortisation, financial expenses and income tax

(b) EBITDA = Earnings before interests, taxes, depreciation and amortisation

(c) EBIT = Earnings before interest and taxes

Altri's total revenues reached 665.8 million Euro in 2017, which represents an increase of 9% compared to 2016. The pulp sale revenues amounted to 566.0 million Euro (+10% when compared to the previous year).

Excluding depreciation, financial costs and taxes, the total costs in 2017 reached approximately 474.7 million Euro, which corresponds to an increase of about 7% when compared to 2016. It should be noted that biological assets were recorded, for the first time, at fair value in the year under review.

In 2017, EBITDA reached 191.1 million Euro, an increase of 14% compared to EBITDA registered in the previous year, with its margin reaching 28.7% (+1.4 pp).

The operational result (EBIT) recorded in the year was about 137.4 million Euro, representing an increase of 18% compared with the previous year.

The financial result amounted to a net charge of 18.8 million Euro. The caption "Results of associated companies" mainly refers to the appropriation of 50% of the profit of EDP Bioeléctrica, a company 50% owned by Altri and consolidated by the equity method.

Consolidated net profit of Altri reached 96.1 million Euro, registering an increase of around 25% comparing to the previous year.

Key statement of financial position indicators

Thousand Euro	2017	2016	Var%
Biological assets	94,848	102,303	8%
Property, plant and equipment	396,516	359,639	-9%
Goodwill	265,531	265,531	0%
Investments in associated companies and joint ventures	17,457	14,983	-14%
Other	52,609	55,073	5%
Total non-current assets	826,961	797,529	-4%
Inventories	50,728	58,890	16%
Customers	113,285	92,261	-19%
Cash and cash equivalents	193,600	300,094	55%
Others	25,515	36,292	42%
Total current assets	383,127	487,538	27%
Total assets	1,210,089	1,285,067	6%
Shareholder's equity and non-controlling interests	394,567	343,642	-13%
Bank loans	39,500	118,000	199%
Other loans	442,484	462,358	4%
Government grants	14,566	14,947	3%
Other	45,427	48,451	7%
Total non-current liabilities	541,977	643,755	19%
Bank loans	6,217	38,898	526%
Other loans	94,831	120,854	27%
Government grants	3,122	3,115	0%
Trade payables	95,373	69,045	-28%
Other	74,002	65,756	-11%
Total current liabilities	273,544	297,669	9%

The total investment (CAPEX) carried out in 2017 by Group's industrial units amounted to 82.2 million Euro. It should be emphasized that the 2018's amount of investment will be significantly lower than the amount invested in 2017.

Altri's remunerated nominal debt net of cash as of 31 December 2017 amounted to 388.2 million Euro, which represents a decrease of about 50.4 million Euro compared to the net debt of 438.6 million Euro booked at the end of 2016. In 2017 the Group paid an amount of 51.3 million Euro as dividends, the free cash flow to equity generated in 2017 amounted to 101.6 million Euro, which has been achieved in an extraordinary investment context.

Thus, it should be noted that, between 2010 and 2017, Altri Group generated a total amount of free cash flow to equity of about 604 million Euro, distributed between reduction of debt and payment of dividends.

ACTIVITY DEVELOPED BY THE NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

During 2017, the non-executive directors of the Company have developed regularly and effectively their functions which consist in monitoring and evaluating the activities of the executive directors.

Among others, during 2017, the non-executive directors regularly and actively attended the Board of Directors meetings, discussing the matters under consideration and expressing their respective opinions on the Group's strategic guidelines. Whenever necessary, they maintained a close contact with the financial and operational key staff of the Group companies. In the year 2017, and during the Board of Directors' meetings, the executive members provided all the information required by the remaining members of the Board of Directors.

PROPOSAL OF THE BOARD OF DIRECTORS FOR APPROPRIATION OF THE NON-CONSOLIDATED NET PROFIT FOR THE YEAR

Altri, S.G.P.S., S.A., as holding company of the Group, recorded in its individual financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union, a net profit of 56,705,381.66 Euro. The Board of Directors proposes to the Shareholders' Meeting its full distribution in form of dividends.

Altri's Board of Directors also proposes to the Shareholder' Meeting the distribution of free reserves amounting 4,834,119.94 Euro, in form of dividends, in addition to said distribution of profits for the year.

The distribution of profits for the year and free reserves now proposed will imply the payment of a gross dividend of 0.30 Euro per share.

2018 OUTLOOK

2018 will be marked by the conclusion of investment cycle, which started in 2016, with the entry into operation of the last equipment to be installed in Celtejo. This investment cycle, which focused on Celbi and Celtejo productive units, will enable Altri Group to reinforce its operating efficiency and its environmental performance.

In terms of eucalyptus pulp market, it is expected that, during 2018, the price remains at high levels.

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CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

PART I – INFORMATION ON SHAREHOLDER AND ORGANIZATION STRUCTURE AND CORPORATE GOVERNANCE

A. A. SHAREHOLDER STRUCTURE

I. Capital Structure

1. The capital structure

Altri, SGPS, S.A. ("Company" or "Altri") share capital amounts to 25,641,459.00 Euro (twenty five million, six hundred and forty one thousand, four hundred and fifty nine Euro), fully subscribed and is made up of 205,131,672 (two hundred and five million, one hundred and thirty-one thousand, six hundred and seventy-two) ordinary shares, book-entry and nominative, with a nominal value of 12.5 Euro cents each.

Of the total issued voting rights, 75.66% are, as far as the Company is aware, attributed to the holders of qualifying holdings listed in II.7.

All the shares representing the company's share capital are traded on the regulated market Euronext Lisbon.

2. Restrictions on the transfer and ownership of shares

Altri's shares have no restrictions on their transfer or on their ownership, once there are no shareholders with special rights. Therefore, Altri's shares are freely transferable in accordance with applicable legal standards.

3. Own shares

Altri does not hold any own shares, with reference to December 31, 2017.

4. Important agreements to which the company is a party and that come into effect, amend or terminated in cases such as a change in the control of the company after a takeover bid, and the respective effects

There are no significant agreements concluded by Altri including any clauses of control change (including after a takeover bid), that is, which come into effect, be amended or terminated in such circumstances. Also, there are no specific conditions that limit the exercise of voting rights by shareholders of the Company or other matters that may interfere with the success of takeover bids.

Some financing agreements contain standard clauses of early repayment in the event of change of shareholder control of subsidiaries (and not of the Company).

5. System that is subject to the renewal or withdrawal of countermeasures, particularly those that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders

Altri did not adopt any countermeasures.

6. Shareholders' agreements that the company is aware of and that may result in restrictions on the transfer of securities or voting rights

It is unknown the existence of any shareholders' agreements involving the Company.

II. Shareholdings and Bonds held

7. Qualifying holdings

As of 31 December 2017, pursuant to the requirements of articles 16, 20 and 248 of the Securities Code (“Código de Valores Mobiliários”) and article 448 of the Portuguese Companies Act, the Company informs that, in accordance with the notifications received, the companies and/or individuals that hold qualifying holdings exceeding 2%, 5%, 10%, 20%, 33% and 50% of the voting rights, are as follows:

Norges Bank		No. of shares held on 31-dec-2017	% Share capital with voting rights
Directly		4,149,572	2.02%
Total attributable		4,149,572	2.02%

Lazard Frères Gestion		No. of shares held on 31-dec-2017	% Share capital with voting rights
Directly		4,150,000	2.02%
Total attributable		4,150,000	2.02%

Indumenta Pueri, S.L.		No. of shares held on 31-dec-2017	% Share capital with voting rights
Through Wilmington Capital, S.L.		11,000,000	5.36%
Total attributable		11,000,000	5.36%

1 Thing, Investments, S.A.		No. of shares held on 31-dec-2017	% Share capital with voting rights
Directly ^(a)		14,359,708	7.00%
Total attributable		14,359,708	7.00%

(a) - The 14,359,708 Altri, SGPS, S.A. shares are directly held by the company 1 THING INVESTMENTS, S.A., whose board of directors includes Altri's director Pedro Miguel Matos Borges de Oliveira.

Domingos José Vieira de Matos		No. of shares held on 31-dec-2017	% Share capital with voting rights
Through Livrefluxo, S.A. (of which he is dominant shareholder and director)		24,250,110	11.82%
Total attributable		24,250,110	11.82%

Paulo Jorge dos Santos Fernandes		No. of shares held on 31-dec-2017	% Share capital with voting rights
Through Actium Capital, S.A. (of which he is dominant shareholder and director)		24,324,874	11.86%
Total attributable		24,324,874	11.86%

João Manuel Matos Borges de Oliveira		No. of shares held on 31-dec-2017	% Share capital with voting rights
Through CADERNO AZUL, S.A. (of which he is shareholder and director)		30,000,000	14.62%
Total attributable		30,000,000	14.62%

Promendo - SGPS, S.A.		No. of shares held on 31-dec-2017	% Share capital with voting rights
Directly ^(a)		42,954,552	20.940%
Through is director José Manuel de Almeida Archer		11,500	0.006%
Total attributable		42,966,052	20.946%

(a) - The 42,954,552 shares correspond to the total Altri, SGPS, S.A. shares directly held by the company Promendo - SGPS, S.A. of which the director Ana Rebelo de Carvalho Menéres de Mendonça is director and majority shareholder.

Altri was not informed of any interest exceeding 33% of the voting rights.

This matter is also dealt with in the Annual Management Report.

Up-to-date information on qualifying holdings is accessible
<http://www.altri.pt/pt/investors/shareholder-information/shareholder-structure>

8. Number of shares and bonds held by members of the management and supervisory boards, under the terms of 447/5 of the Portuguese Companies Act

The shares and bonds held by members of management and supervisory boards in the Company and in companies in a control or group relationship with the Company, directly or through related persons, are disclosed in the appendices to the Management Report as required by Article 447 of the Portuguese Companies Act and number 7 of Article 14 of Regulation 5/2008 of the Portuguese Securities Market Commission (CMVM).

9. Special powers of the Board of Directors as regards resolutions on the capital increase

The fourth article of Altri's articles of association, according to the deliberation of 31 March 2006, assigned to the Board of Directors powers to decide, with the prior opinion of the Supervisory Board of the company, on capital increases, by one or more occasions, up to 35 million Euro in cash.

This statutory provision under the paragraph b), number 2, of the article 456 of the Portuguese Companies Act, lasted for five years and has not been renewed, in accordance with paragraph 4 of the same legal provision, so that on 31 March 2011 it expired. From that date onwards such power is exclusive of the General Shareholders Meeting.

10. Significant business relationships between the holders of qualifying holdings and the company

In 2017 there were no significant business or commercial transactions between the Company and the holders of qualifying shareholdings notified to the Company, except those that are part of the normal activity of the company which were performed under normal market conditions for similar transactions. It should be noted, however, that the amounts involved are not material.

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING

a) Composition of the Presiding Board of the General Meeting

11. Details and position of the members of the Presiding Board of the General Meeting and respective term of office

The General Meeting, under the number 1 of the article 374 and number 1 of the article 374 A of the Portuguese Companies Act, shall be chaired by the Officers of the General Assembly whose members (President and secretary) are named by the Society shareholders, for term of office of a three years period, coinciding with the same of the other corporate bodies.

As of December 31, 2017, the Board of the General Meeting was composed of the following members:

Chairman: Manuel Eugénio Pimentel Cavaleiro Brandão
Secretary: Maria Conceição Henriques Fernandes Cabaços

The mandate began in 2017 and will have its term in 2019.

b) Exercising the right to vote

12. Restrictions on voting rights

The share capital of the Company is fully represented by a single class of shares, corresponding to each share one vote, there are no statutory limitations on the number of votes that may be held or exercised by any shareholder.

The Company has not issued preferred shares without voting rights.

The participation of shareholders at the General Meeting is dependent, under the law, upon proof of ownership of the shares by reference to the "Record Date".

Individual shareholders with voting rights and companies who are shareholders of the Company may be represented by the person designated for that purpose. The representation should be communicated to the Chairman of the General Meeting, in writing, until the end of the third working day prior to the day scheduled for the meeting.

A shareholder may appoint different representatives for the shares owned in different securities accounts, without prejudice to the principle of unity of vote and of vote in different directions allowed to shareholders acting as professionals.

Shareholders can exercise voting rights via postal voting on all matters subject to the General Meeting which may be exercised by written declaration, together with the identification of the shareholder and his signature duly recognized, as required by law. According to the articles of association, the declaration of intention to cast postal votes and the supporting document proving the quality of shareholder must be delivered in the Company's headquarters, until the end of the third working day prior to the day scheduled for the meeting, with identification of the sender, addressed to the Chairman of the General Shareholders' Meeting. It isn't provided the possibility to exercise voting rights by electronic means. In that regard, the Company has not yet triggered the mechanisms required for its implementation since this modality was never requested by any shareholder and considering that this circumstance does not constitute any constraint or restriction on the exercise of voting rights by shareholders, an exercise that the Company promotes and encourages in the terms broadly described in this Report.

The Company discloses, within the legal deadlines, and in all places requested by law, in Portuguese and English, the notice of General Meetings, which contain information on how to enable the shareholders to participate and exercise the right to vote and on procedures to be followed for voting by correspondence or designated representative. The Company discloses also, as required by law, the resolution proposals, preparatory information required by law and the minutes of letter of representation and voting forms for voting by correspondence, all to ensure, promote and encourage shareholder participation, by themselves or by their representatives, in the General Meetings.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship as set out in Article 20/1

There is no limitation on the number of votes that can be held or exercised by a single shareholder or group of shareholders.

14. Shareholders' resolutions that, imposed by the articles of association, may only be taken with a qualified majority

According to the Articles of the Company, the corporate decisions are taken by majority vote, whatever the percentage of share capital represented at the meeting, except when a different majority is required by law.

In a second call, the General Meeting may decide independently of the number of shareholders present and the capital they represent.

The deliberative quorum of the General Meeting is in accordance with the Portuguese Companies Act (CSC).

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Identification of corporate governance model adopted

Altri adopts the model of government called monist, which includes a management structure centralized in a Board of Directors and a supervising structure centralized in a Supervisory Board and a Statutory Auditor.

The Board of Directors is thus the board responsible for management of the Company's business in achieving its social object.

16. Articles of association rules on the procedural requirements governing the appointment and replacement of members of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable

The Members of the Board of Directors of the Company are appointed by the Shareholders' General Meeting for a three years' mandate and may be re-elected once or more.

The Board is made up by three to nine members, shareholders or not, appointed by the Shareholders' General Meeting. At the General Shareholders' Meeting elections, one, two or three Directors shall be elected individually among the candidates proposed on the lists endorsed by groups of shareholders, depending on whether the total number of Directors is three or four, five or six, seven or more than seven, provided that none of the said groups own shares representing over 20 % (twenty per cent) or less than 10 % (ten per cent) of the share capital. Each of the referred lists shall propose at least 2 (two) candidates eligible for each one of the available posts, one of them being nominated as substitute. No shareholder may endorse more than 1 (one) of the mentioned lists.

The General Shareholders' Meeting may not proceed to the election of any further Directors until one, two or three have been elected, as per the dispositions above, unless the above mentioned lists have not been presented. In the absence of elected Director, his/her respective substitute shall be called. In the case of there being no substitute, a new election shall be called, in which the dispositions above shall be applied with the necessary adaptations.

17. Composition of the Board of Directors

The Board of Directors is currently made up of 7 members who are responsible for carrying out all the management functions to implement the operations inherent to its corporate goals, acting in the best interests of the Company, its shareholders and other stakeholders. On December 31, 2017, this corporate board was composed of the following members:

- Paulo Jorge dos Santos Fernandes – President and Co-CEO
- João Manuel Matos Borges de Oliveira – Vice-President and Co-CEO
- Domingos José Vieira de Matos – Member
- Laurentina da Silva Martins – Member
- Pedro Miguel Matos Borges de Oliveira – Member
- Ana Rebelo de Carvalho Menéres de Mendonça – Member
- José Manuel de Almeida Archer – Member

All Board of Directors members were appointed by the Shareholder's General Meeting held in April 26, 2017 for the period 2017/2019.

NAME	FIRST APPOINTMENT	END OF MANDATE
Paulo Jorge dos Santos Fernandes	March 2005	December 31, 2019
João Manuel Matos Borges de Oliveira	March 2005	December 31, 2019
Domingos José Vieira de Matos	March 2005	December 31, 2019
Laurentina da Silva Martins	March 2009	December 31, 2019
Pedro Miguel Matos Borges de Oliveira	April 2014	December 31, 2019
Ana Rebelo de Carvalho Menéres de Mendonça	April 2014	December 31, 2019
José Manuel de Almeida Archer	September 2015	December 31, 2019

18. Distinction to be drawn between executive and non-executive directors and, as regards non-executive members, details of members that may be considered independent

The composition of the Board of Directors complies with a balance between the number of executive and non-executive directors.

As of December 31, 2017, the Board of Directors, composed by seven members, included three non-executive members Laurentina da Silva Martins, Ana Rebelo de Carvalho Menéres de Mendonça and José Manuel de Almeida Archer.

The Board Directors does not include any member that satisfies the standard of independence referred in recommendation II.1.7 of Corporate Governance Code issued by the Portuguese Securities Regulator (CMVM) since the non-executive director Laurentina Martins was an employee of the subsidiary Caima – Indústria de Celulose, S.A., the non-executive director Ana Rebelo de Carvalho Menéres de Mendonça, is the director and controlling shareholder of the company Promendo SGPS, S.A., and the non-executive director José Manuel de Almeida Archer is also a shareholder and director of the Company Promendo S.G.P.S., S.A..

Despite these conditionals, to allow the non-executive directors an independent and informed decision, the Company developed some mechanisms such as:

- Notices of meetings of the Board of Directors sent to all directors include the agenda, even tentatively, of the meeting, and are accompanied by all the relevant information and documentation;
- Availability of executive directors for the provision to non-executive directors, of any additional information which they consider relevant or necessary, and to carry out further studies and analyses in relation to all matters which are the subject of deliberation or that, are under review in some way, in the Company;
- The non – executive directors have wide powers to obtain information on any aspect of the Company, to examine its books, records, documents and other antecedents of the Company's operations. They can request relevant information directly to the directors and to the financial and operating senior staff of all group companies, without requiring any intervention of the executive directors in this process.

The Company pondered and reflected on this circumstantialism considering, on the one hand, the adopted corporate model and, on the other hand, the composition and functioning of its corporate bodies as a whole (namely the Board of Directors as a collegiate body, the Fiscal Council and the Statutory Auditor, with the inherent independence) concluding that the possible designation, for purely formal reasons, of independent directors, would not bring significant value to the Company's performance, or to a (possible) better functioning of the adopted model, considering that both have been positive, relevant, adequate and efficient.

Moreover, the Director's report includes in its chapter "Activity developed by the non-executive members of the Board," a description of the activity of the non-executive directors during 2017.

19. Professional qualifications and other relevant curricular information of each member of the Board of Directors

The qualifications, experience and positions held in other Companies by the members of the Board of Directors are presented in Appendix I.

20. Customary and meaningful family, professional or business relationships of members of the Board of Directors with shareholders that are assigned qualifying holdings that are greater than 2% of the voting rights

On December 31, 2017, the President of the Board of Directors and Co-CEO Paulo Jorge dos Santos Fernandes is a director and controlling shareholder of the company ACTIUM CAPITAL, S.A., company which owns 11.86% of the share capital of Altri.

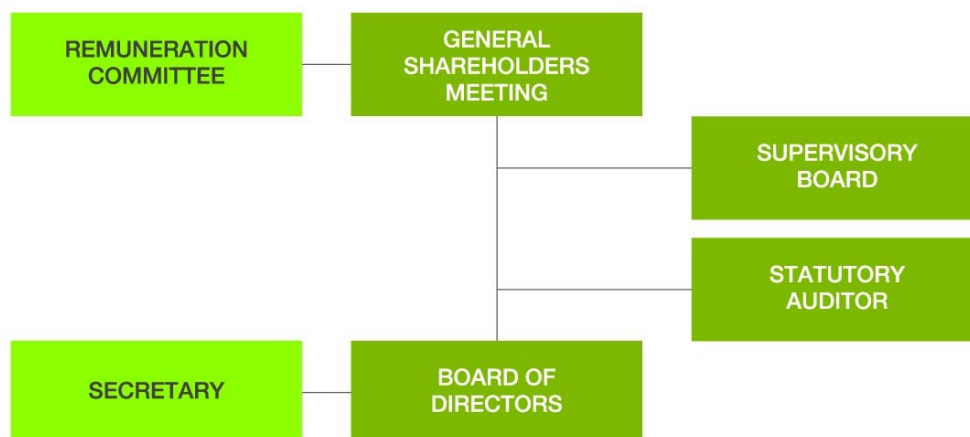
The Vice-President of the Board of Directors and Co-CEO João Manuel Matos Borges de Oliveira is a director and shareholder of CADERNO AZUL, S.A., company which owns a stake of 14.62% in the capital of Altri.

The director Pedro Miguel Matos Borges de Oliveira is the President of the Board of Directors of the Company 1Thing Investments, S.A., holder of a 7% stake in the capital of Altri, and is brother of the director João Manuel Matos Borges de Oliveira.

The director Domingos José Vieira de Matos is director and dominant shareholder of LIVREFLUXO, S.A., company which owns 11.82 % of the share capital of Altri, SGPS, S.A..

The company Promendo SGPS, S.A., holder of 20.94% of the share capital of Altri, SGPS, S.A. has as its director and dominant shareholder Ana Rebelo de Carvalho Menéres Mendonça.

21. Organizational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, including information on delegating powers, particularly as regards the delegation of the company's daily management



In accordance with the current structure of Corporate Governance, the Board of Directors operates collegially and develops its functions of management and coordination of the Group companies on a collective basis and is currently composed by a president and six members, three of them being non-executive.

The Board has been exercising its activity in constant dialogue with the Supervisory Board and the Statutory Auditor, providing the assistance requested with transparency and rigor, complying their regulations and best practices of corporate governance.

There is no limit to the maximum number of positions that the Board members can accumulate as directors of other companies. The members of Altri's Board of Directors are, in most cases, part of the management of the most significant group companies, to enable their activities to be more closely and permanently monitored.

The Board of Directors believes that due to its organizational structure, the only essential specialized commission considering its size and complexity, is the Remuneration Committee, as explained in paragraph 28 below.

The Remuneration Committee is the board responsible for performance evaluation and approving the remuneration of Board members and other corporate bodies, in compliance with the remuneration policy of the Company, approved by shareholders in General Meetings.

Altri's Corporate Finance area, given its integrated and cross-sectional view at the level of all companies in the group, is responsible, on the one hand, for the definition of financial management strategies and policies and, on the other, to secure interface capital markets, debt and banking. Altri's Corporate Finance also develops the mechanisms necessary to implement the outlined financial management strategies and policies.

The planning and management control area provides support in the implementation of corporate strategies and / or business, followed by the group. This area prepares and analyses the management information at the level of all companies in the group, as well as at the consolidated level, monthly, quarterly, semi-annual and annual monitoring deviations from the budget and proposes the necessary corrective measures. Also bears responsibility for building business plans, integrating multidisciplinary work teams created for this purpose, activities that develops along with the ongoing development and technical studies and benchmark existing businesses in order to monitor the performance of Altri having regard to its strategic position.

The legal area provides legal support in all areas of group activity, monitoring and ensuring, on the one hand, the legality of the activities, and ensuring, on the other, relations with Euronext Lisbon, with the CMVM and the shareholders when that in question are legal matters. This area is also responsible for monitoring the corporate governance policy with a view to achieving best practice in this area. This area is also responsible for drawing and / or analysis of contracts that maximize safety and reduce legal risks and potential costs, the management of issues relating to intellectual and industrial property used by the group, such as patents and trademarks, logos, domains and copyright, still exercising the corporate secretarial functions on a permanent monitoring of legal compliance, supporting the Board of Directors to implement their strategies.

The area of investor relations establishes the relationship between the group and the financial community, permanently disseminating relevant and updated information on the same activity. This area is also responsible for assisting the Board of Directors in providing updated information on the capital market as well as aid for the management of institutional relations of Altri, establishing permanent contact with institutional investors, shareholders and analysts and representing the group in associations, forums and events (national or international).

In addition, the operating companies of Altri have their own management control areas that exercise their activity at all levels of the subsidiary companies and prepare monthly reports periodically reported to the respective Boards of Directors.

The distribution of functions between the various members of the Board of Directors is carried out as follows:



Generically, Altri's directors focus their activities in managing the Group holdings and defining its strategic development guidelines. The strategic decisions are adopted by the Board, as a collegiate body including all its members, executives and non-executives, in the normal accomplishment of their duties.

The daily management of each subsidiary is a responsibility of its Board of Directors, which also includes, by rule, some of Altri's directors but also some other members with defined functions.

Thus, taking into consideration the activities developed by the Board Members, both in Altri and in the several subsidiaries, the functional organizational chart can be presented as follows:



b) Functioning

22. Availability and place where rules on the functioning of the Board of Directors may be viewed

The Board of Directors regulation is available on the website of Altri (www.altri.pt) (tab "Investors", section "Governance").

23. The number of meetings held and the attendance report for each member of the Board of Directors

The Company's articles of association provide that the Board of Directors shall meet whenever convened by its chairman, on his own initiative or at the request of any other director and, at least, once a month.

During 2017, the Board of Directors met twelve times, where there was only one absence at a meeting, which was duly justified.

The meetings of the Board are scheduled and prepared in advance, and timely documentation relating to the matters contained in its agenda are provided, to ensure all members of the Board, the conditions for the informed exercise of their functions and the adoption of deliberations in a widely-informed way. Similarly, minutes of meetings, once approved, and the respective notices of meeting are forwarded to the President of the Supervisory Board.

24. Details of competent corporate boards undertaking the performance appraisal of executive directors

The performance assessment and remuneration approval of executive directors belongs to the Remuneration Committee and is based on the functions performed by them in Altri and in its subsidiaries, in compliance with the remuneration policy of the Company, approved by shareholders in General Meetings.

The assessment is based on the functions performed by members representing the Board of Directors and other corporate boards of Altri, considering the responsibilities assumed by each of these members, the added value of each and the accumulated knowledge and experience on the job.

25. Predefined criteria for assessing executive directors' performance

The remuneration of executive members of the Board of Directors includes a variable component of medium term (2011 to 2019, corresponding to three terms) computed based on (i) total shareholders' return (share remuneration plus distributed dividend), (ii) on the sum of consolidated net profit for that period (9 years) and (iii) on the evolution in the Company's business.

26. Availability of each member of the Board of Directors and details of the positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of these boards throughout the financial year

The professional activity of the current members of Altri's Board of Directors, with reference to other companies where they have directors' functions and other relevant activities undertaken are presented in Appendix I.

It should be noted, that the members of Board of Directors showed their total commitment and availability in the exercise of their functions being present and participating in all meetings of that Board.

c) Committees within the Board of Directors or supervisors and delegated administrators

27. Details of the committees created within the Board of Directors and the place where the rules on the functioning thereof is available

The Board of Directors believes that, due to the organizational structure of the Society, the only committee required to meet the essential needs of the Company, considering its size and complexity, is the Remuneration Committee.

Altri has set a Remuneration Committee for the period 2017/2019, which composition is as follows:

- João da Silva Natária – President
- André Seabra Ferreira Pinto – Member
- Pedro Nuno Fernandes de Sá Pessanha da Costa – Member

The Remuneration Committee has a regulation valid for the current term, approved at a meeting of that committee held on December 2014 and which is available for consultation on the Company's website (www.altri.pt) (tab "Investors", "Governance" section).

28. Composition, if applicable, of the executive board and/or identification of board delegates

Altri, considering its organizational structure, and the small size of the Board of Directors, composed by seven members, considers it unnecessary a formal appointment of an Executive Committee on the Board of Directors.

Notwithstanding the above, as stated in paragraph 18 of this report, four members of the Board of Directors perform executive functions – more practical or operational - observing the following

- (i) Timely notices of meetings of the Board of Directors sent to all directors include the agenda, even tentatively, of the meeting, and are accompanied by all the relevant information and documentation;
- (ii) availability of executive directors for the provision to non-executive directors, of any additional information which they consider relevant or necessary, and to carry out further studies and analyses in relation to all matters which are the subject of deliberation or that, are under review in some way, in the Company; and also
- (iii) the non – executive directors have wide powers to obtain information on any aspect of the Company, to examine its books, records, documents and other antecedents of the Company's operations. They can request relevant information directly to the directors and to the financial and operating senior staff of all group companies, without requiring any intervention of the executive directors in this process.

Thus, the Company considers that are guaranteed the necessary conditions for decisions on strategic matters, taken by the Board of Directors as a collegial body composed of all its members, executive and non-executive, in the normal performance of their duties, enlightened and informed way, totally focused on creating value for shareholders.

However, the Board has regularly reflected on the adequacy of the organization, having been always the result of these reflections completion of the conformity of this structure with the best corporate governance practices, which has been materialized in the positive performance of the Company.

29. Description of the powers of each of the committees established and a summary of activities undertaken in exercising said powers

As mentioned in paragraphs 27 and 28, the Board of Directors believes that the only specialized committee indispensable to satisfy the needs of the Company, considering its dimension and complexity, is the Remuneration Committee.

According to the Articles of Association, the Remuneration Committee is the corporate board responsible for performance evaluation and approving the remuneration of Board members and other corporate boards, in compliance with the remuneration policy of the Company, approved by shareholders in General Meetings.

The performance assessment is based on the functions performed by the Remuneration Committee and other corporate bodies in Altri, as well as the responsibility and the added value by each one of the directors and the accumulated experience and knowledge on their functions.

III. SUPERVISION

a) Composition

30. Details of the Supervisory Board representing the model adopted

The Supervisory Board and Statutory Auditor are the supervision boards of the Company.

31. Composition of the Supervisory Board with details of the articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date of first appointment, date of end of the term of office for each member

The Supervisory Board is appointed by the Shareholders' General Meeting, for a three years' mandate, composed of three members and one or two substitutes, responsible for the supervision of the company and the appointment of the Statutory Auditor or Society of Statutory Auditor.

On 31 December 2017, the Supervisory Board was composed by the following members:

- Pedro Nuno Fernandes de Sá Pessanha da Costa – President
- António Luís Isidro de Pinho – Member
- Guilherme Paulo Aires da Mota Correia Monteiro – Member
- André Seabra Ferreira Pinto – Substitute

The Supervisory Board members, Pedro Pessanha and André Pinto, were appointed for the first time in April 2014, whereas António Pinho e Guilherme Monteiro were appointed for the first time in April, 2017 for the period 2017/19.

32. Details of the members of the Supervisory Board which are considered to be independent pursuant to Article 414/5 of Portuguese Companies Act

As a collective board, the assessment of independence of the Supervisory Board is made to all those who compose it, given the application of the number 6 of Article 414 of the Portuguese Companies Act, considering independence in accordance with the definition that is given by number 5 of article 414 and incompatibility according to definition of the number 1 of article 414-A, both of the Portuguese Companies Act. All members that compose the Supervisory Board comply the rules of incompatibility and independence identified above, declaring it by renewing written declarations issued individually.

33. Professional qualifications of each member of the Supervisory Board and other important curricular information

As regards the skills to exercise these functions, all members have appropriate skills to fulfil their duties and the chairman is adequately supported by the other members of the Supervisory Board. Appendix I presents the qualifications and professional activities of the members of the Supervisory Board.

b) Functioning

34. Availability and place where the rules on the functioning of the Supervisory Board may be viewed

The Supervisory Board regulation is available on the website of Altri (www.altri.pt) (tab "Investors", section "Governance").

35. Number of meetings held and the attendance report for each member of the Supervisory Board

During 2017 the Supervisory Board of the Company met 6 times, with only one absence in one of the meetings that was adequately justified. The corresponding minutes are recorded in the minutes' book of the Supervisory Board.

36. The availability of each member of the Supervisory Board indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken

The members of Supervisory Board showed availability in the exercise of their duties attending and participating in almost all meetings of the Board, with only one absence in one meeting, which was properly justified. The information regarding other undertaken positions, qualifications and professional experience of the Supervisory Board members are detailed on Appendix I.

c) Powers and duties**37. Description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor**

The Supervisory Board analyses and approves the nature of other additional services to be performed by the External Auditor, evaluating if the independence is ensured.

The Supervisory Board, exercising its functions and in fulfillment of their duties, carries out an annual evaluation of independence of the External Auditor, particularly regarding non-audit services. Additionally, the Supervisory Board receives, annually, the declaration of independence of the External Auditor where are described the services rendered by it and by other entities of the same network, their fees, possible threats to their independence and safeguard measures. All the potential threats to the independence of the External Auditor are evaluated and discussed with him as well as the respective safeguard measures.

On the other hand, the Board of Directors, at the request of the projects assigned to the group companies' auditors, ensures, before its adjudication, that no services are contracted to them or to their network that, in accordance with the recommendation of the European Commission no. C (2002) 1873 of 16 May, would threaten their independence.

38. Other duties of the supervisory board

The supervision of the Company is assigned to the Supervisory Board, as provided by article no. 420 of the Portuguese Companies Act.

The Supervisory Board also represents the Company regarding the External Auditor and Statutory Auditor and is responsible for proposing the provider for these services, their remuneration and to ensure that they are guaranteed, within the group, suitable conditions for them to provide their services. The Supervisory Board is the first recipient of the reports issued by the External Auditor as well as the group's representative in the relationship with that entity.

The Supervisory Board is responsible for preparing an annual report on its activity and for giving an opinion on the annual report and proposals presented by the Board of Directors as well as monitor the effectiveness of risk management and internal control.

The Board of Directors, together with the Supervisory Board, regularly reviews and oversees the preparation and disclosure of financial information in order to prevent access, improper and untimely of third parties to relevant information.

Additionally, the Supervisory Board issues an opinion on transactions between the directors of Altri and the company or between Altri and companies in a group or domain relationship with the one in which the interested part is director, regardless of the amount, under article 397 of Portuguese Companies Act.

The External Auditor, within the annual audit, analyses the functioning of the internal control mechanisms and reports deficiencies identified; verifies that the key elements of internal control systems and risk management implemented in the company in relation to the process of financial reporting are presented and disclosed in the annual Corporate Governance Report and issues a legal certification of accounts and audit report, which certifies whether that report disclosed about the structure and practices of corporate governance includes the elements referred to in Article 245 -A of Securities Code.

During 2017, the Statutory Auditor monitored the development of company's activity and carried out the tests and inspections deemed necessary to the review and legal certification of the accounts, in interaction with the Supervisory Board and with full cooperation of the Board of Directors.

In addition, the Statutory Auditor pronounced itself on the work it developed in 2017 in its annual audit report subject to the assessment of the Shareholders' Annual General Meeting.

IV. STATUTORY AUDITOR

39. Details of the statutory auditor and the partner that represents same

The Statutory Auditor of the Company for the period 2017-2019 is Ernst & Young Audit & Associados - SROC, S.A., represented by Rui Manuel da Cunha Vieira or Rui Abel Serra Martins.

40. Number of years that the statutory auditor consecutively carries out duties with the company and/or group

Ernst & Young Audit & Associados - SROC, S.A., is responsible for the functions of the Statutory Auditor of the Company and Group's undertakings, since 2017 and was elected for the first mandate on the proposal of the Supervisory Board, in the General Meeting of 26 April 2017.

41. Description of other services that the statutory auditor provides to the company

The Statutory Auditor is simultaneous the External Auditor of Company as detailed in sections below.

V. EXTERNAL AUDITOR

42. Details of the external auditor appointed in accordance with Article 8 and the partner that represents same in carrying out these duties, and the respective registration number at the CMVM

The External Auditor of Company is Ernst & Young Audit & Associados - SROC, S.A. appointed for the effect of article 8 of CVM, represented by Rui Manuel da Cunha Vieira or Rui Abel Serra Martins, registered under the number 1154 and 1110, respectively in the Portuguese Securities Regulator (CMVM).

43. State the number of years that the external auditor and respective partner that represents same in carrying out these duties consecutively carries out duties with the company and/or group

The external auditor was appointed for the first time in 2017 and is now in its first mandate.

44. Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties

Regarding the external auditor, until the new statute of the “Ordem dos Revisores Oficiais de Contas”, approved by the Law nr. 140/2015, of 7th September, became effective, the Company did not have a rotation policy based on a pre-determined number of terms, as this was not a common practice and considering the disadvantages of the rotation.

The policy adopted by the Supervisory Board on this matter, until that approval, has been, previously to the presentation of proposals for the election of the External Auditor for a new term, to carry out a thorough evaluation of the external auditor performance and also the advantages and drawbacks of keeping in functions the same auditor. The principle of rotation was not adopted because from that evaluation resulted the conviction that keeping the same auditor beyond that period did not endanger the required and necessary independence of the Auditor.

The new statute of the “Ordem dos Revisores Oficiais de Contas”, mandatory from 1 January 2016, establishes a new policy regarding external auditor’s rotation for public interest entities, as is Altri’s case. As so, the Supervisory Board initiated a selection process in order to choose a new external auditor in the Annual General Meeting of 2017. Nowadays, external auditors rotation policy follows the legal provisions approved in law nr. 140/2015.

45. Details of the Board responsible for assessing the external auditor and the regular intervals when said assessment is carried out

The Supervisory Board, in the fulfilment of its functions, annually assesses the External Auditor independence. Additionally, the Supervisory Board promotes whenever necessary or appropriate in light of developments in the Company's business or the evolution of the market, a reflection on the adequacy of the External Auditor to carry out its duties.

46. Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the recruitment of such services and a statement on the reasons for said recruitment

No additional services, besides audit where provided by 2017 external auditor.

47. Details of the annual remuneration paid by the company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services:

	2017		2016	
<u>Company</u>				
Audit and statutory audit (€)	1,000	0.7%	1,000	0.2%
Other assurance services (€)	-	0.0%	-	0.0%
Tax consulting services (€)	-	0.0%	-	0.0%
Other services (€)	-	0.0%	-	0.0%
<u>Group entities</u>				
Audit and statutory audit (€)	134,000	99.3%	209,817	38.8%
Annual accounts	134,000		175,000	
Interim accounts	-		34,817	
Other assurance services (€)	-	0.0%	178,927	33.1%
Tax consulting services (€)	-	0.0%	77,873	14.4%
Other services (€)	-	0.0%	73,290	13.5%
<u>Total</u>				
Audit and statutory audit (€)	135,000	100.0%	210,817	39.0%
Other assurance services (€)	-	0.0%	178,927	33.1%
Subtotal assurance services (€)	135,000	100.0%	389,744	72.1%
Tax consulting services (€)	-	0.0%	77,873	14.4%
Other services (€)	-	0.0%	73,290	13.5%
	135,000	100.0%	540,907	100.0%

C. INTERNAL ORGANIZATION

I. Articles of association

48. Rules governing amendment to the articles of association

The statutory amendments follow the applicable legal terms, including the Portuguese Companies Act, which require a two-thirds majority of the issued votes for the adoption of such resolution.

II. Reporting of Irregularities

49. Reporting means and policy on the reporting of irregularities in the company

Altri has a code of ethics and conduct that governs the ethical principles and rules common to the whole Group and that apply to all relationships established between group companies and their stakeholders and has the main goal of driving, through common ethical principles, personal and professional behaviours of the group workers regardless their function or position.

The Code of Ethics and Conduct was widely disseminated to all employees and partners and is published on the Company's website (www.altri.pt) (tab "Investors", "Governance" section).

This code is applied to all Group employees, including the management boards of all group companies, as well as to – with the required adaptations – its external auditors, clients, suppliers and any other service provider, regardless being occasional or permanent services.

All Altri employees should guide their conduct by the following principles:

- Strict compliance with the law, regulations, recommendations and statutory provisions and the internal rules, policies and guidelines of Altri;
- Integrity, ethics, transparency and honesty in decision-making;
- Cooperation and professionalism in relationships with partners and local communities in which each company is inserted;
- Conducting business within a framework of loyalty, rigorously and good faith in meeting the objectives of Altri;
- High consciousness of the necessity for confidential treatment of all information that is produced or to which it has access in the performance of functions;
- Diligent and thrifty treatment of all work tools or assets of the companies, ensuring their protection and its good condition refraining from any use for their own benefit.

The Supervisory Board is the body which should be addressed any reports of irregularities, by any employee, partner, supplier or any other stakeholder.

Altri Group has a specific mechanism for the reporting of irregularities to substantiate ethical violations or cool with significant impact in the areas of accounting, in the fight against corruption, banking and financial crime (Whistleblowing).

When the Board of Directors receives a request for clarification or concern related to the whistleblowing system, forwards it immediately to the Supervisory Board.

The reporting to the Audit Committee of any irregularity or error indication should be made by letter in a sealed envelope with the reference to its confidentiality, to the following address: Rua General Norton de Matos, number 68, R / C, 4050 424 Oporto. Anonymous reports are accepted only exceptionally.

III. Internal control and risk management

50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems

Risk management, as a key issue of the principles of good corporate governance is an area considered critical in Altri, which promotes permanent awareness of all employees, at all levels of the organization, putting in them such responsibility in all processes of decision-making.

Altri has no autonomous internal audit services and compliance. Risk management is ensured by the several Altri's operating units based on a preliminary identification and prioritization of critical risks, by developing risk management strategies in order to implement control procedures considered appropriate to reduce the risk to an acceptable level.

Altri has been monitoring the appropriation of this risk management model that has proved to be entirely appropriate given the organizational structure of the Company.

51. Detail of hierarchical and/or functional dependency in relation to other boards or committees of the company

The Supervisory Board is responsible for supervise action taken related to the evaluation of the operation of risk management mechanisms, and it is to this organ that the control procedures considered adequate to the respective mitigation are reported. It is therefore responsibility of this corporate body the supervision of the actions carried out the Company in these matters.

The External Auditor, in the exercise of their functions, checks the adequacy of mechanisms and procedures involved ensuring the reporting of its conclusions to the Supervisory Board.

The Board of Directors is responsible for monitoring these mechanisms and procedures.

52. Other functional areas responsible for risk control

The Board of Directors is the body responsible for setting the overall strategic guidelines of the group, and is duly supported by the subsidiary management teams, ensuring not only the continuous monitoring, and the reporting to the Board of Directors of Altri, of their situations detected, to ensure continuous and effective risk controls.

Risk management is ensured by various Altri's operating units. The methodology of risk management includes several steps:

- First, internal and external risks that may materially affect the Groups' strategic objectives are identified and prioritized;
- The operational management of the various business units identify risk factors and events that may affect the operations and activities of Altri, as well as any procedures and control mechanisms;
- Additionally, the impact and the probability of occurrence of each risk factor are weighted and according to the exposure level, the need to respond to the risk is evaluated; and
- The risk mitigation actions are monitored and the level of exposure to critical factors is constantly monitored.

The Board of Directors decides the level of exposure assumed by the group in its various activities and, without prejudice the delegation of tasks and responsibilities, sets overall limits of risk and ensures that policies and procedures for risk management are followed.

In the monitoring of the risk management process the Board of Directors as a board responsible for Altri's strategy, has the following objectives and responsibilities:

- Be aware of the most significant risks affecting the group;
- Ensure the existence within the Group, of appropriate levels of knowledge of the risks affecting the operations and how to manage them;
- Ensure the disclosure of the risk management strategy at all levels of hierarchy;
- Ensure that the Group is able to minimize the likelihood and impact of risks in the business; and
- Ensure that the risk management process is adequate and that it maintains a close monitoring of those risks with higher probability of occurrence and higher impact in the group's operations.

The subsidiaries manage their own risks, within the established criteria and delegations set by the board of Directors.

53. Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity

The Board of Directors considers that the Group is exposed to the normal risks associated with its operations, namely in its operating units. Therefore, the main risks considered by the Group are:

Credit Risk

Likewise any activity involving a commercial component, the Group's exposure to credit risk is attributable mainly to the accounts receivable resulting from the Group's operating activity.

This risk is monitored and controlled through a system for collecting financial and qualitative information, provided by entities that provide credible risk information, which allows customers to

evaluate the feasibility of the fulfilment of their obligations, in order to minimize the risk associated with granting credit.

Credit risk evaluation is done in a regular basis, by analysing the current economic conjuncture conditions, in particular the credit situation of each company and, when necessary, adopting the corrective measures.

Credit risk is mitigated by the management of risk concentration of customer and by careful selection of counterparties and the credit insurance contracts with specialized institutions and covering a significant portion of credit granted.

Market Risk

Interest rate risk

Considering the Group's debt, possible variations on the interest rate may have an unwanted impact on the results. Therefore, the Group adopts a balanced position between the cost of the debt and its exposure to the interest rate variability. When the reasonable risk is exceeded, the Group engages interest rate swaps in order to reduce its exposure to risk and to restrict the potential volatility of results.

The Group's exposure to interest rates arises primarily from long-term loans which consist mostly of debt indexed to Euribor.

Exchange rate risk

Due to the great volume of transactions with non-resident entities and with different currencies, other than Euro, exchange rate instability might have a relevant impact on the Group's performance. Therefore, whenever the Group considers necessary to reduce the volatility of its results, the position is covered by contracting derivatives to reduce the volatility of its results.

Commodities price variability risk

By developing its activity in a sector of commodities (pulp), the Group is particularly exposed to its price fluctuations, with the correspondent impacts in their results. However, being in these sectors allows the access to paper pulp price fluctuations hedging contracts in amounts considered adequate for the foreseen operations, reducing the volatility of group's results.

Liquidity risk

Liquidity risk can occur if the sources of financing, such as operating cash flows, cash flows of disinvestment, credit lines and cash flows from financing do not meet the financing needs, such as outputs cash for operating and financing activities, investment, shareholders returns and debt repayment.

The main objective of the liquidity risk management policy is to ensure that the Group has available at all times, the financial resources needed to meet its responsibilities and pursue the strategies outlined by honouring all commitments made to third parties when they become due, through proper management of the maturity of funding.

The Group adopts an active strategy of refinancing focused on maintaining a high level of immediately available funds to meet short term needs and the extension or maintenance of debt maturity in accordance with the forecasted cash flows and the capacity of leveraging of the balance sheet.

Legal, Fiscal and Regulation risks

Altri, as well as your business, comprises permanently, legal, tax and regulatory advices, which works in conjunction with the business areas, ensuring preventively to protect the group's interests in strict compliance with the legal provisions applicable to the business areas of the Company.

This advice is also supported at national and international level by external service providers which are contracted from firms with established reputation and in accordance with highest standards of competence, rigor and professionalism.

However, Altri and its subsidiaries may be affected by legal changes both in Portugal and in the European Union or other countries where it develops its activities. Altri does not control, of course, such changes, if any, may have an adverse impact on the group's business and may therefore impair or prevent the achievement of strategic objectives.

The Group's attitude is of permanent cooperation with the authorities regarding the respect and observance of the law.

Forest Risk

Altri, through its subsidiary Altri Florestal, has a forest area under management amounting to 79,000 hectares, of which 80% is eucalyptus. The forest is certified by FSC®1 (Forest Stewardship Council®) and PEFC (Programme for the Endorsement of Forest Certification), entities that establish the principles and criteria for which is evaluated the sustainability of the forest's management in economic, environmental and social terms.

In this context, all forestry activity is directed towards the optimization of available resources while preserving the environmental stability and ecological values present in its assets and ensuring its development.

The risks associated with any forestry activity are also present in Altri Florestal management. Forest fires, pests and diseases that can occur in forests spread through the country are the biggest risks threatening this sector. These threats, if they occur, depending on their intensity, affect the normal function of the forest's exploration and the production's efficiency.

In order to prevent and reduce the impact of forest fires, Altri Florestal participates in a complementary companies group called Afocelca that has the goal of providing, coordinating and managing the resources available for fire-fighting. At the same time, large investments are made to clean forest areas in order to reduce the risk of spread of the fires as well as reduce losses.

Regarding pests and diseases, its arising can reduce significantly the growth of the forest productivity causing irreversible damages. For combating these problems integrated fight procedures were established through biological fight and using phytopharmaceuticals products to control populations of harmful insects and reduce the negative effects of its presence. On the other hand, in the most affected areas, Altri Florestal is using genetic material more suitable for new plantations which, by its characteristics, allows more resistance to risks arising from biotic or abiotic factors.

54. Description of the procedure for identification, assessment, monitoring, control and risk management

As mentioned in the paragraph 52, the Board of Directors is the body responsible for setting the overall strategic guidelines of the group, and is duly supported by the subsidiary management teams, ensuring not only the continuous monitoring, and the reporting to the Board of Directors of Altri, of their situations detected, to ensure continuous and effective risk controls.

¹ FSC-C004615

The process of identification and evaluation, monitoring, control and risk management in Altri works as follows:

The risks that the group faces in the normal course of its business are identified. For all identified risks, is measured the impact on financial performance and the value of the group. The risk value is compared with the costs of hedging instruments, if available and, consequently, the development of identified risks and the hedging instruments is monitored, which follows, more or less, in compliance with the following methodology:

- First, internal and external risks that may materially affect the Groups' strategic objectives are identified and prioritized;
- The operational management of the various business units identify risk factors and events that may affect the operations and activities of Altri, as well as any procedures and control mechanisms;
- Additionally, the impact and the probability of occurrence of each risk factor are weighted and according to the exposure level, the need to respond to the risk is evaluated; and
- The risk mitigation actions are monitored and the level of exposure to critical factors is constantly monitored.

The Company has implemented additional risk management strategies that aim to ensure, essentially, that the systems and control procedures and the established policies allow answering expectations of management bodies, shareholders and other stakeholders.

Some of these strategies are the following:

- Systems and control procedures and policies are established in accordance with all applicable laws and regulations;
- The financial and operational information is complete, reliable, safe and reported on a regular and timely manner;
- Altri resources are used efficiently and rationally; and
- The shareholder value is maximized and operational management takes the necessary measures to correct problems reported.

55. Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information

In what refers to risk control in the process of disclosure of financial information, a form of control is the involvement of a very limited number of Altri employees in the process.

Everyone involved in financial analysis are considered as having access to privileged information and is especially knowledgeable about the content of their obligations as well as the sanctions resulting from the misuse of such information.

The internal rules for the disclosure of financial information are intended to securing their timing and prevent the asymmetry of the market.

The system of internal control in areas of accounting and preparation and disclosure of financial information is based on the following key elements:

- The use of accounting principles, detailed throughout the notes to financial statements, is one of the bases of the control system;
- Plans, procedures and records of the Company and its subsidiaries provide reasonable assurance that transactions are recorded only properly authorized and that such transactions are recorded in accordance with generally accepted accounting principles;

- Financial information is analysed in a systematic and regular basis for the management of operational units, ensuring a permanent monitoring and control its budget;
- During the process of preparing and reviewing financial information, is previously established a timetable for closure of accounts and shared with the different areas involved, and all documents are reviewed in depth;
- At the level of individual financial statements of the various group companies, the accounting records and preparing financial statements are provided by administrative and accounting services. The financial statements are prepared by official chartered of accounts and reviewed by the financial management of each subsidiary;
- The consolidated financial statements are prepared quarterly by the consolidation team. This process is an additional element of monitoring the reliability of financial reporting, particularly by ensuring the uniform application of accounting principles and procedures for cut-off of operations as well as check balances and transactions between group companies;
- The consolidated financial statements are prepared under the supervision of the financial management. The annual report is sent for review and approval by the Board of Directors. After the approval, the documents are sent to the External Auditor, which issues the Statutory Audit and Auditor's Report; and
- The process of preparing the financial information and consolidated directors' report is monitored by the Supervisory Board and by the Board of Directors. Each quarter, these corporate boards meet and analyse the individual and consolidated financial statements of the Company.

As regards to risk factors that could materially affect the accounting and financial reporting, we should highlight the use of accounting estimates that are based on the best available information during the preparation of financial statements as well as the knowledge and experience of past or present events. We also stress the balances and transactions with related parties: Altri's Group balances and transactions with related parties relate essentially to the operational running of the group companies as well as to granting and obtaining loans at market rates.

The Board of Directors, together with the Supervisory Board, regularly review and monitor the preparation and disclosure of financial information in order to prevent access, improper and untimely, of other persons to relevant information.

IV. Investor Assistance

56. Department responsible for investor assistance, composition, functions, the information made available by said department and contact details

The Company has an investor assistance department which includes the group's market liaison officer and the investor relations.

The contact for investors to obtain information is as follows:

Rua do General Norton de Matos, 68 – r/c
4050-424 Porto
Tel: + 351 22 834 65 02
Fax: + 351 22 834 65 03
Email: investor.relations@altri.pt

Altri provides financial information relating to its individual and consolidated operations, as well as that of its subsidiary companies, through its official internet website (www.altri.pt). This website is also used by the Altri to provide information on press releases, previously disclosed in the Information Disclosure System of the CMVM, as well as any relevant facts occurring in the life of

the Company. This page also includes Altri Group's reports and accounts of the latest years. The majority of the information is available in the site both in Portuguese and in English.

57. Market Liaison Officer

The functions of Group's market liaison officer are performed by Miguel Valente and the investor relations functions are performed by Ricardo Mendes Ferreira.

58. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years

Whenever necessary, the market liaison officer ensures that all relevant information regarding events, facts considered as relevant, disclosure of quarterly results and answers to any requests for clarification by the investors or the general public on public financial information is provided. All information requested by investors are analysed and provided within a maximum of five days.

V. Website

59. Address(es)

Altri's has available a web page with information about the Company and the Group. The address is: www.altri.pt.

60. Place where information on the firm, public company status, headquarters and other details referred to in Article 171 of the Commercial Companies Code is available

[www.altri.pt \ about \ about altri](http://www.altri.pt/about/about%20altri)

61. Place where the articles of association and regulations on the functioning of the boards and/or committees are available

[www.altri.pt \ investors \ governance \ articles of association](http://www.altri.pt/investors/governance/articles%20of%20association)
[www.altri.pt \ investors \ governance](http://www.altri.pt/investors/governance)

62. Place where information is available on the names of the corporate boards' members, the Market Liaison Officer, the Investor Assistance Office or comparable structure, respective functions and contact details

[www.altri.pt \ about \ management team](http://www.altri.pt/about/management%20team)
[www.altri.pt \ investors \ investors assistance](http://www.altri.pt/investors/investors%20assistance)

63. Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements

[www.altri.pt \ investors \ reports and presentations](http://www.altri.pt/investors/reports%20and%20presentations)
[www.altri.pt \ investors \ financial calendar](http://www.altri.pt/investors/financial%20calendar)

64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed

[www.altri.pt \ investors \ general meetings](http://www.altri.pt/investors/general%20meetings)

65. Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available

www.altri.pt \ investors \ general meetings

D. REMUNERATION

I. Power to establish

66. Details of the powers for establishing the remuneration of corporate boards

The Remuneration Committee is responsible for approving the remuneration of the Board of Directors and other corporate bodies representing the shareholders, in accordance with the remuneration policy approved by the shareholders at the General Meeting.

II. Remuneration Committee

67. Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to said committee and a statement on the independence of each member and advisor

Altri currently has set a Remuneration Committee, elected by the general meeting of shareholders for a mandate of three years, starting in 2017 and ending in 2019, and whose composition is as follows:

- João da Silva Natária – President
- André Seabra Ferreira Pinto - Member
- Pedro Nuno Fernandes de Sá Pessanha da Costa – Member

All members of the Remuneration Committee are independent from the members of the Board of Directors. Additionally, in 2017 no persons or entities were hired to assist the members of the Remuneration Committee.

68. Knowledge and experience in remuneration policy issues by members of the Remuneration Committee

The experience and the professional qualifications of the Remuneration Committee members are in their curriculum available on the Company website, www.altri.pt, tab "Investors", Section "Investors/General meetings/2017/Annex: Résumés".

Altri believes that the experience and professional careers of the members of the Remuneration Committee allow them to perform their duties accurately and effectively. In particular, João da Silva Natária has extensive experience and specific knowledge in matters of remuneration policy. Additionally, and whenever necessary, this committee uses specialized resources, internal or external, to support its decisions.

III. Remuneration structure

69. Description of the remuneration policy of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June

As provided in Law 28/2009, of 19 June, a statement on the remuneration policy of the Management and Supervisory boards is submitted annually for appreciation by the General Shareholders Meeting.

The policy on remuneration and compensation of the corporate boards of Altri, approved at the General Meeting held on 26 April 2017, respects, the following principles:

Board of Directors:

In order to establish the value of individual remuneration of each director it will be taken into account:

- The functions performed in the Company and in its subsidiaries
- The responsibility and the added value by individual performance
- Knowledge and experience accumulated on the job
- The economic situation of the Group; and
- The remuneration in the same sector companies and other companies listed on Euronext Lisbon.

The total fixed remuneration of the Board of Directors, included the remuneration that subsidiaries pay to members of Board of Directors cannot exceed 2 million Euro per year.

1. *Executive directors*

- Fixed component, paid monthly;
- Medium term variable component: Intended to align more strongly the interests of executive directors with those of shareholders and will be calculated covering three mandates period, 2011-2019, based on:
 - Total shareholder return (shares valorisation plus distributed dividend)
 - Sum of the net consolidated results of nine years (2011 to 2019)
 - Company's business development

The total amount of the variable component cannot exceed 50% of fixed remuneration earned during the period of 9 years.

2. *Non-executive directors*

The individual remuneration of any non-executive director cannot exceed 120,000 Euro per year, being exclusively fixed.

Supervisory Board:

The remuneration of Members of the Supervisory Board will be based on yearly fixed values at levels considered adequate for similar functions.

General Shareholders Meeting:

The remuneration of the Board of the General Shareholders Meeting will be exclusively fixed and will follow market practices.

Statutory Auditor:

The Statutory Auditor will have a fixed remuneration based on performance of his duties and in accordance with the market price, under the supervision of the Supervisory Board.

Compensation for termination of functions before or on term of mandate:

The remuneration policy maintains the principle of not covering the granting of any compensation to directors or other governing boards, concerning their termination of functions, either early or at the scheduled end of their terms of office, subject to compliance with the legal provisions in force.

It should be added in this respect that in 2017 there was no place to any compensation to former directors.

Scope of principles:

The remuneration policy described above is applicable to Altri and to all companies directly or indirectly controlled by it and the amounts and limits of remuneration, set by it to the remunerations of the Board of Directors, cover the totality of remunerations paid by Altri and by the companies directly or indirectly controlled by it to its members of the Board of directors.

70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the board of directors with the company's long-term interests and how it is based on the performance assessment and how it discourages excessive risk taking

The remuneration policy for executive directors aims to ensure a proper and thorough compensation for the performance and contribution of each director for the success of the organization, aligning the interests of the executive directors with those of the shareholders and of the company. Additionally, the remuneration policy provides for a variable component with deferred payment aiming to more strongly align the interests of the executive directors with those of the shareholders and the long-term interests of the Company.

The proposal for remuneration of executive directors are drawn up considering the functions performed in Altri, SGPS, S.A. and in its subsidiaries, the responsibility and added value by individual performance, the knowledge and the experience accumulated on the job, the economic situation of the company, the remuneration paid by other companies from the same sector and other companies listed on Euronext Lisbon. Regarding the latter point, the Remuneration Committee considers all national companies of equivalent size, particularly listed on Euronext Lisbon, and also companies in international markets with characteristics similar to Altri.

71. Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component

In the General Shareholders Meeting held in 26 April 2017, it was approved the remuneration policy as detailed in paragraph 69 above, which includes a variable component depending on performance during the period between 2011 and 2019.

No mechanisms to prevent executive directors from having employment contracts that question the grounds of the variable remuneration are implemented. However, the Remuneration Committee considers these factors in the criteria for determining the variable remuneration. The Company did not celebrate any agreements with members of the Board of Directors that have the effect of mitigating the risk associated to variability of the remuneration or has become aware of any identical contracts with third parties.

72. The deferred payment of the remuneration's variable component and specify the relevant deferral period

There is currently no variable compensation due which payment was deferred in time.

73. The criteria whereon the allocation of variable remuneration on shares is based

Altri has not in place nor intends to have any form of compensation that may include shares or any other equity based compensation system.

74. The criteria whereon the allocation of variable remuneration on options is based

Altri does not have in place any form of compensation that includes stock options.

75. The key factors and grounds for any annual bonus scheme and any additional non-financial benefits

Altri hasn't any annual bonus scheme or any other non-financial benefits.

76. Key characteristics of the supplementary pensions or early retirement schemes for directors and state date when said schemes were approved at the general meeting, on an individual basis

Altri has no supplementary pension or early retirement schemes for management and supervising boards. The director Laurentina Martins benefits of a plan assigned before her appointment to the Board of Directors because, at the grant date, she was a worker of the subsidiary Caima - Indústria de Celulose, S.A.. The main features and information about this plan are detailed in note 28 a) of the notes to the consolidated financial statements at 31 December 2017.

On 2017 no contribution to the fund as made. As of that date the present value of the payable pensions amounts to 403,028 Euro. Additionally, during 2017 this director received Euro 33,705 from the fund, as retirement pension for age limit.

IV. Remuneration disclosure

77. Details on the amount relating to the annual remuneration paid as a whole and individually to members of the company's board of directors, including fixed and variable remuneration and as regards the latter, reference to the different components that gave rise to same

The remuneration received by the Board of Directors of Altri during 2017, for their functions, include only fixed remunerations paid directly by Altri S.G.P.S., S.A.. They amounted to Euro 1,439,500 distributed as follows: Paulo Fernandes – Euro 392,250; João Borges de Oliveira – Euro 392,250; Domingos Matos – Euro 226,000; Pedro Borges de Oliveira – Euro 226,000; Ana Mendonça – Euro 84,000; Laurentina Martins – Euro 59,500; José Archer – Euro 59,500.

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control

The remunerations received by the members of the Board of Directors were fully paid by Altri S.G.P.S., S.A. and, at December 31, 2017, there are no directors paid directly by any Group's subsidiaries.

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded

During the year, there weren't any remuneration in the form of profit sharing or bonuses.

80. Compensation paid or owed to former executive directors concerning contract termination during the financial year

During the year, no amounts relating to compensation to directors whose functions have ceased have been paid or became due.

81. Details of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory board

The remuneration of the Supervisory Board is composed of a fixed annual amount based on Altri's situation and on the current market practices. In the year ended 31 December 2017, the remuneration of Supervisory Board members amounted to Euro 31,620 distributed as follows: Pedro Pessanha – Euro 15,000; António Pinho – Euro 5,540; Guilherme Silva – Euro 5,540; André Pinto – Euro 2,770; José Guilherme Silva – Euro 2,770. It should be noted that the members António Pinho and Guilherme Monteiro were elected at the Shareholders' Meeting held

on April 26, 2017 and were remunerated as from that date; on the other hand, the members André Pinto and José Guilherme Silva ceased to function on that date.

The remuneration of the Statutory Auditor is described in paragraph 47 above.

82. Details of the remuneration in said year of the Chairman of the Presiding Board to the General Meeting

The remuneration of the Chairman of the Board of the General Meeting in the year ended in 31 December 2017 was Euro 5,000.

V. Agreements with remuneration implications

83. The envisaged contractual restraints for compensation payable for the unfair dismissal of directors and the relevance thereof to the remunerations' variable component

The remuneration policy maintains the principle of not including the granting of any compensation to directors or other governing boards, concerning the termination of their functions, either early or at the scheduled end of their terms of office, subject to the compliance with the legal provisions in force.

84. Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the board of directors and managers, pursuant to Article 248-B/3 of the Securities Market Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid

There are no agreements, between the Company and members of the board of directors or other Altri's directors, pursuant to paragraph 3 of Article 248-B of CVM, which provide compensations in case of resignation, unfair dismissal or termination of employment contract following a takeover bid. There aren't also planned agreements with directors to ensure any compensation in case of non-renewal of their terms of office.

VI. Share-Allocation and/or Stock Option Plans

85. Details of the plan and the number of persons included therein

Altri has no plan to grant shares or stock options to the Board of Directors or to its employees.

86. Characteristics of the plan

Altri does not have any plan to grant shares or stock options.

87. Stock option plans for the company employees and staff

There are no stock options granted for the acquisition of shares which benefit company employees and staff.

88. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by said employees

Not applicable as explained above.

E. RELATED PARTY TRANSACTIONS

I. Control mechanisms and procedures

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties

Currently, there are no established procedures or criteria for defining the relevant significance level of business between the Company and holders of qualifying holdings, or entities in any relationship or group with those shareholders, from which the intervention of the supervisory board is required. However, the Company conducts its action with principles of rigor and transparency, with scrupulous observance of the competitive market rules.

90. Details of transactions that were subject to control in the referred year

There weren't performed businesses or significant transactions between the Company and members of its governing boards (both management and supervision), the holders of qualified shareholdings or companies in a control or group, except those that are part of the current activity of the group and which were carried out under normal market conditions for similar transactions.

There weren't performed any business or transactions with members of the Supervisory Board.

Transactions with group companies are not material and were made under normal market conditions and are part of the current activity of the Company and therefore are not subject to separate disclosure.

91. A description of the procedures and criteria applicable to the supervisory body when the same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying holdings or entity-relationships with the former

Transactions with Altri directors or companies that are in a group or control relationship with the one in which the intervener is a director, regardless of the amount, are subject to the prior authorization of the Board of Directors with a favourable opinion of the Supervisory Board pursuant to Article 397 of the Portuguese Companies Act. In 2017 it was not necessary to the Supervisory Board to issue an opinion because no transactions that require the approval of that board occurred.

II. Data on business deals

92. Details of the place where the financial statements including information on business dealings with related parties are available

Information on related parties is disclosed in note 30 of the notes to consolidated financial statements and note 18 of the notes to the individual financial statements of the Company.

PART II - CORPORATE GOVERNANCE ASSESSMENT

1. Details of the Corporate Governance Code implemented

This report provides a description of the governance structure adopted by Altri, as well as the policies and practices that are adopted.

The report complies with the standards of Article 245-A of the Portuguese Securities Market Code and discloses in accordance with the comply or explain principle, the degree of compliance with the CMVM recommendations incorporated in 2013 CMVM Corporate Governance Code, since this is the Corporate Governance Code adopted by the Company.

There are also fulfilled the duties of disclosure required by Law 28/2009 of 19 June, Articles 447 and 448 of the Portuguese Companies Act and CMVM Regulation No. 5 / 2008, of 2 October 2008.

All the legal provision referred on this report and the recommendations listed in the Corporate Governance Code of 2013, can be found in www.cmvm.pt.

This report should be read as part of the Annual Management Report and as part of the Individual and Consolidated Financial Statements for the fiscal year 2017.

2. Analysis of compliance with the Corporate Governance Code implemented

Altri encouraged all actions to promote the adoption of best corporate governance practices, basing its policy on high ethical standards and social responsibility.

The integrated and effective management of the group is part of the plan of the Altri's Board of Directors. The Board of Directors of Altri encourages transparent relationships with investors and with the market, and has based its performance on the constant search of value creation, to the promotion of the interests of employees, shareholders and other stakeholders.

Altri complies with the majority of recommendations on corporate governance issued by the Securities Market Commission (CMVM) on his Corporate Governance Code of 2013 (Article 245 - 1.O), as follows:

RECOMENDATIONS	COMPLIES	REPORT
I. VOTING AND CONTROL OF THE COMPANY		
I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	Adopted	12, 13 and 14
I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law	Adopted	13 and 14
I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	Adopted	12 and 13
I.4. The company's articles of association that provide for restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the general assembly (five years intervals), on whether that statutory provision is to be amended or prevails - without superquorum requirements as to the one legally in force - and that in said resolution, all votes issued be counted, without applying said restriction.	Adopted	13 and 14
I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	Adopted	2, 4, 5 and 6

RECOMMENDATIONS	COMPLIES	REPORT
II. SUPERVISION, MANAGEMENT AND OVERSIGHT		
II.1 SUPERVISION AND MANAGEMENT		
II.1.1. Within the limits established by law, and except for the small size of the company, the board of directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	Adopted	21 and 28
II.1.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the company, ii) define business structure of the group, iii) decisions considered strategic due to the amount, risk and particular characteristics involved.	Adopted	21 and 28
II.1.3. The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	Not applicable	
II.1.4. Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees; b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.	Adopted	21, 27, 28 and 29
II.1.5. The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.	Adopted	52, 54 and 55
II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.	Adopted	18
II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been an employee at the company or at a company holding a controlling or group relationship within the last three years; b. Having, in the past three years, provided services or established commercial relationship with the company or company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal person; c. Being paid by the company or by a company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member; d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings; e. Being a qualifying shareholder or representative of a qualifying shareholder.	Not Adopted	18
II.1.8. When board members that carry out executive duties are requested by other board members, said shall provide the information requested, in a timely and appropriate manner to the request.	Adopted	18
II.1.9. The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairman of the Financial Matters Board, the convening notices and minutes of the relevant meetings.	Adopted	23
II.1.10. If the chair of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.	Not Adopted	18
II.2. SUPERVISION		
II.2.1. Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	Adopted	32 and 33
II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Adopted	38
II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.	Adopted	45
II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	Adopted	38
II.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.	Not applicable	50 and 51

RECOMENDATIONS	COMPLIES	REPORT
II.3. REMUNERATION SETTING		
II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	Adopted	67 and 68
II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	Adopted	67
II.3.3. A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies ; b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable; c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	Adopted	69
II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.	Not applicable	73 and 74
II.3.5. Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.	Not applicable	76
III. REMUNERATION		
III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.	Adopted	70
III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or of its value.	Adopted	78, 81 and 82
III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	Adopted	69
III.4. A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.	Adopted	69
III.5. Members of the Board of Directors shall not enter into contracts with the company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.	Adopted	71
III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.	Not applicable	73 and 74
III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.	Not applicable	74
III.8. When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.	Adopted	69 and 83
IV. AUDITING		
IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.	Adopted	38
IV.2. The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the company.	Adopted	47
IV.3. Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	Adopted	40, 42, 43 and 44
V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS		
V.1. The company's business with holders of qualifying holdings or entities with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.	Adopted	90
V.2. The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities Code - thus significant relevant business is dependent upon prior opinion of that body.	Not Adopted	91
VI. INFORMATION		
VI.1. Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.	Adopted	59 to 65
VI.2. Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.	Adopted	56 to 58

The recommendations II.1.7., II.1.10. and V.2. are not fully adopted by Altri, as explained below.

Recomendations II.1.7. and II.1.10.:

The Board Directors does not include any member that satisfies the standard of independence referred in recommendation II.1.7 and II.1.10 of Corporate Governance Code issued by the Portuguese Securities Market Regulator (CMVM) since the non-executive director Laurentina da Silva Martins was employee of subsidiary Caima – Indústria de Celulose, S.A., the non-executive director Ana Rebelo de Carvalho Menéres is the manager and controlling shareholder of the Company Promendo SGPS, S.A. and the non-executive director José Manuel de Almeida Archer is also a shareholder and manager of the Company Promendo SGPS, S.A.

To allow to the non-executive directors an independent and informed decision, the Company has the following mechanisms:

- Notices of meetings of the Board of Directors sent to all directors include the agenda, even tentatively, of the meeting, and are accompanied by all the relevant information and documentation;
- Availability of executive directors for the provision to non-executive directors, of any additional information which they consider relevant or necessary, and to carry out further studies and analyses in relation to all matters which are the subject of deliberation or that, are under review in some way, in the Company;
- The non – executive directors have wide powers to obtain information on any aspect of the Company, to examine its books, records, documents and other antecedents of the Company's operations. They can request relevant information directly to the directors and to the financial and operating senior staff of all group companies, without requiring any intervention of the executive directors in this process.

The Company considered and reflected on this circumstantialism considering, on the one hand, the corporate model adopted and, on the other hand, the composition and functioning of its corporate bodies as a whole (namely the Board of Directors as a collegiate body, the Board Prosecutor and the Statutory Auditor, with their inherent independence) and concluded that any appointment, for purely formal reasons, of independent directors would not be of any significant value to the Company's performance or to an (eventual) better functioning of the model adopted, considering that both the model and the model have proved to be positive, relevant, adequate and efficient.

The Director's report includes in its chapter "Activity developed by the non-executive members of the Board," a description of the activity of the non-executive directors during 2017.

Recommendation V.2.:

Transactions with Altri's directors or with companies that are in a group or dominance relationship with them, regardless of the amount, are subject to prior approval of the Board of Directors, with a favourable opinion of the Statutory Board, under the terms of article 397 of the Portuguese Companies Act.

Currently, there aren't established procedures or criteria for defining the relevant level of significance of businesses between the company and holders of qualified holdings or entities that are in a group or dominance relationship, from which the intervention from the Supervision Board is required.

However, given the above legal obligation, and considering especially the legal requirement of the same legislation that requires the disclosure of these situations in the annual report of the board of directors, that Altri would always give full compliance, we consider all legal requirements are safeguarded as well as all the obligations of full and transparent information disclosure to shareholders and to the market.

3. Other information

In line with what has been said, Altri would like to point out that, of the forty recommendations contained in the CMVM Corporate Governance Code of 2013, six of them are not applicable for the reasons set out above, and the failure to fully adopt only three of the recommendations is largely explained above.

Altri therefore considers that, given the full compliance of thirty-one of these recommendations, the degree of adoption of the Company to the 2013 Corporate Governance Code's recommendations is practically total, which is materialized in a diligent and prudent management, absolutely focused on creating value for the Company and hence for shareholders.

LEGAL MATTERS

Treasury Shares

Pursuant to the requirements of article 66 of the Portuguese Companies Act, the Directors inform that as of 31 December 2017 Altri had no treasury shares and did not acquire or sell any treasury shares during the year.

Shares held by Altri's corporate bodies

Pursuant to the requirements of article 447 of the Portuguese Companies Act, the Directors inform that, as of 31 December 2017, they held the following shares:

Paulo Jorge dos Santos Fernandes ^(a)	24,324,874
João Manuel Matos Borges de Oliveira ^(b)	30,000,000
Domingos José Vieira de Matos ^(c)	24,250,110
Ana Rebelo de Carvalho Menéres de Mendonça ^(d)	42,954,552
José Manuel de Almeida Archer	11,500

^(a) – The 23,854,874 shares represent Altri SGPS, S.A. total shares held by the company “ACTIUM CAPITAL, S.A.” of which Paulo Jorge dos Santos Fernandes is the dominant shareholder and director.

^(b) – The 30,000,000 shares represent Altri SGPS, S.A. total shares held by the company Caderno Azul, S.A., of which João Manuel Matos Borges de Oliveira is director and shareholder.

^(c) – The 24,250,110 shares represent Altri SGPS, S.A. total shares held by the company LIVREFLUXO, S.A., of which Domingos José Vieira de Matos is director and dominant shareholder.

^(d) – The 42,954,552 shares represent Altri SGPS, S.A. total shares held by the company PROMENDO – SGPS, S.A., of which Ana Rebelo de Carvalho Menéres de Mendonça is director and dominant shareholder.

As of December 31, 2017, the Statutory Auditor, the members of the Supervisory Board and the members of the Board of the General Shareholders' Meeting held no shares of Altri.

Participation in the Company's share capital

Pursuant to the requirements of articles 16 and 20 of the Securities Market Code and article 448 of the Portuguese Companies Act, the Directors inform that, in accordance with the notifications received until 31 December 2017, the companies and/or individuals that hold qualified participations exceeding 2%, 5%, 10%, 20%, 33% and 50% of the voting rights are, according to the notifications reported by Altri headquarters at December 31, 2017, as follows:

	No. of shares held on 31-dec-2017	% Share capital with voting rights
Norges Bank		
Directly	4,149,572	2.02%
Total attributable	4,149,572	2.02%

	No. of shares held on 31-dec-2017	% Share capital with voting rights
Lazard Frères Gestion		
Directly	4,150,000	2.02%
Total attributable	4,150,000	2.02%

	No. of shares held on 31-dec-2017	% Share capital with voting rights
Indumenta Pueri, S.L.		
Through Wilmington Capital, S.L.	11,000,000	5.36%
Total attributable	11,000,000	5.36%

	No. of shares held on 31-dec-2017	% Share capital with voting rights
1 Thing, Investments, S.A.		
Directly ^(a)	14,359,708	7.00%
Total attributable	14,359,708	7.00%

(a) - The 14.359.708 Altri, SGPS, S.A. shares are directly held by the company 1 THING INVESTMENTS, S.A., whose board of directors includes Altri's director Pedro Miguel Matos Borges de Oliveira.

	No. of shares held on 31-dec-2017	% Share capital with voting rights
Domingos José Vieira de Matos		
Through Livrefluxo, S.A. (of which he is dominant shareholder and director)	24,250,110	11.82%
Total attributable	24,250,110	11.82%

	No. of shares held on 31-dec-2017	% Share capital with voting rights
Paulo Jorge dos Santos Fernandes		
Through Actium Capital, S.A. (of which he is dominant shareholder and director)	24,324,874	11.86%
Total attributable	24,324,874	11.86%

	No. of shares held on 31-dec-2017	% Share capital with voting rights
João Manuel Matos Borges de Oliveira		
Through CADERNO AZUL, S.A. (of which he is shareholder and director)	30,000,000	14.62%
Total attributable	30,000,000	14.62%

	No. of shares held on 31-dec-2017	% Share capital with voting rights
Promendo - SGPS, S.A.		
Directly ^(a)	42,954,552	20.940%
Through is director José Manuel de Almeida Archer	11,500	0.006%
Total attributable	42,966,052	20.946%

(a) - The 42.954.552 shares correspond to the total Altri, SGPS, S.A. shares directly held by the company Promendo - SGPS, S.A. of which the director Ana Rebelo de Carvalho Menêres de Mendonça is director and majority shareholder.

Altri was not informed of any participation exceeding 33% of voting rights.

Diversity Policy - Article 245 A (1) (r) of the Portuguese Companies Act

Diversity policy is not a new topic in the Altri group. In fact, although the areas of activity of the group - eminently industrial - are historically more prone to predominance of men, the truth is that not only in the Board of Directors, but also in the positions of senior and middle management, that the Group, as of many years now, has been defining and implementing policies that have become more gender-responsive.

It should be noted that Altri's Board of Directors, elected in April 2017 for the mandate corresponding to the three-year period 2017/2019 (and therefore before the entry into force of Law 89/2017 of 28 July) is composed of seven members, of which five men and two women, representing almost 30% of the composition of that body. This composition was similar in the previous mandate, corresponding to the triennium 2014/2017.

The Board of Directors, without losing the guiding principle of meritocracy, promotes diversity policies at various levels, such as:

- Instructions to the human resources areas of the various operating companies so that:
 - career advancement policies, performance evaluation and salary reviews are defined on the basis of diversity promotion concerns;
 - in recruitment processes, seek to promote such diversity by always presenting lists of potential workers to be recruited sufficiently representative of both gender.
- Instructions to the operational areas so that the multidisciplinary teams formed in the scope of the most varied projects are constituted always based on the concern of a balanced representation.

At Altri there is the conviction that a healthy gender balance contributes decisively to the teams being more eclectic, self-challenging and proactive, so promoting this diversity is a Group's goal.

Non-Financial Matters

As required by Directive 2017/95/EU of the European Parliament and of the Council, transposed by national law by Decree-Law No 89/2017 of 28 July, the Group should provide information on non-financial matters. Such information should be sufficient for an understanding of the evolution, performance, position and impact of its activities, relating at least to environmental, social and worker-related issues, equality between women and men, non-discrimination, respect for human rights, the fight against corruption and bribery attempts. Under the paragraphs 8 and 9 b) of article 508 G of the Portuguese Companies Act, the Group will present, by June 30, 2018, a separate sustainability report which will include information on non-financial matters.

CLOSING REMARKS

We don't want to conclude without thanking the various partners of the group for their trust in our organization. Finally, we would like to express our gratitude to all our employees for their dedication and commitment.

Oporto, March 21, 2018

The Board of Directors

Paulo Jorge dos Santos Fernandes

João Manuel Matos Borges de Oliveira


Domingos José Vieira de Matos

Laurentina da Silva Martins

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo Carvalho Menéres Mendonça

José Manuel de Almeida Archer



APPENDIXES
TO THE
MANAGEMENT
REPORT

STATEMENT UNDER THE TERMS OF ARTICLE 245, PARAGRAPH 1, C) OF THE SECURITIES MARKET CODE

The signatories individually declare that, to the best of their knowledge, the Management Report, the Individual and Consolidated Financial Statements and other accounting documents required by law or regulation were prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, giving a truthful and appropriate image of assets and liabilities, financial position and the consolidated and individual results of Altri, SGPS, S.A. and of the companies included in the consolidation perimeter and that the Management Report exposes truly the evolution of business, performance and financial position of Altri, SGPS, S.A. and of its subsidiaries included in the consolidation perimeter as well as a description of the major risks and uncertainties faced.

STATEMENT OF RESPONSIBILITY

The members of the Board of Directors of Altri, S.G.P.S., S.A. declare that they assume responsibility for this information and affirm that the items included herein are true and that, to the best of their knowledge, there are no omissions.

As required by article 210 of the Social Security Contributions Plan Code (approved by Law 110/2009 of 16 September), the Board of Directors informs that there are no overdue debts to the State, namely with respect to Social Security.

APPENDIX I

1. Board of Directors

Qualifications, experience and positions held in other companies by the members of the Board of Directors:

Paulo Jorge dos Santos Fernandes

He was one of the founders of Cofina (company that led to the creation of Altri, by spin-off), and has been involved in the Group's management since its incorporation. Graduated from Oporto University with a degree in Electronic Engineering, also has an MBA from the Nova University of Lisbon.

He is shareholder of the Company since 2005 having been also appointed Director at the same date.

He develops his activities in Media, Internet and paper pulp's industry. Nowadays is CEO of Cofina SGPS, S.A., CO-CEO of Altri, of which he is co-founder, shareholder, member of the Board of Directors and President.

He is also a member of the Board of Directors of F. Ramada Investimentos, SGPS, S.A.

In addition to the Companies where he currently performs management functions, his professional experience includes:

1982/1984	Assistant Director of Production of CORTAL
1986/1989	General Director of CORTAL
1989/1994	President of the Board of CORTAL
1995	Director of CRISAL – CRISTAIS DE ALCOBAÇA, S.A.
1997	Director of Grupo Vista Alegre, S.A.
1997	Chairman of the Board of ATLANTIS - Cristais de Alcobaca, S.A.
2000/2001	Director of SIC

Throughout his career, also played roles in several associations:

1989/1994	President of FEMB (Fédération Européene de Mobilier de Bureau) for Portugal;
1989/1990	President of the General Meeting Assoc. Industr. Águeda
1991/1993	Member of the Advisory Board Assoc. Ind. Portuense
Since 2005	Member of Superior Board at the MBA Former Student's Association
2013/2016	President of the Supervisory Board of BCSD
Since 2006	Member of the Advisory Board for engineering and management of IST
Since 2016	Member of the Board of CELPA – Associação da Indústria Papeleira

The other companies where he carries out management functions as of 31 December 2017 are as follows:

- A Nossa Aposta – Jogos e Apostas Online, SA. (a)
- Actium Capital, S.A. (a)
- Altri Abastecimento de Madeira, S.A.
- Altri Participaciones Y Trading, S.L.
- Articulado – Actividades Imobiliárias, S.A. (a)
- Caima – Indústria de Celulose, S.A.
- Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.
- Celulose Beira Industrial (Celbi), S.A.
- Celtejo – Empresa de Celulose do Tejo, S.A.
- Cofihold, S.A. (a)
- Cofihold II, S.A. (a)

- Cofina, SGPS, S.A. (a)
- Cofina Media, S.A. (a)
- Elege Valor, Lda. (a)
- F. Ramada II Imobiliária, S.A. (a)
- F. Ramada Investimentos, SGPS, S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A. (a)
- Ramada Storax, S.A. (a)
- Santos Fernandes & Vieira Matos, Lda. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A.

(a) Companies that, as of December 31, 2017 cannot be considered to be part of Altri, S.G.P.S., S.A. group.

João Manuel Matos **Borges de Oliveira**

He was also one of the founders of Cofina (from which resulted Altri) and has been involved in the Group's management since its incorporation. Graduated from Oporto University with a degree in Chemical Engineering, holds an MBA from INSEAD. He develops his activity in the media and industrial operations, as well as in the strategic definition of the Group. He is a shareholder of the company since 2005 and has also been appointed director on the same date.

He develops his activities in Media, steels and paper pulp's industry. Nowadays is Co-CEO and Vice-President of Altri, of which he is co-founder and shareholder. He is also President of the Board of Directors of F. Ramada Investimentos, SGPS, S.A..

In addition to the Companies where he currently performs management functions, his professional experience includes:

1982/1983	Assistant Production Director of Cortal
1984/1985	Production Director of Cortal
1987/1989	Marketing Director of Cortal
1989/1994	General Director of Cortal
1989/1995	Vice President of the Board of Cortal
1989/1994	Director of Seldex
1992/1994	Vice President of General Meeting of Assoc. Industr. Águeda
1995/2004	President of Supervisory Board of Assoc. Industr. Aveiro
1996/2000	Non-executive Director of Atlantis, S.A.
1997/2000	Non-executive Director of Vista Alegre, S.A.
1998/1999	Director of Efacec Capital, SGPS, S.A.
2008/2015	President of Supervisory Board of Porto Business School
2008/2011	Non-executive Director of Zon Multimédia, SGPS, S.A.
2011/2013	Member of ISCTE-IUL CFO Advisory Forum

The other companies where he carries out management functions as of 31 December 2017 are as follows:

- Altri Abastecimento de Madeira, S.A.
- Altri Participaciones Y Trading, S.L.
- Caderno Azul, S.A. (a)
- Caima – Indústria de Celulose, S.A.
- Caima Energia – Emp. Gestão e Exploração de Energia, S.A.
- Captaraíz – Unipessoal, Lda.
- Celulose Beira Industrial (Celbi), S.A.
- Celtejo – Empresa de Celulose do Tejo, S.A.
- Cofina, SGPS, S.A. (a)
- Cofina Media, S.A. (a)
- Cofihold, S.A. (a)
- Cofihold II, S.A. (a)
- Elege Valor, Lda. (a)
- F. Ramada Investimentos, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A. (a)
- Indaz, S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A. (a)
- Ramada Storax, S.A. (a)
- Storax Limited (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A.
- Universal – Afir, S.A. (a)

a) – Companies that, as of December 31, 2017 cannot be considered to be part of Altri, S.G.P.S., S.A. group

Domingos José Vieira de Matos

He was one of the founders of Cofina (company that originated Altri by spin-off) and has been directly involved in the management of the Group since its beginning. He holds a degree in Economics from the Faculty of Economy of Oporto and began his carrier in management in 1978. He is a shareholder of the Company since 2005 and has been director since that date.

In addition to the Companies where he currently performs management functions, his professional experience includes:

1978/1994	Director of CORTAL, S.A.
1983	Founding Partner of PROMEDE – Produtos Médicos, S.A.
1998/2000	Director of ELECTRO CERÂMICA, S.A.

The other companies where he carries out management functions as of 31 December 2017 are as follows:

- Altri Florestal, S.A.
- Caima – Indústria de Celulose, S.A.
- Celulose Beira Industrial (Celbi), S.A.
- Cofina, SGPS, S.A. (a)
- Cofihold, S.A. (a)
- Cofihold II, S.A. (a)
- Elege Valor, Lda. (a)
- F. Ramada Investimentos, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A. (a)
- Livrefluxo, S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A. (a)
- Ramada Storax, S.A. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A.
- Universal - Afir, S.A. (a)

(a) – companies that, as of 31 December 2017, cannot be considered as part of the Altri, SGPS, S.A. group.

Laurentina da Silva Martins

With education in Finance and Administration from Instituto Superior do Porto she is related with Altri Group since its incorporation and was appointed director of the company in March 2009.

Her Professional experience includes:

1965	Financial direction assessor of Companhia de Celulose do Caima, S.A.
1990	Financial director of Companhia de Celulose do Caima, S.A.
2001	Director of Cofina Media, SGPS, S.A.
2001	Director of Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.
2004	Director of Grafedisport – Impressão e Artes Gráficas, S.A.
2005	Director of Silvicaima – Sociedade Silvícola do Caima, S.A. (now Altri Florestal, S.A.)
2006	Director of EDP – Produção Bioelétrica, S.A.

The other companies where she carries out management functions as of 31 December 2017 are as follows:

- EDP – Produção Bioelétrica, S.A.
- Ródão Power – Energia e Biomassa do Ródão, S.A.
- Sociedade Bioelétrica do Mondego, S.A.
- Biorodão, S.A.

Pedro Miguel Matos Borges de Oliveira

Holds a degree in Financial Management by the Institute of Administration and Management of Porto. In 2000 completed the Executive MBA in the Enterprise Institute Porto in partnership with ESADE Business School, Barcelona, currently Catholic Porto Business School. In 2009 completed the Business Valuation Course in EGE-Business Management School. Was appointed director of the Company in April 2014.

In addition to the Companies where he currently performs management functions, his professional experience includes:

1986/2000	FERÁGUEDA, Lda. - Management advisor
1992	Bemel, Lda. - Director
1997/1999	GALAN, Lda. – Assistant Director
1999/2000	F.Ramada, Aços e Indústrias, S.A. – Assistant Director
2000	F. Ramada, Aços e Indústrias, S.A. - Director
2006	Universal Afir, Aços Especiais e Ferramentas, S.A. - Director
2009	F. Ramada Investimentos, S.G.P.S., S.A. - Director

The other companies where he carries out management functions as of 31 December 2017 are as follows:

- Altri Florestal, S.A.
- Celulose Beira Industrial (Celbi), S.A.
- Cofihold, S.A. (a)
- Cofihold II, S.A. (a)
- Cofina, S.G.P.S., S.A. (a)
- F. Ramada Investimentos, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A. (a)
- Ramada Storax, S.A. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A.
- Universal - Afir, S.A. (a)
- Valor Autêntico, S.A. (a)
- 1 Thing, Investments, S.A. (a)

(a) – companies that, as of 31 December 2017, cannot be considered as part of the Altri, SGPS, S.A. group.

Ana Rebelo de Carvalho Menéres de Mendonça

Holds a degree in Economics by the Universidade Católica Portuguesa of Lisbon. Was appointed director of the Company in April 2014.

In addition to the Companies where she currently performs management functions, her professional experience includes:

1995	Newspaper "Semanário Económico" - Journalist in the economics area.
1996	Citibank – Commercial Department
1996	Promendo, S.A.- Director
2009	PROMENDO, SGPS, S.A. - Director

The other companies where she carries out management functions as of 31 December 2017 are as follows:

- Cofina, S.G.P.S., S.A. (a)
- Cofihold, S.A. (a)
- Cofihold II, S.A. (a)
- F. Ramada Investimentos, SGPS, S.A. (a)
- F. Ramada II Imobiliária, S.A. (a)
- Promendo, SGPS, S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A. (a)
- Ramada Storax, S.A. (a)

(a) – companies that, as of 31 December 2017, cannot be considered as part of the Altri, SGPS, S.A. group.

José Manuel de Almeida Archer

Holds a degree in law by the Universidade Católica Portuguesa of Lisbon and he is a member of the Lawyers Association since 1984.

In addition to the Companies where he currently performs management functions, his professional experience includes:

1985-1987	Phoenix Assurance, PLC (Portugal Agency) – Director
1999-2001	President of the board of directors of Selecta – Sociedade Gestora do Fundo do Investimento Imobiliário Selecto II, S.A.
1998-2001	Member of Legal & Tax Committee (Nasdaq Europe)
2000-2014	Companhia das Quintas SGPS, S.A. – Director
2004-2013	Blues Group (UK) – Director
1997-2001	Member of Executive Board of FEE - Foundation for Environmental Education (Denmark)

The other companies where he carries out management functions as of 31 December 2017 are as follows:

- ABAE - Associação Bandeira Azul da Europa (a)
- Banco Finantia Sofinloc, SA., (Espanha) (a)
- Correia Afonso Archer & Associados – Sociedade de Advogados, RL. (a)
- Promendo SGPS, S.A. (a)
- Promendo – Promoções Empresariais, S.A. (a)
- Vialegis AEIE (Madrid) (a)

Other positions held:

- President of the Supervisory Board of:
- Banco Finantia, S.A. (a)
 - Ginásio Clube Português (a)

(a) – companies that, as of 31 December 2017, cannot be considered as part of the Altri, SGPS, S.A. group.

2. Supervisory Board

Qualifications, experience and positions held in other companies by members of the Supervisory Board:

Pedro Nuno Fernandes de Sá Pessanha da Costa

Qualifications: Degree in Law from the Faculty of Law of the University of Coimbra in 1981
Complementary training in Company Management and Economic Financial Analysis at the School of Law of the Portuguese Catholic University, Porto, 1982 and 1983.

Professional Experience: Member of the Lawyers Bar ("Ordem dos advogados) since 1983
President of the General and Supervisory Board of a public company from 1996 to 2010, President of the General Shareholders Meeting of several listed and non-listed companies
Continuous law practice since 1983, with a special focus on commercial law and corporate law, mergers and acquisitions, foreign investment and international contracts
Co-author of the chapter on Portugal in "Handbuch der Europäischen Aktien- Gesellschaft" – Societas Europaea – by Jannot / Frodermann, published by C.F. Müller Verlag

Other positions held:

President of the Supervisory Board of Banco Português de Investimento, S.A. (a)
President of the Supervisory Board of Cofina, SGPS, S.A. (a)
President of the Supervisory Board of F. Ramada Investimentos, SGPS, S.A. (a)
Member of the Cofina, SGPS, S.A. Remuneration Committee (a)
Member of the F. Ramada Investimentos, SGPS, S.A. Remuneration Committee (a)
President of the Shareholders General Meeting of Super Bock Group, SGPS, S.A. (a)
President of the Shareholders General Meeting of SOGRAPE, SGPS, S.A. (a)
President of the Shareholders General Meeting of SOGRAPE Vinhos, S.A. (a)
President of the SOGRAPE SGPS, S.A. Remuneration Committee (a)
President of the Shareholders General Meeting of Adriano Ramos Pinto, S.A. (a)
President of the Shareholders General Meeting of Aquitex – Acabamentos Químicos Têxteis, S.A. (a)
Honorary Consul of Belgium in Oporto (a)
Vice-President of Board of Directors of Associação do Corpo Consular do Porto

(a) – companies that, as of 31 December 2017, cannot be considered as part of the Altri, SGPS, S.A. group.

António Luís Isidro de Pinho

Qualifications: Degree in Economics, from Instituto Superior de Ciências do Trabalho e da Empresa (I.S.C.T.E.), (1973 – 1978).
Degree in Corporate Organization and Business Administration, from Instituto Superior de Ciências do Trabalho e da Empresa (I.S.C.T.E.), (1986 – 1989)
Statutory Auditor, since 1987.
Member of the Order of Economists, the Order of Technical Officials Accounts and the Portuguese Association of Tax Consultants.

Professional Experience: The 35 years of working experience have been focused on external internal audit and financial management of several companies.
He began his professional activity in 1976 as a financial department in several companies.
From January 1982 till December 1986, he joined Arthur Andersen & Co as Audit Manager.
From 1987 till 1996 he was financial advisor to several commercial and industrial companies.
From October 1997 till November 2008, he joined the staff of Moore Stephens, as partner of A. Gonçalves Monteiro & Associados, SROC.
Since 1996, he has been a full-time statutory auditor, having integrated Veiga, Pinho & Silva - SROC, a company that has been incorporated into Kreston Associados.
He is currently partner responsible for the legal review of the accounts of several industrial and commercial companies.
Since 1997, he has held a position as single Auditor, member of the Fiscal Council and External Auditor of several commercial and industrial companies of significant size and different activity sectors.
He is Managing Partner of Kreston & Associados - SROC, Lda.
He performs technical duties as Statutory Auditor and is responsible for the firm in the area of Quality Control.

Other positions held:

Cofina, S.G.P.S., S.A. (Member of the Supervisory board) (a)
F. Ramada - Investimentos, S.G.P.S., S.A. (Member of the Supervisory board)
(a)

(a) – companies that, as of 31 December 2017, cannot be considered as part of the Altri, SGPS, S.A. group.

Guilherme Paulo Aires da Mota Correia Monteiro

Qualifications: Degree in Economics at Economics University of Porto
Master in Business Administration, IEDE

Professional Experience: He began his career in 1991 at Deloitte in the area of Management Solutions. In 1999, he was promoted to Manager of the Financial Services MS Porto department.
In 2007 he was promoted to Associate Partner of Deloitte's Corporate Finance department.
From 2002 to 2013 he was responsible for the Corporate Finance Division in Oporto, specialized in mergers and acquisitions, appraisals, debt advisory and project finance.
From 2014 to 2016 integrated Deloitte's Financial Advisory Services division in Lisbon, in the areas of M & A, Debt Advisory and Investment and Capital Projects.
His activity was carried out in companies of different sectors of activity, namely in the tourism, real estate, private equities, banking, construction, health, automotive, metal-mechanic, agri-food, textile, cork, furniture, chemical and TMT sectors.
He has a solid background in mergers and acquisitions, MBO, MBI, appraisals, strategic consulting, feasibility studies, investment projects, business plans, corporate recovery, private placements, project finance and debt advisory.

Other positions held:

Cofina, S.G.P.S., S.A. (Member of the Supervisory board) (a)
F. Ramada - Investimentos, S.G.P.S., S.A. (Member of the Supervisory board)
(a)
Independent Consultant (a)

André Seabra Ferreira Pinto

Qualifications: Degree in Economics at University Portucalense
Chartered Accountant (ROC no. 1,243)
Executive MBA - Management School of Porto - University of Porto Business School

Professional Experience: Between September 1999 and May 2008, worked in the Audit Department of Deloitte & Associados, SROC, S.A. (initially as a member of staff and since September 2004 as Manager).
Between June 2008 and December 2010, Senior Manager of Corporate Finance department - Transaction Services at Deloitte Consulting.
Between January 2011 and March 2013, CFO of companies WireCoWorldGroup Group in Portugal (a)
Since April 2013, Director (CFO) of Mecwide Group (a)
Director of MWIDE, SGPS, S.A. (a) as well as of all the companies of Mecwide Group
Manager of Together We Change Investments, LDA, Virtusai LDA. and Apparently Relevant, Lda. (a)

Other positions held:

Member of the Supervisory Board of Cofina, SGPS, S.A. (a)
Member of the Supervisory Board of F. Ramada Investimentos, SGPS, S.A. (a)

(a) – companies that, as of 31 December 2017, cannot be considered as part of the Altri, SGPS, S.A. group.

3. Remuneration Committee

Qualifications, experience and positions held in other companies by members of the Remuneration Committee:

João da Silva Natária

Qualifications: Degree in Law from the University of Lisbon

Professional experience:

1979	Managing Director of the Luanda/Viana branch of F. Ramada, by joint nomination of the Board and the Ministry of Industry in Angola
1983	Director of the Polyester and Buttons Department at F. Ramada, Aços e Indústrias, S.A.
1984/2000	Human Resources Director at F. Ramada, Aços e Indústrias, S.A.
1993/1995	Board Member of Universal – Aços, Máquinas e Ferramentas, S.A.
Since 2000	Lawyer with an independent practice, specialised in labour law and family law

Other positions held:

Chairman of the Remuneration Commission of Cofina, SGPS, S.A. (a)

Chairman of the Remuneration Commission of F. Ramada Investimentos, SGPS, S.A. (a)

(a) – companies that, as of 31 December 2017, cannot be considered as part of the Altri, SGPS, S.A. group

Pedro Nuno Fernandes de Sá Pessanha da Costa

Qualifications: Degree in Law from the Faculty of Law of the University of Coimbra in 1981
Complementary training in Company Management and Economic Financial Analysis at the School of Law of the Portuguese Catholic University, Porto, 1982 and 1983.

Professional Experience: Member of the Lawyers Bar ("Ordem dos advogados) since 1983
President of the General and Supervisory Board of a public company from 1996 to 2010, President of the General Shareholders Meeting of several listed and non-listed companies
Continuous law practice since 1983, with a special focus on commercial law and corporate law, mergers and acquisitions, foreign investment and international contracts
Co-author of the chapter on Portugal in "Handbuch der Europäischen Aktien- Gesellschaft" – Societas Europaea – by Jannot / Frodermann, published by C.F. Müller Verlag

Other positions held:

President of the Supervisory Board of Banco Português de Investimento, S.A. (a)
President of the Supervisory Board of Cofina, SGPS, S.A. (a)
President of the Supervisory Board of F. Ramada Investimentos, SGPS, S.A. (a)
Member of the Cofina, SGPS, S.A. Remuneration Committee (a)
Member of the F. Ramada Investimentos, SGPS, S.A. Remuneration Committee (a)
President of the Shareholders General Meeting of Super Bock Group, SGPS, S.A. (a)
President of the Shareholders General Meeting of SOGRAPE, SGPS, S.A. (a)
President of the Shareholders General Meeting of SOGRAPE Vinhos, S.A. (a)
President of the SOGRAPE SGPS, S.A. Remuneration Committee (a)
President of the Shareholders General Meeting of Adriano Ramos Pinto, S.A. (a)
President of the Shareholders General Meeting of Aquitex – Acabamentos Químicos Têxteis, S.A. (a)
Honorary Consul of Belgium in Oporto (a)
Vice-President of Board of Directors of Associação do Corpo Consular do Porto

(a) – companies that, as of 31 December 2017, cannot be considered as part of the Altri, SGPS, S.A. group.

André Seabra Ferreira Pinto

Qualifications: Degree in Economics at University Portucalense
Chartered Accountant (ROC no. 1,243)
Executive MBA - Management School of Porto - University of Porto
Business School

Professional Experience: Between September 1999 and May 2008, worked in the Audit Department of Deloitte & Associados, SROC, S.A. (initially as a member of staff and since September 2004 as Manager).
Between June 2008 and December 2010, Senior Manager of Corporate Finance department - Transaction Services at Deloitte Consulting.
Between January 2011 and March 2013, CFO of companies WireCoWorldGroup Group in Portugal (a)
Since April 2013, Director (CFO) of Mecwide Group (a)
Director of MWIDE, SGPS, S.A. (a) as well as of all the companies of Mecwide Group
Manager of Together We Change Investments, LDA, Virtusai LDA. and Apparently Relevant, Lda. (a)

Other positions held:

Member of the Supervisory Board of Cofina, SGPS, S.A. (a)

Member of the Supervisory Board of F. Ramada Investimentos, SGPS, S.A. (a)

(a) – companies that, as of 31 December 2017, cannot be considered as part of the Altri, SGPS, S.A. group.

Article 447 of the Portuguese Companies Act and Article 14, paragraph 7 of Portuguese Securities Regulator (CMVM) Regulation nr. 5/2008

Disclosure of shares and other securities held by members of the Board of Directors and by those discharging managerial responsibilities, as well as by people closely connected with them (article 248-B of the Portuguese Securities Code), and disclosure of the respective transactions during the year involving such shares and other securities.

Members of the board of directors	Shares held at 31-			Shares held at 31-Dec-2017
	Dec-2016	Acquisitions	Disposal	
Paulo Jorge dos Santos Fernandes (imputation via ACTIUM CAPITAL, S.A.)	23,854,874	470,000	-	24,324,874
João Manuel Matos Borges de Oliveira (imputation via CADERNO AZUL, S.A.)	30,000,000	-	-	30,000,000
Domingos José Vieira de Matos (imputation via LIVREFLUXO, S.A.)	24,150,110	100,000	-	24,250,110
Ana Rebelo Carvalho Menéres de Mendonça (imputation via PROMENDO - SGPS, S.A.)	42,954,552	237,000	(237,000)	42,954,552
José Manuel de Almeida Archer	1,500	10,000	-	11,500

Paulo Jorge dos Santos Fernandes (imputation via ACTIUM CAPITAL, S.A.)

Date	Type	Volume	Price (€)	Local	No. of shares
31/Dec/16	-	-	-	-	23,854,874
15/May/17	Acquisition	20,000	4.235000	Euronext Lisbon	23,874,874
15/May/17	Acquisition	30,000	4.236000	Euronext Lisbon	23,904,874
15/May/17	Acquisition	25,000	4.223000	Euronext Lisbon	23,929,874
15/May/17	Acquisition	553	4.230000	Euronext Lisbon	23,930,427
15/May/17	Acquisition	605	4.230000	Euronext Lisbon	23,931,032
15/May/17	Acquisition	1,342	4.230000	Euronext Lisbon	23,932,374
15/May/17	Acquisition	2,500	4.230000	Euronext Lisbon	23,934,874
15/May/17	Acquisition	200	4.238000	Euronext Lisbon	23,935,074
15/May/17	Acquisition	592	4.239000	Euronext Lisbon	23,935,666
15/May/17	Acquisition	300	4.239000	Euronext Lisbon	23,935,966
15/May/17	Acquisition	605	4.239000	Euronext Lisbon	23,936,571
15/May/17	Acquisition	650	4.239000	Euronext Lisbon	23,937,221
15/May/17	Acquisition	153	4.239000	Euronext Lisbon	23,937,374
15/May/17	Acquisition	2,200	4.250000	Euronext Lisbon	23,939,574
15/May/17	Acquisition	300	4.250000	Euronext Lisbon	23,939,874
15/May/17	Acquisition	2,300	4.250000	Euronext Lisbon	23,942,174
15/May/17	Acquisition	4,500	4.250000	Euronext Lisbon	23,946,674
15/May/17	Acquisition	2,500	4.250000	Euronext Lisbon	23,949,174
15/May/17	Acquisition	5,700	4.250000	Euronext Lisbon	23,954,874
16/May/17	Acquisition	569	4.228000	Euronext Lisbon	23,955,443
16/May/17	Acquisition	571	4.228000	Euronext Lisbon	23,956,014
16/May/17	Acquisition	60	4.228000	Euronext Lisbon	23,956,074
16/May/17	Acquisition	960	4.232000	Euronext Lisbon	23,957,034
16/May/17	Acquisition	340	4.232000	Euronext Lisbon	23,957,374
16/May/17	Acquisition	286	4.230000	Euronext Lisbon	23,957,660
16/May/17	Acquisition	1,214	4.230000	Euronext Lisbon	23,958,874
16/May/17	Acquisition	14	4.230000	Euronext Lisbon	23,958,888
16/May/17	Acquisition	136	4.230000	Euronext Lisbon	23,959,024
16/May/17	Acquisition	350	4.230000	Euronext Lisbon	23,959,374
16/May/17	Acquisition	821	4.226000	Euronext Lisbon	23,960,195
16/May/17	Acquisition	179	4.226000	Euronext Lisbon	23,960,374
16/May/17	Acquisition	96	4.223000	Euronext Lisbon	23,960,470
16/May/17	Acquisition	122	4.223000	Euronext Lisbon	23,960,592
16/May/17	Acquisition	282	4.223000	Euronext Lisbon	23,960,874
16/May/17	Acquisition	122	4.223000	Euronext Lisbon	23,960,996
16/May/17	Acquisition	282	4.223000	Euronext Lisbon	23,961,278
16/May/17	Acquisition	96	4.223000	Euronext Lisbon	23,961,374

Date	Type	Volume	Price (€)	Local	No. of shares
16/May/17	Acquisition	500	4.220000	Euronext Lisbon	23,961,874
16/May/17	Acquisition	193	4.220000	Euronext Lisbon	23,962,067
16/May/17	Acquisition	307	4.220000	Euronext Lisbon	23,962,374
16/May/17	Acquisition	500	4.217000	Euronext Lisbon	23,962,874
16/May/17	Acquisition	262	4.215000	Euronext Lisbon	23,963,136
16/May/17	Acquisition	238	4.215000	Euronext Lisbon	23,963,374
16/May/17	Acquisition	500	4.215000	Euronext Lisbon	23,963,874
16/May/17	Acquisition	74	4.215000	Euronext Lisbon	23,963,948
16/May/17	Acquisition	400	4.215000	Euronext Lisbon	23,964,348
16/May/17	Acquisition	26	4.215000	Euronext Lisbon	23,964,374
16/May/17	Acquisition	500	4.211000	Euronext Lisbon	23,964,874
16/May/17	Acquisition	449	4.211000	Euronext Lisbon	23,965,323
16/May/17	Acquisition	51	4.211000	Euronext Lisbon	23,965,374
16/May/17	Acquisition	500	4.209000	Euronext Lisbon	23,965,874
16/May/17	Acquisition	500	4.209000	Euronext Lisbon	23,966,374
16/May/17	Acquisition	456	4.207000	Euronext Lisbon	23,966,830
16/May/17	Acquisition	44	4.207000	Euronext Lisbon	23,966,874
16/May/17	Acquisition	500	4.207000	Euronext Lisbon	23,967,374
16/May/17	Acquisition	500	4.201000	Euronext Lisbon	23,967,874
16/May/17	Acquisition	500	4.201000	Euronext Lisbon	23,968,374
16/May/17	Acquisition	483	4.209000	Euronext Lisbon	23,968,857
16/May/17	Acquisition	410	4.209000	Euronext Lisbon	23,969,267
16/May/17	Acquisition	548	4.210000	Euronext Lisbon	23,969,815
16/May/17	Acquisition	59	4.210000	Euronext Lisbon	23,969,874
16/May/17	Acquisition	330	4.201000	Euronext Lisbon	23,970,204
16/May/17	Acquisition	255	4.209000	Euronext Lisbon	23,970,459
16/May/17	Acquisition	284	4.209000	Euronext Lisbon	23,970,743
16/May/17	Acquisition	446	4.209000	Euronext Lisbon	23,971,189
16/May/17	Acquisition	54	4.209000	Euronext Lisbon	23,971,243
16/May/17	Acquisition	131	4.209000	Euronext Lisbon	23,971,374
16/May/17	Acquisition	500	4.209000	Euronext Lisbon	23,971,874
16/May/17	Acquisition	500	4.209000	Euronext Lisbon	23,972,374
16/May/17	Acquisition	450	4.205000	Euronext Lisbon	23,972,824
16/May/17	Acquisition	1,669	4.210000	Euronext Lisbon	23,974,493
16/May/17	Acquisition	381	4.210000	Euronext Lisbon	23,974,874
16/May/17	Acquisition	711	4.209000	Euronext Lisbon	23,975,585
16/May/17	Acquisition	289	4.209000	Euronext Lisbon	23,975,874
16/May/17	Acquisition	500	4.207000	Euronext Lisbon	23,976,374
16/May/17	Acquisition	500	4.207000	Euronext Lisbon	23,976,874
16/May/17	Acquisition	500	4.209000	Euronext Lisbon	23,977,374
16/May/17	Acquisition	131	4.209000	Euronext Lisbon	23,977,505
16/May/17	Acquisition	369	4.209000	Euronext Lisbon	23,977,874
16/May/17	Acquisition	499	4.205000	Euronext Lisbon	23,978,373
16/May/17	Acquisition	1	4.205000	Euronext Lisbon	23,978,374
16/May/17	Acquisition	154	4.205000	Euronext Lisbon	23,978,528
16/May/17	Acquisition	346	4.205000	Euronext Lisbon	23,978,874
16/May/17	Acquisition	1,000	4.205000	Euronext Lisbon	23,979,874
17/May/17	Acquisition	481	4.118000	Euronext Lisbon	23,980,355
17/May/17	Acquisition	19	4.118000	Euronext Lisbon	23,980,374
17/May/17	Acquisition	26	4.116000	Euronext Lisbon	23,980,400
17/May/17	Acquisition	29	4.116000	Euronext Lisbon	23,980,429
17/May/17	Acquisition	145	4.116000	Euronext Lisbon	23,980,574
17/May/17	Acquisition	300	4.116000	Euronext Lisbon	23,980,874
17/May/17	Acquisition	799	4.111000	Euronext Lisbon	23,981,673
17/May/17	Acquisition	201	4.111000	Euronext Lisbon	23,981,874
17/May/17	Acquisition	1,500	4.101000	Euronext Lisbon	23,983,374
17/May/17	Acquisition	1,500	4.097000	Euronext Lisbon	23,984,874
17/May/17	Acquisition	1,000	4.097000	Euronext Lisbon	23,985,874
17/May/17	Acquisition	351	4.091000	Euronext Lisbon	23,986,225
17/May/17	Acquisition	1,131	4.091000	Euronext Lisbon	23,987,356
17/May/17	Acquisition	18	4.091000	Euronext Lisbon	23,987,374

Date	Type	Volume	Price (€)	Local	No. of shares
17/May/17	Acquisition	5,000	4.140000	Euronext Lisbon	23,992,374
17/May/17	Acquisition	2,000	4.160000	Euronext Lisbon	23,994,374
17/May/17	Acquisition	100	4.160000	Euronext Lisbon	23,994,474
17/May/17	Acquisition	284	4.160000	Euronext Lisbon	23,994,758
17/May/17	Acquisition	116	4.160000	Euronext Lisbon	23,994,874
17/May/17	Acquisition	742	4.171000	Euronext Lisbon	23,995,616
17/May/17	Acquisition	1,758	4.171000	Euronext Lisbon	23,997,374
17/May/17	Acquisition	555	4.121000	Euronext Lisbon	23,997,929
17/May/17	Acquisition	800	4.121000	Euronext Lisbon	23,998,729
17/May/17	Acquisition	145	4.121000	Euronext Lisbon	23,998,874
17/May/17	Acquisition	158	4.111000	Euronext Lisbon	23,999,032
17/May/17	Acquisition	1,342	4.111000	Euronext Lisbon	24,000,374
17/May/17	Acquisition	70	4.106000	Euronext Lisbon	24,000,444
17/May/17	Acquisition	45	4.106000	Euronext Lisbon	24,000,489
17/May/17	Acquisition	60	4.106000	Euronext Lisbon	24,000,549
17/May/17	Acquisition	34	4.106000	Euronext Lisbon	24,000,583
17/May/17	Acquisition	81	4.106000	Euronext Lisbon	24,000,664
17/May/17	Acquisition	47	4.106000	Euronext Lisbon	24,000,711
17/May/17	Acquisition	1,163	4.106000	Euronext Lisbon	24,001,874
17/May/17	Acquisition	152	4.102000	Euronext Lisbon	24,002,026
17/May/17	Acquisition	87	4.102000	Euronext Lisbon	24,002,113
17/May/17	Acquisition	1,261	4.102000	Euronext Lisbon	24,003,374
17/May/17	Acquisition	673	4.097000	Euronext Lisbon	24,004,047
17/May/17	Acquisition	827	4.097000	Euronext Lisbon	24,004,874
18/May/17	Acquisition	1,532	4.037000	Euronext Lisbon	24,006,406
18/May/17	Acquisition	269	4.037000	Euronext Lisbon	24,006,675
18/May/17	Acquisition	199	4.037000	Euronext Lisbon	24,006,874
18/May/17	Acquisition	306	4.035000	Euronext Lisbon	24,007,180
18/May/17	Acquisition	194	4.035000	Euronext Lisbon	24,007,374
18/May/17	Acquisition	327	4.035000	Euronext Lisbon	24,007,701
18/May/17	Acquisition	173	4.035000	Euronext Lisbon	24,007,874
18/May/17	Acquisition	500	4.025000	Euronext Lisbon	24,008,374
18/May/17	Acquisition	25	4.025000	Euronext Lisbon	24,008,399
18/May/17	Acquisition	130	4.025000	Euronext Lisbon	24,008,529
18/May/17	Acquisition	248	4.025000	Euronext Lisbon	24,008,777
18/May/17	Acquisition	97	4.025000	Euronext Lisbon	24,008,874
18/May/17	Acquisition	278	4.031000	Euronext Lisbon	24,009,152
18/May/17	Acquisition	222	4.031000	Euronext Lisbon	24,009,374
18/May/17	Acquisition	411	4.031000	Euronext Lisbon	24,009,785
18/May/17	Acquisition	35	4.031000	Euronext Lisbon	24,009,820
18/May/17	Acquisition	54	4.031000	Euronext Lisbon	24,009,874
18/May/17	Acquisition	500	4.025000	Euronext Lisbon	24,010,374
18/May/17	Acquisition	500	4.025000	Euronext Lisbon	24,010,874
18/May/17	Acquisition	135	4.011000	Euronext Lisbon	24,011,009
18/May/17	Acquisition	248	4.011000	Euronext Lisbon	24,011,257
18/May/17	Acquisition	117	4.011000	Euronext Lisbon	24,011,374
18/May/17	Acquisition	430	4.011000	Euronext Lisbon	24,011,804
18/May/17	Acquisition	70	4.011000	Euronext Lisbon	24,011,874
18/May/17	Acquisition	220	4.041000	Euronext Lisbon	24,012,094
18/May/17	Acquisition	450	4.041000	Euronext Lisbon	24,012,544
18/May/17	Acquisition	653	4.045000	Euronext Lisbon	24,013,197
18/May/17	Acquisition	506	4.045000	Euronext Lisbon	24,013,703
18/May/17	Acquisition	347	4.046000	Euronext Lisbon	24,014,050
18/May/17	Acquisition	5,533	4.047000	Euronext Lisbon	24,019,583
18/May/17	Acquisition	400	4.047000	Euronext Lisbon	24,019,983
18/May/17	Acquisition	132	4.047000	Euronext Lisbon	24,020,115
18/May/17	Acquisition	1,368	4.047000	Euronext Lisbon	24,021,483
18/May/17	Acquisition	600	4.047000	Euronext Lisbon	24,022,083
18/May/17	Acquisition	900	4.047000	Euronext Lisbon	24,022,983
18/May/17	Acquisition	1,260	4.047000	Euronext Lisbon	24,024,243
18/May/17	Acquisition	631	4.047000	Euronext Lisbon	24,024,874

Date	Type	Volume	Price (€)	Local	No. of shares
11/Sep/17	Acquisition	2,400	3.720000	Euronext Lisbon	24,027,274
11/Sep/17	Acquisition	1,600	3.720000	Euronext Lisbon	24,028,874
12/Sep/17	Acquisition	1,175	3.782000	Euronext Lisbon	24,030,049
12/Sep/17	Acquisition	818	3.782000	Euronext Lisbon	24,030,867
12/Sep/17	Acquisition	3,007	3.782000	Euronext Lisbon	24,033,874
12/Sep/17	Acquisition	350	3.749000	Euronext Lisbon	24,034,224
12/Sep/17	Acquisition	350	3.749000	Euronext Lisbon	24,034,574
12/Sep/17	Acquisition	100	3.749000	Euronext Lisbon	24,034,674
12/Sep/17	Acquisition	250	3.749000	Euronext Lisbon	24,034,924
12/Sep/17	Acquisition	100	3.749000	Euronext Lisbon	24,035,024
12/Sep/17	Acquisition	250	3.749000	Euronext Lisbon	24,035,274
12/Sep/17	Acquisition	100	3.749000	Euronext Lisbon	24,035,374
12/Sep/17	Acquisition	886	3.749000	Euronext Lisbon	24,036,260
12/Sep/17	Acquisition	100	3.749000	Euronext Lisbon	24,036,360
12/Sep/17	Acquisition	14	3.749000	Euronext Lisbon	24,036,374
12/Sep/17	Acquisition	100	3.738000	Euronext Lisbon	24,036,474
12/Sep/17	Acquisition	430	3.738000	Euronext Lisbon	24,036,904
12/Sep/17	Acquisition	100	3.738000	Euronext Lisbon	24,037,004
12/Sep/17	Acquisition	164	3.738000	Euronext Lisbon	24,037,168
12/Sep/17	Acquisition	523	3.747000	Euronext Lisbon	24,037,691
12/Sep/17	Acquisition	100	3.747000	Euronext Lisbon	24,037,791
12/Sep/17	Acquisition	100	3.747000	Euronext Lisbon	24,037,891
12/Sep/17	Acquisition	100	3.747000	Euronext Lisbon	24,037,991
12/Sep/17	Acquisition	100	3.747000	Euronext Lisbon	24,038,091
12/Sep/17	Acquisition	325	3.759000	Euronext Lisbon	24,038,416
12/Sep/17	Acquisition	458	3.759000	Euronext Lisbon	24,038,874
12/Sep/17	Acquisition	500	3.751000	Euronext Lisbon	24,039,374
12/Sep/17	Acquisition	477	3.759000	Euronext Lisbon	24,039,851
12/Sep/17	Acquisition	289	3.759000	Euronext Lisbon	24,040,140
12/Sep/17	Acquisition	10	3.759000	Euronext Lisbon	24,040,150
12/Sep/17	Acquisition	440	3.760000	Euronext Lisbon	24,040,590
12/Sep/17	Acquisition	284	3.760000	Euronext Lisbon	24,040,874
12/Sep/17	Acquisition	2,500	3.780000	Euronext Lisbon	24,043,374
12/Sep/17	Acquisition	7,500	3.780000	Euronext Lisbon	24,050,874
12/Sep/17	Acquisition	1,000	3.777000	Euronext Lisbon	24,051,874
12/Sep/17	Acquisition	523	3.791000	Euronext Lisbon	24,052,397
12/Sep/17	Acquisition	571	3.793000	Euronext Lisbon	24,052,968
12/Sep/17	Acquisition	550	3.794000	Euronext Lisbon	24,053,518
12/Sep/17	Acquisition	282	3.795000	Euronext Lisbon	24,053,800
12/Sep/17	Acquisition	494	3.795000	Euronext Lisbon	24,054,294
12/Sep/17	Acquisition	2,900	3.800000	Euronext Lisbon	24,057,194
12/Sep/17	Acquisition	20	3.800000	Euronext Lisbon	24,057,214
12/Sep/17	Acquisition	800	3.800000	Euronext Lisbon	24,058,014
12/Sep/17	Acquisition	860	3.800000	Euronext Lisbon	24,058,874
12/Sep/17	Acquisition	918	3.785000	Euronext Lisbon	24,059,792
12/Sep/17	Acquisition	1,257	3.785000	Euronext Lisbon	24,061,049
12/Sep/17	Acquisition	325	3.785000	Euronext Lisbon	24,061,374
12/Sep/17	Acquisition	1,256	3.781000	Euronext Lisbon	24,062,630
12/Sep/17	Acquisition	1,244	3.781000	Euronext Lisbon	24,063,874
12/Sep/17	Acquisition	1,037	3.781000	Euronext Lisbon	24,064,911
12/Sep/17	Acquisition	1,152	3.781000	Euronext Lisbon	24,066,063
12/Sep/17	Acquisition	240	3.781000	Euronext Lisbon	24,066,303
12/Sep/17	Acquisition	71	3.781000	Euronext Lisbon	24,066,374
12/Sep/17	Acquisition	1,288	3.796000	Euronext Lisbon	24,067,662
12/Sep/17	Acquisition	550	3.798000	Euronext Lisbon	24,068,212
12/Sep/17	Acquisition	307	3.799000	Euronext Lisbon	24,068,519
12/Sep/17	Acquisition	5,000	3.800000	Euronext Lisbon	24,073,519
12/Sep/17	Acquisition	960	3.800000	Euronext Lisbon	24,074,479
12/Sep/17	Acquisition	1,895	3.800000	Euronext Lisbon	24,076,374
12/Sep/17	Acquisition	496	3.787000	Euronext Lisbon	24,076,870
12/Sep/17	Acquisition	1,281	3.787000	Euronext Lisbon	24,078,151

Date	Type	Volume	Price (€)	Local	No. of shares
12/Sep/17	Acquisition	723	3.787000	Euronext Lisbon	24,078,874
12/Sep/17	Acquisition	2,500	3.790000	Euronext Lisbon	24,081,374
12/Sep/17	Acquisition	244	3.790000	Euronext Lisbon	24,081,618
12/Sep/17	Acquisition	9,256	3.790000	Euronext Lisbon	24,090,874
12/Sep/17	Acquisition	2,500	3.795000	Euronext Lisbon	24,093,374
12/Sep/17	Acquisition	231	3.795000	Euronext Lisbon	24,093,605
12/Sep/17	Acquisition	345	3.795000	Euronext Lisbon	24,093,950
12/Sep/17	Acquisition	150	3.795000	Euronext Lisbon	24,094,100
12/Sep/17	Acquisition	11,774	3.795000	Euronext Lisbon	24,105,874
12/Sep/17	Acquisition	675	3.781000	Euronext Lisbon	24,106,549
12/Sep/17	Acquisition	784	3.781000	Euronext Lisbon	24,107,333
12/Sep/17	Acquisition	41	3.781000	Euronext Lisbon	24,107,374
12/Sep/17	Acquisition	1,080	3.779000	Euronext Lisbon	24,108,454
12/Sep/17	Acquisition	400	3.779000	Euronext Lisbon	24,108,854
12/Sep/17	Acquisition	1,020	3.779000	Euronext Lisbon	24,109,874
12/Sep/17	Acquisition	942	3.778000	Euronext Lisbon	24,110,816
12/Sep/17	Acquisition	19	3.778000	Euronext Lisbon	24,110,835
12/Sep/17	Acquisition	289	3.778000	Euronext Lisbon	24,111,124
12/Sep/17	Acquisition	935	3.778000	Euronext Lisbon	24,112,059
12/Sep/17	Acquisition	2,815	3.778000	Euronext Lisbon	24,114,874
12/Sep/17	Acquisition	1,510	3.766000	Euronext Lisbon	24,116,384
12/Sep/17	Acquisition	511	3.774000	Euronext Lisbon	24,116,895
12/Sep/17	Acquisition	236	3.774000	Euronext Lisbon	24,117,131
12/Sep/17	Acquisition	525	3.776000	Euronext Lisbon	24,117,656
12/Sep/17	Acquisition	218	3.776000	Euronext Lisbon	24,117,874
12/Sep/17	Acquisition	911	3.770000	Euronext Lisbon	24,118,785
12/Sep/17	Acquisition	89	3.770000	Euronext Lisbon	24,118,874
12/Sep/17	Acquisition	15,000	3.775000	Euronext Lisbon	24,133,874
12/Sep/17	Acquisition	2,000	3.766000	Euronext Lisbon	24,135,874
12/Sep/17	Acquisition	947	3.760000	Euronext Lisbon	24,136,821
12/Sep/17	Acquisition	53	3.760000	Euronext Lisbon	24,136,874
12/Sep/17	Acquisition	338	3.759000	Euronext Lisbon	24,137,212
12/Sep/17	Acquisition	662	3.759000	Euronext Lisbon	24,137,874
12/Sep/17	Acquisition	1,000	3.753000	Euronext Lisbon	24,138,874
12/Sep/17	Acquisition	270	3.761000	Euronext Lisbon	24,139,144
12/Sep/17	Acquisition	45	3.761000	Euronext Lisbon	24,139,189
12/Sep/17	Acquisition	634	3.761000	Euronext Lisbon	24,139,823
12/Sep/17	Acquisition	488	3.761000	Euronext Lisbon	24,140,311
12/Sep/17	Acquisition	63	3.761000	Euronext Lisbon	24,140,374
12/Sep/17	Acquisition	523	3.753000	Euronext Lisbon	24,140,897
12/Sep/17	Acquisition	527	3.761000	Euronext Lisbon	24,141,424
12/Sep/17	Acquisition	450	3.761000	Euronext Lisbon	24,141,874
12/Sep/17	Acquisition	527	3.761000	Euronext Lisbon	24,142,401
12/Sep/17	Acquisition	363	3.761000	Euronext Lisbon	24,142,764
12/Sep/17	Acquisition	1,110	3.761000	Euronext Lisbon	24,143,874
13/Sep/17	Acquisition	632	3.755000	Euronext Lisbon	24,144,506
13/Sep/17	Acquisition	577	3.755000	Euronext Lisbon	24,145,083
13/Sep/17	Acquisition	529	3.755000	Euronext Lisbon	24,145,612
13/Sep/17	Acquisition	510	3.755000	Euronext Lisbon	24,146,122
13/Sep/17	Acquisition	529	3.756000	Euronext Lisbon	24,146,651
13/Sep/17	Acquisition	388	3.756000	Euronext Lisbon	24,147,039
13/Sep/17	Acquisition	529	3.756000	Euronext Lisbon	24,147,568
13/Sep/17	Acquisition	550	3.757000	Euronext Lisbon	24,148,118
13/Sep/17	Acquisition	529	3.757000	Euronext Lisbon	24,148,647
13/Sep/17	Acquisition	529	3.758000	Euronext Lisbon	24,149,176
13/Sep/17	Acquisition	841	3.745000	Euronext Lisbon	24,150,017
13/Sep/17	Acquisition	857	3.745000	Euronext Lisbon	24,150,874
13/Sep/17	Acquisition	1,720	3.745000	Euronext Lisbon	24,152,594
13/Sep/17	Acquisition	2,500	3.755000	Euronext Lisbon	24,155,094
13/Sep/17	Acquisition	550	3.755000	Euronext Lisbon	24,155,644
13/Sep/17	Acquisition	10,230	3.755000	Euronext Lisbon	24,165,874

Date	Type	Volume	Price (€)	Local	No. of shares
13/Sep/17	Acquisition	854	3.740000	Euronext Lisbon	24,166,728
13/Sep/17	Acquisition	14,146	3.740000	Euronext Lisbon	24,180,874
13/Sep/17	Acquisition	481	3.745000	Euronext Lisbon	24,181,355
13/Sep/17	Acquisition	766	3.745000	Euronext Lisbon	24,182,121
13/Sep/17	Acquisition	253	3.745000	Euronext Lisbon	24,182,374
13/Sep/17	Acquisition	429	3.742000	Euronext Lisbon	24,182,803
13/Sep/17	Acquisition	529	3.743000	Euronext Lisbon	24,183,332
13/Sep/17	Acquisition	491	3.743000	Euronext Lisbon	24,183,823
13/Sep/17	Acquisition	51	3.744000	Euronext Lisbon	24,183,874
13/Sep/17	Acquisition	625	3.738000	Euronext Lisbon	24,184,499
13/Sep/17	Acquisition	875	3.738000	Euronext Lisbon	24,185,374
13/Sep/17	Acquisition	2,000	3.740000	Euronext Lisbon	24,187,374
13/Sep/17	Acquisition	3,500	3.740000	Euronext Lisbon	24,190,874
13/Sep/17	Acquisition	602	3.753000	Euronext Lisbon	24,191,476
13/Sep/17	Acquisition	529	3.753000	Euronext Lisbon	24,192,005
13/Sep/17	Acquisition	550	3.754000	Euronext Lisbon	24,192,555
13/Sep/17	Acquisition	529	3.754000	Euronext Lisbon	24,193,084
13/Sep/17	Acquisition	790	3.755000	Euronext Lisbon	24,193,874
13/Sep/17	Acquisition	550	3.770000	Euronext Lisbon	24,194,424
13/Sep/17	Acquisition	182	3.770000	Euronext Lisbon	24,194,606
13/Sep/17	Acquisition	625	3.770000	Euronext Lisbon	24,195,231
13/Sep/17	Acquisition	281	3.770000	Euronext Lisbon	24,195,512
13/Sep/17	Acquisition	862	3.770000	Euronext Lisbon	24,196,374
13/Sep/17	Acquisition	2,500	3.795000	Euronext Lisbon	24,198,874
13/Sep/17	Acquisition	20,526	3.795000	Euronext Lisbon	24,219,400
13/Sep/17	Acquisition	474	3.798000	Euronext Lisbon	24,219,874
13/Sep/17	Acquisition	398	3.799000	Euronext Lisbon	24,220,272
13/Sep/17	Acquisition	553	3.799000	Euronext Lisbon	24,220,825
13/Sep/17	Acquisition	250	3.799000	Euronext Lisbon	24,221,075
13/Sep/17	Acquisition	250	3.799000	Euronext Lisbon	24,221,325
13/Sep/17	Acquisition	250	3.799000	Euronext Lisbon	24,221,575
13/Sep/17	Acquisition	479	3.799000	Euronext Lisbon	24,222,054
13/Sep/17	Acquisition	250	3.799000	Euronext Lisbon	24,222,304
13/Sep/17	Acquisition	46	3.799000	Euronext Lisbon	24,222,350
13/Sep/17	Acquisition	250	3.799000	Euronext Lisbon	24,222,600
13/Sep/17	Acquisition	1,119	3.799000	Euronext Lisbon	24,223,719
13/Sep/17	Acquisition	250	3.799000	Euronext Lisbon	24,223,969
13/Sep/17	Acquisition	905	3.799000	Euronext Lisbon	24,224,874
29/Sep/17	Acquisition	2,000	4.300000	Euronext Lisbon	24,226,874
29/Sep/17	Acquisition	1,609	4.300000	Euronext Lisbon	24,228,483
29/Sep/17	Acquisition	300	4.300000	Euronext Lisbon	24,228,783
29/Sep/17	Acquisition	161	4.299000	Euronext Lisbon	24,228,944
29/Sep/17	Acquisition	550	4.300000	Euronext Lisbon	24,229,494
29/Sep/17	Acquisition	1,546	4.319000	Euronext Lisbon	24,231,040
29/Sep/17	Acquisition	1,240	4.320000	Euronext Lisbon	24,232,280
29/Sep/17	Acquisition	737	4.320000	Euronext Lisbon	24,233,017
29/Sep/17	Acquisition	1,000	4.320000	Euronext Lisbon	24,234,017
29/Sep/17	Acquisition	4,500	4.320000	Euronext Lisbon	24,238,517
29/Sep/17	Acquisition	266	4.320000	Euronext Lisbon	24,238,783
29/Sep/17	Acquisition	2,500	4.350000	Euronext Lisbon	24,241,283
29/Sep/17	Acquisition	3,591	4.350000	Euronext Lisbon	24,244,874
29/Sep/17	Acquisition	391	4.368000	Euronext Lisbon	24,245,265
29/Sep/17	Acquisition	550	4.368000	Euronext Lisbon	24,245,815
29/Sep/17	Acquisition	1,822	4.369000	Euronext Lisbon	24,247,637
29/Sep/17	Acquisition	3,000	4.370000	Euronext Lisbon	24,250,637
29/Sep/17	Acquisition	8,000	4.370000	Euronext Lisbon	24,258,637
29/Sep/17	Acquisition	1,027	4.370000	Euronext Lisbon	24,259,664
29/Sep/17	Acquisition	587	4.370000	Euronext Lisbon	24,260,251
29/Sep/17	Acquisition	500	4.352000	Euronext Lisbon	24,260,751
29/Sep/17	Acquisition	1,500	4.352000	Euronext Lisbon	24,262,251
29/Sep/17	Acquisition	22	4.352000	Euronext Lisbon	24,262,273

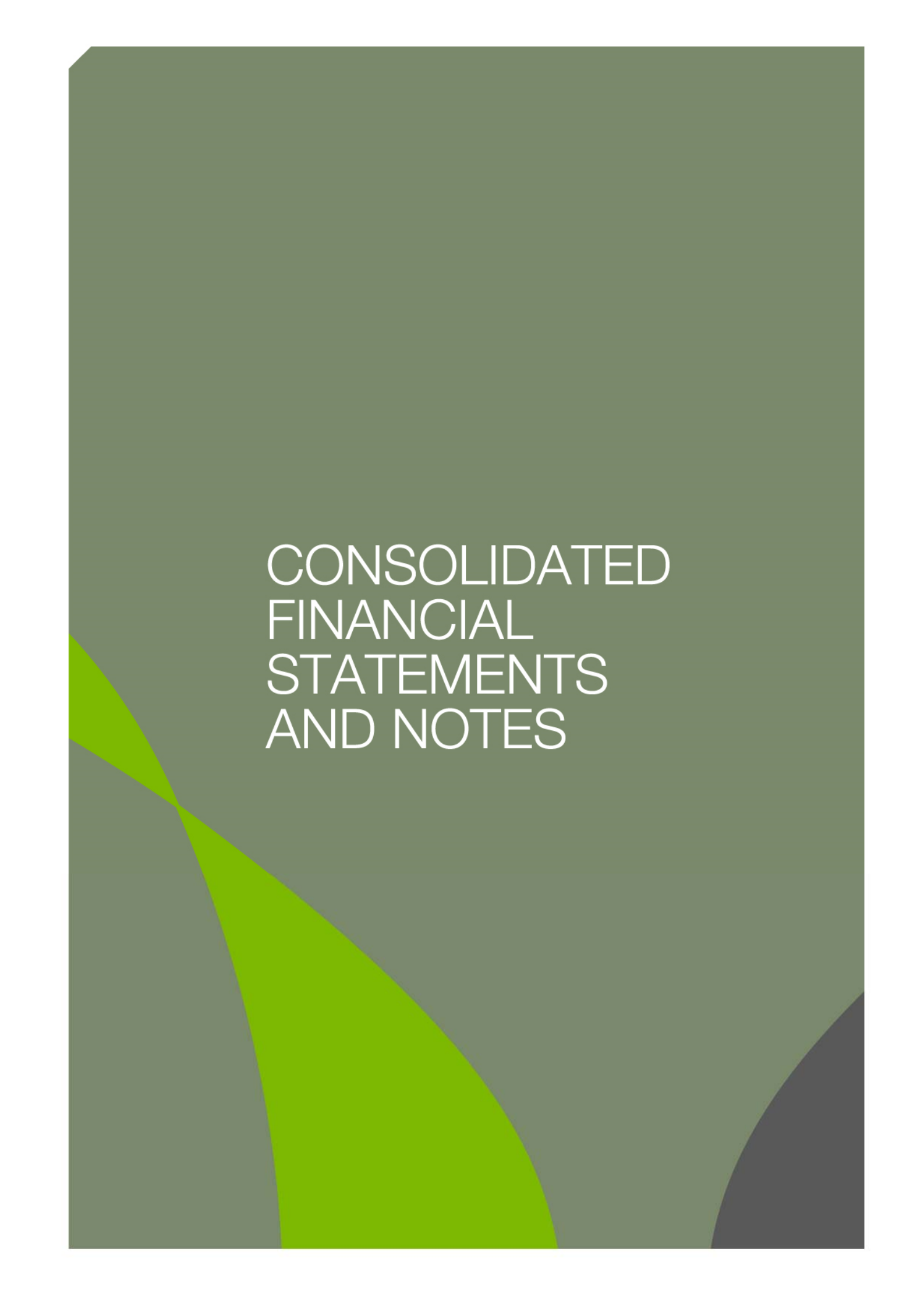
Date	Type	Volume	Price (€)	Local	No. of shares
29/Sep/17	Acquisition	11	4.352000	Euronext Lisbon	24,262,284
29/Sep/17	Acquisition	10	4.352000	Euronext Lisbon	24,262,294
29/Sep/17	Acquisition	9	4.352000	Euronext Lisbon	24,262,303
29/Sep/17	Acquisition	243	4.352000	Euronext Lisbon	24,262,546
29/Sep/17	Acquisition	205	4.352000	Euronext Lisbon	24,262,751
29/Sep/17	Acquisition	140	4.359000	Euronext Lisbon	24,262,891
29/Sep/17	Acquisition	1,983	4.360000	Euronext Lisbon	24,264,874
29/Sep/17	Acquisition	1,094	4.370000	Euronext Lisbon	24,265,968
29/Sep/17	Acquisition	910	4.371000	Euronext Lisbon	24,266,878
29/Sep/17	Acquisition	410	4.372000	Euronext Lisbon	24,267,288
29/Sep/17	Acquisition	350	4.374000	Euronext Lisbon	24,267,638
29/Sep/17	Acquisition	5,256	4.376000	Euronext Lisbon	24,272,894
29/Sep/17	Acquisition	1,980	4.376000	Euronext Lisbon	24,274,874
29/Sep/17	Acquisition	406	4.370000	Euronext Lisbon	24,275,280
29/Sep/17	Acquisition	1,181	4.370000	Euronext Lisbon	24,276,461
29/Sep/17	Acquisition	913	4.370000	Euronext Lisbon	24,277,374
29/Sep/17	Acquisition	2,000	4.378000	Euronext Lisbon	24,279,374
29/Sep/17	Acquisition	2,000	4.380000	Euronext Lisbon	24,281,374
29/Sep/17	Acquisition	430	4.380000	Euronext Lisbon	24,281,804
29/Sep/17	Acquisition	60	4.380000	Euronext Lisbon	24,281,864
29/Sep/17	Acquisition	550	4.380000	Euronext Lisbon	24,282,414
29/Sep/17	Acquisition	2,460	4.380000	Euronext Lisbon	24,284,874
29/Sep/17	Acquisition	502	4.385000	Euronext Lisbon	24,285,376
29/Sep/17	Acquisition	370	4.385000	Euronext Lisbon	24,285,746
29/Sep/17	Acquisition	265	4.386000	Euronext Lisbon	24,286,011
29/Sep/17	Acquisition	1,439	4.386000	Euronext Lisbon	24,287,450
29/Sep/17	Acquisition	550	4.386000	Euronext Lisbon	24,288,000
29/Sep/17	Acquisition	368	4.386000	Euronext Lisbon	24,288,368
29/Sep/17	Acquisition	562	4.386000	Euronext Lisbon	24,288,930
29/Sep/17	Acquisition	944	4.386000	Euronext Lisbon	24,289,874
29/Sep/17	Acquisition	95	4.399000	Euronext Lisbon	24,289,969
29/Sep/17	Acquisition	19,905	4.400000	Euronext Lisbon	24,309,874
29/Sep/17	Acquisition	3,480	4.400000	Euronext Lisbon	24,313,354
29/Sep/17	Acquisition	1,213	4.400000	Euronext Lisbon	24,314,567
29/Sep/17	Acquisition	2,070	4.400000	Euronext Lisbon	24,316,637
29/Sep/17	Acquisition	5,000	4.400000	Euronext Lisbon	24,321,637
29/Sep/17	Acquisition	194	4.400000	Euronext Lisbon	24,321,831
29/Sep/17	Acquisition	2,200	4.400000	Euronext Lisbon	24,324,031
29/Sep/17	Acquisition	843	4.400000	Euronext Lisbon	24,324,874
31/Dec/17	-	-	-	-	24,324,874

Ana Rebelo Carvalho Menéres de Mendonça (imputation via PROMENDO - SGPS, S.A)

Date	Type	Volume	Price (€)	Local	No. of shares
31/Dec/16	-	-	-	-	42.954.552
7/Mar/17	Acquisition	50.000	4.195700	Euronext Lisbon	43.004.552
8/Mar/17	Acquisition	40.000	4.200970	Euronext Lisbon	43.044.552
9/Mar/17	Acquisition	40.000	4.208390	Euronext Lisbon	43.084.552
10/Mar/17	Acquisition	20.000	4.205470	Euronext Lisbon	43.104.552
13/Mar/17	Acquisition	15.000	4.192000	Euronext Lisbon	43.119.552
14/Mar/17	Acquisition	25.000	4.159000	Euronext Lisbon	43.144.552
15/Mar/17	Acquisition	20.000	4.123000	Euronext Lisbon	43.164.552
16/Mar/17	Acquisition	27.000	4.163000	Euronext Lisbon	43.191.552
14/Nov/17	Disposal	30.000	5.254000	Euronext Lisbon	43.161.552
16/Nov/17	Disposal	35.000	5.276000	Euronext Lisbon	43.126.552
16/Nov/17	Disposal	10.000	5.264000	Euronext Lisbon	43.116.552
17/Nov/17	Disposal	2.663	5.255000	Euronext Lisbon	43.113.889
20/Nov/17	Disposal	32.337	5.255000	Euronext Lisbon	43.081.552
21/Nov/17	Disposal	1.761	5.300000	Euronext Lisbon	43.079.791
21/Nov/17	Disposal	26.529	5.258730	Euronext Lisbon	43.053.262
29/Nov/17	Disposal	25.680	5.250000	Euronext Lisbon	43.027.582
1/Dec/17	Disposal	23.080	5.250000	Euronext Lisbon	43.004.502
4/Dec/17	Disposal	25.000	5.260000	Euronext Lisbon	42.979.502
5/Dec/17	Disposal	24.950	5.300000	Euronext Lisbon	42.954.552
31/Dec/17	-	-	-	-	42.954.552

José Manuel de Almeida Archer

Date	Type	Volume	Price (€)	Local	No. of shares
31/Dec/16	-	-	-	-	1.500
6/Mar/17	Acquisition	10.000	4.270000	Euronext Lisbon	11.500
31/Dec/17	-	-	-	-	11.500

The cover features a dark olive green background. In the bottom-left corner, there is a large, abstract shape composed of overlapping curved segments in shades of light green and grey. In the bottom-right corner, there is a smaller, dark grey curved shape. The text is centered in the upper half of the page.

CONSOLIDATED
FINANCIAL
STATEMENTS
AND NOTES

IV. Consolidated financial statements and notes

(translation of a document originally issued in Portuguese – Note 45)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2017 AND 2016

(Translation of financial statements originally issued in Portuguese – Note 45)
(Amounts expressed in Euro)

ASSETS	Notes	31.12.2017	31.12.2016
NON-CURRENT ASSETS			
Biological assets	11	94,848,275	102,302,637
Property, plant and equipment	7	396,515,699	359,638,821
Investment properties	8	113,310	113,310
Goodwill	9	265,531,404	265,531,404
Intangible assets	10	1,019,232	643,354
Investments in associated companies and joint ventures	4.2	17,456,932	14,983,101
Investments available for sale	4.3	8,692,628	11,262,914
Other non-current assets	18	3,210,260	3,544,289
Derivatives	26	1,796,781	-
Deferred tax assets	12	37,776,892	39,508,901
Total non-current assets		826,961,413	797,528,731
CURRENT ASSETS			
Inventories	11	50,728,047	58,890,414
Biological assets	11	628,172	-
Trade receivables	13	113,284,683	92,261,372
Other debtors	14	1,304,931	4,297,543
State and other public entities	15	16,435,629	29,538,312
Other current assets	16	2,242,035	2,455,926
Derivatives	26	4,903,860	-
Cash and cash equivalents	17	193,599,737	300,094,254
Total current assets		383,127,094	487,537,821
Total assets		1,210,088,507	1,285,066,552
EQUITY AND LIABILITIES			
EQUITY			
Share capital	19	25,641,459	25,641,459
Legal reserve	19	5,128,292	5,128,292
Other reserves	19	267,729,157	235,894,619
Consolidated net profit / (loss)		96,068,168	76,977,826
Total equity attributable to the equity holders of the parent		394,567,076	343,642,196
Non-controlling interests		-	-
Total equity		394,567,076	343,642,196
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank loans	20	39,500,000	118,000,000
Other loans	20	442,483,927	462,357,627
Reimbursable government grants	20	14,565,750	14,946,631
Other non current liabilities	22	14,627,018	19,698,356
Deferred tax liabilities	12	23,003,709	18,731,619
Pension liabilities	28	2,771,471	2,528,818
Provisions	21	5,025,260	5,064,402
Derivatives	26	-	2,428,023
Total non-current liabilities		541,977,135	643,755,475
CURRENT LIABILITIES:			
Bank loans	20	6,216,583	38,897,709
Other loans	20	94,830,698	120,854,418
Reimbursable government grants	20	3,121,502	3,115,183
Trade payables	23	95,373,275	69,045,134
Other current creditors	24	21,489,230	14,915,753
State and other public entities	15	10,308,029	14,318,318
Other current liabilities	25	40,398,914	34,099,716
Derivatives	26	1,806,065	2,422,650
Total current liabilities		273,544,296	297,668,881
Total shareholders' funds and liabilities		1,210,088,507	1,285,066,552

The accompanying notes form an integral part of the consolidated financial statements.

The official chartered accountant

The Board of Directors

IV. Consolidated financial statements and notes

(translation of a document originally issued in Portuguese – Note 45)

ALTRI, SGPS, S.A.CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016(Translation of financial statements originally issued in Portuguese – Note 45)
(Amounts expressed in Euro)

	Notes	31.12.2017	31.12.2016
Sales	37	646,661,984	593,481,157
Services rendered	37	9,393,176	9,471,672
Other income	32	9,723,962	9,542,906
Cost of sales	11	(257,011,270)	(244,831,197)
External supplies and services	29 e 39	(166,657,700)	(161,135,191)
Payroll expenses	28 e 38	(33,953,133)	(33,836,284)
Amortisation and depreciation	35	(53,692,173)	(51,191,998)
Fair value changes in biological assets	11	(8,934,306)	-
Provisions and impairment losses	21	166,829	(325,351)
Other costs	33	(8,291,278)	(4,890,251)
Share of profit of associates and joint ventures	4.2	2,528,831	3,024,882
Financial expenses	34	(26,328,552)	(24,578,351)
Financial income	34	4,982,170	5,965,940
Profit before income tax		<u>118,588,540</u>	<u>100,697,934</u>
Income tax	12	(22,520,372)	(23,720,108)
Net profit		<u>96,068,168</u>	<u>76,977,826</u>
Consolidated net profit		<u><u>96,068,168</u></u>	<u><u>76,977,826</u></u>
Attributable to:			
Equity holders of the parent	36	96,068,168	76,977,826
Non-controlling interests		-	-
		<u>96,068,168</u>	<u>76,977,826</u>
Earnings per share:			
Basic	36	0.47	0.38
Diluted	36	0.47	0.38

The accompanying notes form an integral part of the consolidated financial statements.

The official chartered accountant

The Board of Directors

IV. Consolidated financial statements and notes

(translation of a document originally issued in Portuguese – Note 45)

ALTRI, S.G.P.S., S.A.CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(Translation of financial statements originally issued in Portuguese – Note 45)

(Amounts expressed in Euro)

	Notes	31.12.2017	31.12.2016
Consolidated net profit for the period		96,068,168	76,977,826
Other comprehensive income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Changes in pension funds responsibilities	28	(188,309)	(944,750)
		(188,309)	(944,750)
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Change in fair value of cash flow hedging derivatives	26	6,363,546	(3,610,634)
Changes in currency translation reserves		(67,832)	9,491
		6,295,714	(3,601,143)
Other comprehensive income		6,107,405	(4,545,893)
Total comprehensive income for the period		102,175,573	72,431,933
Attributable to:			
Equity holders of the parent		102,175,573	72,431,933
Non-controlling interests		-	-

The accompanying notes form an integral part of the consolidated financial statements.

The official chartered accountant

The Board of Directors

IV. Consolidated financial statements and notes

(translation of a document originally issued in Portuguese – Note 45)

ALTRI, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(Translation of financial statements originally issued in Portuguese – Note 45)
(Amounts expressed in Euro)

Notes	Attributable to the equity holders of the parent							Non-controlling interests	Total equity attributable to the equity holders of the parent	
	Share capital	Legal reserve	Fair value reserves	Other reserves	Advances on profits	Net profit	Total			
Balance as of 1 January 2016	19	25,641,459	4,336,498	(136,786)	226,134,914	(51,282,918)	117,656,401	322,349,568	-	322,349,568
Appropriation of the consolidated net profit of 2015	41	-	791,794	-	116,864,607	-	(117,656,401)	-	-	-
Dividends distribution	41	-	-	-	(102,565,836)	51,282,918	-	(51,282,918)	-	(51,282,918)
Others	-	-	-	-	143,613	-	-	143,613	-	143,613
Total comprehensive income for the year	-	-	(3,610,634)	(935,259)	-	-	76,977,826	72,431,933	-	72,431,933
Balance as of 31 December 2016	19	<u>25,641,459</u>	<u>5,128,292</u>	<u>(3,747,420)</u>	<u>239,642,039</u>	<u>-</u>	<u>76,977,826</u>	<u>343,642,196</u>	<u>-</u>	<u>343,642,196</u>
Balance as of 1 January 2017	19	25,641,459	5,128,292	(3,747,420)	239,642,039	-	76,977,826	343,642,196	-	343,642,196
Appropriation of the consolidated net profit of 2016	41	-	-	-	76,977,826	-	(76,977,826)	-	-	-
Dividends distribution	41	-	-	-	(51,282,918)	-	-	(51,282,918)	-	(51,282,918)
Others	-	-	-	-	32,225	-	-	32,225	-	32,225
Total comprehensive income for the year	-	-	6,363,546	(256,141)	-	-	96,068,168	102,175,573	-	102,175,573
Balance as of 31 December 2017	19	<u>25,641,459</u>	<u>5,128,292</u>	<u>2,616,126</u>	<u>265,113,031</u>	<u>-</u>	<u>96,068,168</u>	<u>394,567,076</u>	<u>-</u>	<u>394,567,076</u>

The accompanying notes form an integral part of the consolidated financial statements.

The official chartered accountant

The Board of Directors

IV. Consolidated financial statements and notes

(translation of a document originally issued in Portuguese – Note 45)

ALTRI, SGPS, S.A.**CONSOLIDATED CASH-FLOW STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016**(Translation of financial statements originally issued in Portuguese – Note 45)
(Amounts expressed in Euro)

	Notes	2017	2016
Operating activities:			
Proceeds from customers		655,429,847	622,117,746
Payments to suppliers		(411,123,283)	(433,533,244)
Payments to personnel		(29,925,709)	(31,800,925)
Other collections/payments relating to operating activities		(4,772,785)	11,104,301
Income tax		(2,101,471)	(66,389,662)
<i>Cash flow from operating activities (1)</i>		<u>207,506,599</u>	<u>101,498,217</u>
Investment activities			
Proceeds relating to:			
Investments	17	192,000	192,000
Tangible fixed assets		202,445	1,564,398
Investment subsidies		2,869,187	524,275
Interest and similar income		1,070,273	1,300,056
Dividends	4.2	<u>55,000</u>	<u>50,000</u>
		4,388,905	3,630,729
Payments relating to:			
Investments	17	-	(2,438,210)
Tangible fixed assets		(84,431,695)	(32,466,771)
Intangible assets		(540,295)	(269,295)
Investment subsidies		(3,115,183)	(558,872)
<i>Cash flow used in investment activities (2)</i>		<u>(88,087,173)</u>	<u>(35,733,147)</u>
		<u>(83,698,268)</u>	<u>(32,102,418)</u>
Financing activities:			
Proceeds relating to:			
Loans obtained		106,441,451	228,152,640
Other financial operations		-	-
		106,441,451	228,152,640
Payments relating to:			
Interests and similar costs		(17,831,722)	(18,704,754)
Distributed dividends		(51,282,918)	(51,282,918)
Loans obtained		(267,613,484)	(170,236,383)
Other financial operations		-	(384,290)
<i>Cash flow used in financing activities (3)</i>		<u>(336,728,124)</u>	<u>(240,608,345)</u>
		<u>(230,286,673)</u>	<u>(12,455,705)</u>
Cash and cash equivalents at the beginning of the year	17	300,094,254	243,154,160
Exchange rate differences		(16,175)	-
Change of cash and cash equivalents: (1)+(2)+(3)		<u>(106,478,343)</u>	<u>56,940,094</u>
Cash and cash equivalents at the end of the year	17	<u>193,599,737</u>	<u>300,094,254</u>

The accompanying notes form an integral part of the consolidated financial statements.

The official chartered accountant

The Board of Directors

1. INTRODUCTORY NOTE

Altri, SGPS, S.A. (“Altri” or “Company”) is a public company incorporated as of March 1, 2005, as a result of the reorganization process of Cofina, SGPS, S.A. Its headquarters are located at Rua General Norton de Matos, 68, r/c – Porto, Portugal and its shares are listed in the Euronext Lisbon Stock Exchange. Its main activity is the management of investments.

Altri is the parent company of a group of companies – as specified in Note 4 – known as Altri Group. The Group’s current business activity focuses on the production of bleached eucalyptus pulp in the three following mills: Celbi in Figueira da Foz, Caima in Constância do Ribatejo and Celtejo in Vila Velha de Ródão.

Given the Group’s reality, the Board of Directors believes that there is only one business segment (production and commercialization of bleached pulp from eucalyptus). Additionally, management information is also analysed on the assumption that there is a unique business segment. Accordingly, the segment information presented in Note 37 is limited by this assessment.

The consolidated financial statements of Altri Group are presented in Euro rounded off to the unit, which is the currency used by the Group in its operations and considered as the functional currency. The operations of foreign companies whose functional currency is other than Euro are included in the consolidated financial statements in accordance with the policy set out in Note 2.2.e).

2. MAIN ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

The accompanying consolidated financial statements have been prepared on a going concern basis from the books and accounting records of the companies included on the consolidation, which were prepared accordingly with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union under a historical cost convention, except for the biological assets and some financial instruments which are stated at fair value. These standards include International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”), International Accounting Standards (“IAS”) issued by International Accounting Standards Committee (“IASC”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) or by the previous Standing Interpretations Committee (“SIC”), as adopted by the European Union for the financial statements of periods starting on or after 1 January 2017. Standards and interpretations above mentioned will be generally presented as “IFRS”.

The Board of Directors evaluated the Company, its subsidiaries, joint ventures and associated companies’ ability to operate on a going concern basis, considering all the available facts, circumstances and information (financial, operational, commercial and others), as well as subsequent events after the statement of financial position date. The Boarder of Directors concluded that proper resources are available for the Group to continue with its operations in the future and there is no intention of ceasing the Group’s activities in the future. Thus, the preparation of the financial statement on a going concern basis is adequate.

The interim financial statements were presented quarterly, in accordance with IAS 34 – “Interim Financial Reporting”.

(i) Adoption of new revised or amended standards and interpretations

The following standards, interpretations, amendments and revisions endorsed by European Union with mandatory application in the financial years ending on or after 31 December 2017:

Standard	Applicable in the European Union in the financial years starting on or after	
Amendments to IAS 12 – Income Taxes	1-jan-17	The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.
Amendments to IAS 7 - Disclosures	1-jan-17	The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

The effect in the consolidated financial statements of the Group for the year ended as of 31 December 2017, due to the adoption of the standards, interpretations, amendments and revisions mentioned above has not been significant.

(ii) Standards, interpretations, amendments and revisions that will take effect in future financial years

The following standards, interpretations, amendments and revisions, with mandatory application to future financial years, were, until the approval date of the accompanying financial statements, endorsed by the European Union:

Standard	Applicable in the European Union in the financial years starting on or after	
IFRS 9 – Financial instruments	1-jan-18	This standard is part of the revision of IAS 39 and establishes the new requirements for the classification and measurement of financial assets and liabilities to the methodology for the calculation of impairment and for the application of hedge accounting rules.
IFRS 15 – Revenue from contracts with customers	1-jan-18	IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17 Leases (or IFRS 16 Leases, once applied). Its

		requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets.
IFRS 16 – Leases	1-jan-19	IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).
Amendments to IFRS 15 – Revenue from contracts with customers	1-jan-18	These amendments introduce several clarifications in the standard to eliminate the possibility of divergent interpretations of several topics
Amendments to IFRS 4: application of IFRS 9, Financial instruments, with IFRS 4, Insurance contracts	1-jan-18	The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.
Amendments to IFRS 2 – Share-based payments	1-jan-18	The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas: (i) The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, (ii) The classification of a share-based payment transaction with net settlement features for withholding tax obligations), (iii) The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled.
Amendments to IAS 40 – Investment properties	1-jan-18	The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.
Improvements to international financial reporting standards (cycle 2014-2016)	1-jan-18 except for changes to IFRS 12, which were applicable starting on 1-jan-17	These improvements include the clarification of some aspects related to: IFRS 1 – First time adoption of International Financial Reporting Standards: elimination of some short-term exemptions; IFRS 12 – Disclosure of interests in other entities: clarification of the scope of the standard for its application to interests classified as held for sale or held for distribution under IFRS 5; IAS 28 – Investments in associated and joint ventures: introduction of several clarifications about the measurement at fair value of results from investments in associates or joint ventures held by venture capital companies or investment funds.

Amendments to IFRS 9: Prepayment features with negative compensation	1-jan-19	Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.
IFRIC 22 – Foreign currency transactions and advance consideration	1-jan-18	The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

(iii) New standards and interpretations, amended or revised not yet endorsed by the European Union

The following standards, interpretations, amendments and revisions, with mandatory application to future financial years have not been endorsed by the European Union until the approval date of the accompanying financial statements:

Standard	Applicable in the European Union in the financial years starting on or after	
IFRS 17 – Insurance contracts	1-jan-21	This standard sets the recognition, measurement, presentation and disclosure principles for insurance contracts, replacing IFRS 4 – Insurance contracts.
Improvements to international financial reporting standards (cycle 2015-2017)	1-jan-19	These improvements clarify some aspects related to: IFRS 3 – business combinations: requires the re-measurement of previously held interests when an entity gains control over an affiliate with whom had joint control; IFRS 11 – Joint arrangements: clarifies that previously held interests should not be re-measured when an entity obtains joint control over a joint operation; IAS 12 – Income taxes: ensures that every fiscal consequence arisen from dividends must be recorded in the profit and loss account, irrespective of how the tax has surged; IAS 23 – Borrowing costs: Ensures that the part of the loan allocated to the construction/ purchase of an asset, owed upon the same has become ready for its desired use, is (for the purpose of calculating the rate of capitalization) considered an integral part of the entity's general funding.

Amendments to IAS 19 – Plan amendment, curtailment or settlement	1-jan-19	The proposed amendments specify the accounting treatment in case of existence of amendments, curtailments or settlements to a given plan.
Amendments to IFRS conceptual framework	1-jan-19	This amendment reviews the concepts defined in the IFRS conceptual framework.
Amendments to IAS 28: Long-term interests in associates and joint ventures	1-jan-19	The amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests).
IFRIC 23 – Uncertainty over income tax treatments	1-jan-19	This interpretation provides guidance on how an entity should measure various tax amounts depending on whether it is probable or not that the taxation authority will accept an uncertain tax treatment and how it should consider changes in facts and circumstances in respect of uncertain tax treatments.

These standards have not been endorsed by the European Union, and as such, were not adopted by the Group in the year ended as of 31 December 2017. No significant impacts are expected to arise in the financial statements because of the adoption of these standards.

The accounting policies and measurement criteria adopted by the Group as of 31 December 2017 are consistent with those used in the preparation of the consolidated financial statements as of 31 December 2016, except for the measurement criteria used in biological assets as described in Notes 2.3. i) and 11.

In the preparation of the consolidated financial statements, in accordance with the IFRS, the Board of Directors adopted certain assumptions and estimates that affect the reported assets and liabilities, as well as the income and expenses in relation to the reported periods. All the estimates and assumptions made by the Board of Directors were made based on its better existing knowledge, regarding the date of approval of the financial statements, of the events and transactions in progress (Note 2.3 s)).

The accompanying consolidated financial statements have been prepared for appreciation and approval by the General Shareholders Meeting. The Group's Board of Directors believes that they will be approved without changes.

2.2 Basis of consolidation

The basis of consolidation used by the Group in the preparation of the consolidated financial statements were as follows:

a) Investments in subsidiaries

Investments in companies in which the Group owns, directly or indirectly, more than 50% of the voting rights and is exposed or has rights to variable returns from its involvement with the investee and can affect those returns through its power over the investee (definition of control normally used by the Group), are included in the consolidated financial statements by the full consolidation method. Equity and net profit attributable to minority shareholders are shown separately, under the caption "Non-controlling interests", in the consolidated balance sheet and in the consolidated statement of profit and loss. Companies included in the consolidated financial statements are listed in Note 4.1.

The total integral income is attributed to the owners of the mother-company and to the non-controlling members even if by doing that, the company acquires a deficit balance at the level of non-controlling interests.

Regarding business combinations occurred after the transition to the IFRS as endorsed by the European Union (1 January 2004), assets and liabilities belonging to each subsidiary are measured at their fair value at the date of acquisition according to IFRS 3 – Business combinations. Any excess of the fair value of identifiable net assets and liabilities is recognised as goodwill. Any excess of the fair value of the identifiable net assets and liabilities acquired over its cost is recognised as income in the profit and loss statement of the period of acquisition, after reassessment of the estimated fair value.

The results of subsidiaries acquired or disposed during the period are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, respectively.

Adjustments to the financial statements of Group companies are performed, whenever necessary, in order to adapt its accounting policies to those used by the Group. All intercompany transactions, balances and distributed dividends are eliminated during the consolidation process.

b) Investments in joint ventures

Investments in joint ventures (companies where the Group has a jointly control over the financial and operating decisions - usually corresponding to holdings of 50% in a company's share capital) are accounted for in accordance with the equity method.

According to the equity method, the investments in joint companies are initially recorded at acquisition cost, which is adjusted proportionally to the Group's corresponding share capital, as at the acquisition date or as at the date of the first adoption of the equity method. On a yearly basis, investments are adjusted in accordance with the Group's participation in the associated company's net income. Additionally, the dividends of this companies are recorded as a reduction in the investment's book value and the Group's proportion in the changes occurred in the associated company's equity are recorded as a change in the Group's equity.

Any excess of the cost of acquisition over the Group's share in the fair value of the identifiable net assets acquired is recognised as goodwill, which is included in the caption "Investments in joint companies". If that difference is negative it is recorded as a gain in the caption "Gains and losses in joint companies" after reassessment of the fair value of the identifiable assets and liabilities acquired.

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

Unrealised gains arising from transactions with joint companies are eliminated to the extent of the group's interest in the joint against the investment held. Unrealised losses are eliminated but only to the extent that there is no evidence of impairment of the asset transferred.

Investments in joint ventures are listed in Note 4.2.

c) Investments in associated companies

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

According to the equity method, the investments in associated companies are initially recorded at acquisition cost, which is adjusted proportionally to the Group's corresponding share capital, as at the acquisition date or as at the date of the first adoption of the equity method. On a yearly basis,

investments are adjusted in accordance with the Group's participation in the associated company's net income. Additionally, the dividends of the subsidiary are recorded as a reduction in the investment's book value and the Group's proportion in the changes occurred in the associated company's equity are recorded as a change in the Group's equity.

Any excess of the cost of acquisition over the Group's share in the fair value of the identifiable net assets acquired is recognised as goodwill, which is included in the caption "Investments in associated companies". If that difference is negative it is recorded as a gain in the caption "Gains and losses in associated companies" after reassessment of the fair value of the identifiable assets and liabilities acquired.

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

When the Group's share of losses of the associated company exceeds the investment's book value, the investment is recorded at nil value, except to the extent of the Group's commitments to the associate. In such case, the Group records a provision to cover those commitments.

Unrealised gains arising from transactions with associated companies are eliminated to the extent of the group's interest in the associate against the investment held. Unrealised losses are eliminated but only to the extent that there is no evidence of impairment of the asset transferred.

Investments in associated companies are listed in Note 4.2.

d) Goodwill

The differences between the price of investments in subsidiaries companies added the value of non-controlling interests, and the amount attributed to the fair value of the identifiable assets and liabilities at the time of their acquisition, when positive, are recorded under the caption 'Goodwill', and, when negative, after a re-appreciation of its calculation, are recorded directly in the profit and loss statement. The differences between the price of investments in associated companies and in joint ventures and the amount attributed to the fair value of the identifiable assets and liabilities at the time of their acquisition, when positive, are recorded under the caption 'Investments in associated companies', and, when negative, after a re-appreciation of its calculation, are recorded directly in the profit and loss statement.

The excess of the cost of acquisition of investments in foreign companies over the fair value of their identifiable assets and liabilities as at the date of acquisition is calculated using the local currency of each of those companies. Translation to the Group's currency (Euro) is made using the exchange rate as at the balance sheet date. Exchange rate differences arising from this translation are recorded under the equity caption "Conversion reserves", include in the caption "Other reserves".

The Group opts, on a case-by-case basis for each business combination, to measure non-controlling interests either at their proportionate interest on the fair value of the assets and liabilities acquired, or at the fair value of the non-controlling interests themselves. Until 1 January 2010, non-controlling interests were always measured at their proportionate interest on the fair value of the acquired assets and liabilities.

Contingent consideration is recognized as a liability, at the acquisition-date, according to its fair value, and any changes to its value are recorded as a change in the 'Goodwill', but only if they occur during the 'measurement period' (until 12 months after the acquisition-date) and as long as they relate to facts and circumstances that existed at the acquisition date, otherwise these changes must be recognized in profit or loss.

Transactions regarding the acquisition of additional interests in a subsidiary after control is obtained, or the partial disposal of an investment in a subsidiary while control is retained, are accounted for as equity transactions impacting the equity captions, and without giving rise to any additional 'Goodwill' and without any gain or loss recognized.

The moment a sales transaction to generate a loss of control, should be derecognized assets and liabilities of the entity and any interest retained in the entity sold should be premeasured at fair value and any gain or loss calculated on the sale is recorded in results.

On an annual basis, the Group tests goodwill for impairment. The recoverable amount of the cash-generating unites is computed based on their estimated value of use. This computation implies the use of assumptions based on estimates of future events which may occur differently from management's expectations at a given date.

e) Translation of foreign subsidiaries' financial statements to local currency

Assets and liabilities in the financial statements of foreign entities are translated to Euro using the exchange rates in force at the balance sheet date. Profit and loss and cash flows are converted to Euro using the average exchange rate for the period. The exchange rate differences originated are recorded in the equity caption "Conversion reserves".

Goodwill and adjustments to the fair value arising from the acquisition of foreign subsidiaries are recorded as assets and liabilities of those companies and translated to Euro at the balance sheet date exchange rate.

Whenever a foreign company is sold, the accumulated exchange rate differences are recorded in the statement of profit and losses as a gain or loss associated with the sale, if there is a loss of control, or transferred to non-controlling interests in case there is no loss of control.

Exchange rates used on translation of affiliate accounts in foreign currency were as follows:

	31.12.2017		31.12.2016	
	Year end	Average	Year end	Average
Swiss Franc	1,1702	1,1116741	1,0739	1,0902

2.3 MAIN ACCOUNTING POLICIES

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

a) Intangible assets

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

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

Internal costs related with software maintenance and development are recorded as expenses in the statement of profit and loss for the period in which they are incurred, except when these costs are directly attributable to projects for which the existence of future economic benefits is probable. If this is the case, they are capitalized as intangible assets.

Amortisation is calculated on a straight-line basis, as from the date the asset is first used, over its expected useful life (usually 3 to 5 years).

b) Property, plant and equipment

Property, plant and equipment acquired until 1 January 2004 (IFRS transition date) are recorded at deemed cost, which corresponds to its acquisition cost, or its acquisition cost re-valued in accordance with generally accepted accounting principles in Portugal until that date, net of accumulated amortisation and accumulated impairment losses.

Property, plant and equipment acquired after that date, are recorded at acquisition cost, net of depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis, as from the date the asset is in the necessary condition for use, over the expected useful life for each group of assets.

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

	<u>Years</u>
Land	20 to 50
Buildings	10 to 50
Machinery	2 to 15
Vehicles and other transport equipment	2 to 10
Office equipment	2 to 10
Other tangible assets	3 to 10

Impairment losses identified in the recoverable amount of tangible assets are recorded in the year in which they arise, by a corresponding charge against the caption “Provisions and impairment losses” in the profit and loss statement.

Maintenance and repair costs related to tangible assets which do not increase the useful life or result in significant benefits or improvements in tangible fixed assets are recorded as expenses in the period they are incurred.

Property, plant and equipment in progress correspond to fixed assets still in construction and are stated at acquisition cost, net of impairment losses. These assets are depreciated from the date they are concluded or ready to be used under the conditions and for the use established by the management.

Gains or losses arising from the sale or disposal of tangible assets are calculated as the difference between the selling price and the asset’s net book value as at the date of its sale/disposal, and are recorded in the statement of profit and loss under the captions “Other income” or “Other expenses”.

c) Investment properties

Investment properties correspond to the properties (land or building or part of a building or both) that are not used in the Group’s activities: production or supply of goods or services, administrative purposes or held for sale in the ordinary course of business.

Investment properties are recognised at acquisition cost (including transaction costs) and, subsequently, are measured at acquisition or production cost, net of eventual impairment losses.

Depreciation is calculated on a straight-line basis, as from the date the asset is in the necessary condition for use, over the expected useful life for each asset.

d) Lease contracts

Classifying a lease as financial or as operational depends on the substance of the transaction rather than the form of the contract.

Lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

The analysis of transfers of risks and rewards of ownership of the asset considers several factors, including whether is contractually conditioned to assume ownership of the asset, the value of minimum future payments over the contract, the nature of the leased asset and the duration of the contract taking into consideration the possibility of renewal.

Property, plant and equipment acquired under financial lease contracts and the corresponding liabilities are recorded in accordance with the financial method. Under this method, the cost of the fixed assets and the corresponding liability are reflected in the balance sheet. In addition, interests included in the lease instalments and depreciation of the fixed assets, calculated as explained in Note 2.3.b), are recorded in the statement of profit and loss of the period to which they apply.

The operational lease instalments on assets acquired under long-term rental contracts are recognized in full as expenses in the period to which they refer to.

e) Government grants

Government grants related with personnel training programmes or production support are recorded in the statement of profit and loss caption “Other income” when attributed, as long as the cost has already been incurred, independently of when they are received.

Government grants related to fixed assets are recorded as “Other non-current liabilities” and “Other current liabilities” taking into consideration the expected timing of recognition in the profit and loss statement. These government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Unconditional government grants related to biological assets are recognised in profit or loss when the government grant becomes receivable. Conditional government grants related to biological assets are recognized in profit or loss when the conditions attaching to the government Grant are met.

Government grants received in the form of loans are booked under the caption “Reimbursable government grants” as current or non-current liabilities according to the expected instalment dates.

f) Impairment of assets, except for goodwill

Assets are assessed for impairment at each balance sheet date and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of profit and loss under the caption “Provisions and impairment losses”.

The recoverable amount is the higher of an asset’s net selling price and its value of use. The net selling price is the amount obtainable from the sale of an asset in an arm’s length transaction less the costs of the disposal. The value of use is the present value of estimated future cash flows expected to arise from the continued use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognized in prior years is recorded when the Group concludes that the impairment losses previously recognized for the asset no longer exist or has decreased. The reversal is recorded in the statement of profit and loss as “Other income”. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation and amortization) had no impairment loss been recognized for that asset in prior years.

g) Borrowing costs

Borrowing costs are recognised as expense in the statement of profit and loss for the period in which they are incurred, in an accrual basis.

When the Company contracts loans to specifically finance capital assets, the corresponding interests are capitalized, being part of the cost of the asset. The capitalization of these interests starts after the beginning of the preparation of the activities of construction, and ceases when the asset is ready for use or in case the project is suspended.

h) Inventories

Raw, subsidiary and consumable materials are stated at acquisition average cost, deducted from quantity discounts granted by suppliers, which is lower than its market value.

Finished and intermediate goods, sub-products and work in progress are stated at production cost, which includes the cost of raw materials, direct labour and production overheads, which is lower than market value. Therefore, harvested wood owned by the Group is valued at production cost, which includes the costs incurred with the cutting, gathering and transport of harvested wood, as well as the accumulated cost of plantations, maintenance and administrative expenses in proportion to the harvested area.

When necessary, the Group records impairment losses to reduce inventories to its net realisable or market value.

i) Biological assets

Part of Altri's activity consists in in the cultivation of several species of forestry, especially eucalyptus, which are basically used as raw material for pulp's production. At the end of the year, the plantations owned by the Group are classified in the caption “Biological assets”. The forest lands owned by the Group are valued in accordance with accounting policy described in Note 2.3 b) and are classified in the caption “Property, plant and equipment” of the consolidated financial statements.

Until 31 December 2016, the Group recognised its biological assets at acquisition cost, which included all the expenses incurred with plantation and with its development, net of impairment losses, estimated using a discounted cash flow model.

During 2017 the Group decided to subsequently measure its biological assets at fair value. The fair value was computed by an external and independent third party using a discounted cash flow method. This assessment was based on several assumptions related to the forest's productivity, the timber's sale price subtracted by the inherent chop costs, and plantation and maintenance costs, discounted at an estimated discount rate.

The effect of any change to the assumptions in the fair value computation is recognized as profit or loss.

Assets measured at fair value after initial recognition are grouped into three levels, according to the degree to which the fair value is observable:

Level 1: fair value is measured based on active markets' prices;

Level 2: fair value is measured based on valuation techniques. The main inputs of the valuation models are observable in the market;

Level 3: fair value is measured based on valuation models, whose main inputs are not observable in the market.

The Group assesses biological assets as falling under level 2.

The cost of wood is transferred to production cost when the wood is harvested. The cost of wood harvested is determined based on the specific cost of each plantation attributed to each harvesting, which also includes the costs incurred on each plantation since the last harvesting.

j) Provisions

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

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

k) Post-employment benefit plans

Some Group companies have assumed commitments to provide pension complements to employees retiring due to age or disability. To cover these liabilities there have been created autonomous pension funds, which annual charges, computed in accordance with actuarial analysis, are recorded in the statement of profit and loss in accordance with IAS 19 – "Employee benefits".

The impact of the measurement of the net responsibilities for defined benefit plans, including actuarial gains and losses and the return of the plan assets (where applicable) net of interest, is recognized immediately in the statement of comprehensive income (in equity, in the caption "Retained earnings"), with no impact on the income statement. This measurement impact is not reclassified to the income statement in subsequent years.

The net interest is recognized in the income statement, as well as the cost of any past services is recognized in the income statement in the periods they are incurred.

Any insufficiency of coverage by the autonomous pension funds that happened in order of rendered services is recorded as a liability in the financial statements of the Group.

When the financial situation of autonomous pension funds is superior to past services' responsibilities, Altri records an asset in its financial statements because this difference corresponds to less appropriations' necessities for pension funds in the future.

These liabilities were calculated under the "Projected unit credit method" under the actuarial and financial assumptions deemed to be the most adequate (Note 28).

From May 2014, the Group companies started to grant these pension supplements through defined contribution plans (except for Celtejo, Caima Indústria and Altri Florestal in which both situations subsist). The Company's contribution is recognized in the profit and loss statement.

l) Financial instruments

i) Investments

Investments held by the Group are divided into the following categories:

Investments held to maturity, are classified as non-current assets unless they mature within 12 months of the balance sheet date. The investments classified as held to maturity are non-derivative assets with defined or determinable payment dates, have defined maturity and the Group has the intention and ability to maintain them until the maturity date.

Investments measured at fair value through profit and loss are classified as current assets. The purpose of these investments is to obtain short term profits.

Investments available for sale are all the other investments that are not classified as held to maturity or measured at fair value through profit and loss, being classified as non-current assets.

Investments are initially measured at cost, which is the fair value of the price paid, including transaction costs if related with held to maturity and available for sale investments.

Investments available for sale and investments measured at fair value through profit and loss are subsequently measured at fair value by reference to the market value at the balance sheet date without any deduction for transaction costs which may be incurred until its sale. Investments in equity instruments which are not listed on a stock exchange market and whose fair value cannot be reliably measured are stated at cost net of impairment losses. Investments held to maturity are recorded at amortised cost, using the effective interest method.

Gains or losses arising from a change in the fair value of available for sale investments are recognised under the equity caption “Fair value reserve” included in caption “Other reserves”, until the investment is sold or disposed, or until it is determined to be impaired, at which time the cumulative loss previously recognised in equity is transferred to profit and loss account for the period.

All purchases and sales of investments are recorded on its trade date, independently of the liquidation date.

Equity instruments classified as available for sale are impaired if there is a significant or prolonged decline in its fair value bellow its acquisition cost.

Held to maturity investments are carried at amortized cost using the effective interest rate, net of capital reimbursements and interest income received.

ii) Accounts receivable

Trade receivables and other accounts receivable are stated at nominal value less impairment losses so that those receivables reflect its net realisable value. The current accounts receivable not include interests because discount's impact is not considered immaterial.

Impairment is recognised if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received. Therefore, each group company takes into consideration market information which shows the client default in their responsibilities', as well as historic information on outstanding debts not received.

Recognized Impairment losses equals to the difference between the nominal value of the receivable balance and the correspondent present value of future estimated discounted cash-

flows at the initial effective interest rate; when the payment is expected to occur in a period less than a year, the rate is considered null.

iii) Loans and other accounts payable

Loans and non-current payable accounts are recorded in liabilities by amortised cost, using the effective interest rate method. Financial expenses are calculated based on the effective interest rate and are recorded in the statement of profit and loss on an accrual basis. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Assets and liabilities are compensated and presented for its net amount as long as there is the right for compulsory fulfilment of compensation and the Board of Directors intends to realise them on a net basis or realise the asset and simultaneously settle the liability.

iv) Accounts payable

Accounts payable are stated at their nominal value because they do not bear interests and the discount effect is immaterial.

The Group uses confirming facilities from some financial institutions, which are similar to reverse factoring agreements. The Group does not use these agreements as a way to manage its liquidity needs because the invoices payment is done at maturity; at that date, the Group settles the amounts advanced by the financial institutions.

Consequently, and considering these agreements do not give rise to any financial expenses for the Group, the invoices which were paid in advance by the financial institutions remain booked under "Trade payables".

The liability is derecognized only when the underlying responsibilities are extinguished by settlements, are cancelled or expired.

v) Derivatives

Altri Group uses hedge derivatives for the management and hedging of its financial risks. The Group does not use derivatives for trading.

Derivatives classified as cash flow hedge instruments are used by the Group mainly to hedge interest rate fluctuation, exchange rate and to fix pulp price. The index, the computation conventions, the interest rate hedging instruments are similar to the ones established for the underlying loans or other estimated cash flows and, therefore, are qualified as perfect hedging. The derivatives most used by the Group are the price indexations of pulp using future contracts.

The criteria used by the Group to classify the Derivative instruments as cash flow hedging instruments are the following:

- the hedge is expected to be highly effective at its inception;
- the hedging effectiveness can be reliably measured;
- there is appropriate documentation regarding the transaction to be hedged at the inception of the hedge; and
- the forecast transaction is highly probable.

The cash flow hedge instruments are recorded at its fair value. Changes in the fair value of these instruments are recorded in assets or liabilities, against the corresponding entry under the equity caption "Hedging reserves", and transferred to the statement of profit and loss when the operation subjected to hedging affects the net profit for the period.

The determination of the fair value of these financial instruments is made with informatics systems of derivative instruments valuation and had, on its basis the actualization, for the balance sheet date, of the future fix and variable leg cash flows of the derivative instrument.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded and deferred in equity under the caption “Hedging reserves” are transferred to profit and loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host contract and when these are not stated at fair value with gains and losses not realizable are recorded in the profit and loss statement.

When derivative instruments, although specifically contracted to hedge financial risks, do not fulfil the requirements listed above to be classified and accounted as hedge instruments, the changes in fair value are directly recorded as financial results in the profit and loss statement.

vi) Financial liabilities and Equity instruments

Financial liabilities and equity instruments are classified and accounted for based upon its contractual substance. Equity instruments are those that represent a residual interest upon the Group’s net assets and are recorded by the amount received, net of costs incurred with its issuance.

vii) Treasury shares

Treasury shares are recorded at acquisition cost as a deduction to equity captions. Gains or losses on its sale are recorded in the equity caption “Other reserves” not affecting the profit and loss statement for the period.

viii) Discounted bills and accounts receivable transferred to factoring companies

Only when the assets’ cash flows contractual right has expired or when the risks and benefits inherent to those assets are transferred to a third entity the Group derecognises the financial assets of its financial statements. If the Group retains substantially the risks and benefits inherent to the property of such assets, the Group continues to recognize them in its financial statements, by recording in the caption “Other loans” the monetary counterparty for the transferred assets.

In consequence, the costumers’ balances formed by non-outstanding discounted bills and accounts receivable transferred to factoring companies as of the balance sheet date, with exception of the non-appealing factoring operations are recognized in the Group’s financial statements until the moment of their collection. At 31 December 2017, there were no non-appealing factoring operations.

ix) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks on demand and term deposits and other treasury applications which reach maturity within less than three months and that may be drawn without significant risk of change in value.

For purposes of the consolidated statement of cash flows, “Cash and cash equivalents” caption also includes bank overdrafts, which are included in the balance sheet caption “Bank loans”.

x) Assets classified as held for sale or in discontinuation

The assets and liabilities are classified as held for sale or in discontinuation when their disposal is made not by its use but by its sale. The Group classifies assets and liabilities in this caption when exists a high probability of its sale becomes effective and the assets and liabilities are available for immediate sale. The Board of Directors is committed in the sale of the assets and liabilities recorded in this caption, and it is their understanding that this sale will be completed in the next twelve months.

The assets classified as held for sale or in discontinuation are valued at the lower of its accounting value at the date of the sale decision and its fair value deducted of their selling costs.

m) Contingent assets and liabilities

Contingent assets are possible assets arising from past events and whose existence will be confirmed, or not, by uncertain future events not controlled by the Company.

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

Contingent liabilities are defined by the Company as (i) possible obligations that arise from past events and which existence will be confirmed, or not, by one or more occurrences of uncertain future events not controlled by the Company, or (ii) present obligations that arise from past events but that are not recorded because it is unlikely that an outflow of resources occurs to settle the obligation or the obligation amount cannot be reliably measured.

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

n) Income tax

Income tax for the period is determined based on the taxable results of the companies included in the consolidation and takes into consideration deferred taxation.

Current income tax is determined based on the taxable results of the companies included in the consolidation, in accordance with tax regulations in force at the location of the head office of each Group company, considering the annual estimated income tax rate.

For some of the companies included in the consolidation of Altri Group by the full consolidation method, the income tax is determined in accordance with article 69 of the Corporate Income Tax Code ("Código do Imposto sobre o Rendimento das Pessoas Colectivas"), under the special regime of taxation of groups of companies.

The Group recognizes the gain from investment tax incentives under the form of discounts to the collection in accordance to the criteria established in "IAS 12 - Income Tax" for recognition of gains with tax credits. Accordingly, the gain is recognized when the right to use the credit is obtained and a "deferred tax asset" is recognized if it is not possible to use all those tax credits in the year and it is expected that, in the future, the company will generate sufficient results to allow its use.

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

Deferred tax assets and liabilities are measured:

- According to the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date; and
- Reflecting the tax impacts which follow and the Company expects, as at the date of the balance sheet, to recover or settle the carrying amount for its assets and liabilities.

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

Deferred taxes for temporary differences associated with investments in associates and interests in joint-ventures are not recognised, as it is considered that the following conditions are simultaneously fulfilled:

- The Group can control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets and liabilities are recorded in the statement of profit and loss, except if they relate to items directly recorded in equity. In these cases, the corresponding deferred tax is recorded in the same equity captions.

o) Revenue recognition and accrual basis

Revenue arising from the sale of goods is recognized in the consolidated income statement when (i) the risks and benefits have been transferred to the buyer, (ii) the company retains neither continued management involvement in a degree usually associated with ownership nor effective control over the goods sold, (iii) the amount of the revenue can be measured reasonably, (iv) it is likely that the economic benefits associated with the transaction will flow to the Company, and (v) the costs incurred or to be incurred related with the transaction can be reliably measured. Sales are recorded net of taxes, discounts and other expenses arising from the sale, and are measured at the fair value of the amount received or receivable.

Dividends are recognized as income in the period its distribution is approved.

All other income and expenses are recognized in the period to which they relate, independently of when the amounts are received or paid. Differences between the amounts received and paid and the corresponding income and expenses are recorded in the captions “Other current assets”, “Other current liabilities”, “Other non-current assets” and “Other non-current liabilities”.

p) Balances and transactions expressed in foreign currencies

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

Favourable and unfavourable exchange differences arising from changes in the exchange rates between those prevailing on the dates of the transactions and those in force on the dates of payment, collection or as of the balance sheet date are recorded in the consolidated statement of profit and loss, except the ones related to non-monetary values which fair value variation be directly recorded in equity.

q) Subsequent events

Subsequent events that provide additional information about conditions that existed at the balance sheet date (“adjusting events”) are reflected in the consolidated financial statements. Subsequent events that provide information about conditions that have only arisen after the balance sheet date are considered “non-adjusting events” and are disclosed in the notes to the financial statements, if material.

r) Segment information

In each period, the Company identifies the most adequate segment division taking into consideration the business areas in which the Group is present.

At the moment, Altri Group has only one business segment (production and commercialization of bleached pulp from eucalyptus) for which the internal report of segmental information is analysed under this assumption.

s) Judgments and estimates

In preparing the consolidated financial statements in accordance with IAS / IFRS, the Group's Board of Directors has adopted certain assumptions and estimates that affect the reported assets and liabilities and income and expenses incurred for the periods reported. All estimates and assumptions made by the Board were made based on your best knowledge existing at the date of approval of the financial statements, events and transactions in progress.

The most significant accounting estimates reflected in the consolidated income statements include:

- a) Useful lives of the tangible and intangible fixed assets;
- b) Impairment tests of goodwill, tangible and intangible fixed assets, as well as financial investments;
- c) Recognition of impairment on assets, namely inventory and accounts receivable;
- d) Post-employment benefit plans responsibility computation;
- e) Fair value of derivatives;
- f) Fair value of biological assets; and
- g) Provisions.

Estimates used are based on the best information available during the preparation of consolidated financial statements and are based on best knowledge of past and present events. Although future events are neither controlled by the Group nor foreseeable, some could occur and have impact on the estimates. Changes to the estimates used by the management that occur after the date of these consolidated financial statements, will be recognised in net income, in accordance with IAS 8 – Accounting policies, changes in accounting estimates and errors, using a prospective methodology.

2.4 FINANCIAL RISK MANAGEMENT

Altri's Group is exposed essentially to the: (i) market risk; (ii) liquidity risk and (iii) credit risk. The main objective of the Board of Directors, on what risk management concerns, is to reduce these risks to a level considered acceptable for the development of the Group activities. The guiding lines of the risk management policy are defined by Altri's Board of Directors, which determines the acceptable risk limits. The operational concretization of the risk management policy is made by the Board of Directors and by the management of each participated company.

a) Market risk

At this level of market risk, a particular importance is given to interest rate risk, exchange rate risk, variability of the commodities' price risk and forest management and production of eucalyptus risk.

When considered necessary, the Group uses derivative instruments on the management of their market risks which is exposed as a way of ensuring its hedging and does not use derivative instruments with the objective of negotiation or speculation.

i) Interest rate risk

The exposure of the Group to interest rate results of the long-term loans constituted, mainly, by debt indexed to Euribor.

The Group uses derivative instruments or similar transactions for hedging interest rate considered significant. Three principles are used in the selection and determination of the hedging instruments of interest rate:

- For each derivative or hedging instrument used to protect the risk associated with a funding, there is coincidence between the dates of the flow of interests paid on loans to be hedged and the dates of liquidation under the hedging instruments;
- Perfect equivalence between the following rates: the indexing used in derivative or hedging instrument should be the same as that applicable to the financing or transaction that is being hedged; and
- From the beginning of the transaction, the maximum cost of debt resulting from the hedging transaction undertaken, is known and limited, even in scenarios of extreme changes in interest rates market.

Considering the entire financial debt of Altri is indexed to floating rates, the Group uses interest rate swaps when it is deemed necessary as a mean of protection against changes in future cash flows associated with interest payments. The interest rate swaps agreed have the economic effect of converting the loans linked to variable rates to fixed rates. Under these contracts the Group agrees with other parties (banks) to exchange, in pre-determined periods of time, the difference between the amount of interest calculated at the fixed rate and variable rate contracted at that time, with reference to the respective amounts previously agreed.

The counterparts of the hedging instruments are limited to high credit quality financial institutions, since the Group policy priority is the hiring of these instruments with banks that are part of its financing operations. For purposes of determining the counterpart of specific operations, Altri requests proposals and indicative prices from a representative number of banks to ensure adequate competitiveness of these operations.

When determining the fair value of hedging transactions, the Group uses certain methods, such as valuation models of options and discounted future cash flows, as well as certain assumptions that are based on the interest rate market conditions prevailing at the date of the consolidated financial statement position. Quotes of comparative financial institutions, for specific instruments, are used as reference for evaluation.

The Board of Directors approves the terms and conditions of the relevant funding of the Group, analysing the structure of such debt, the risks and the different options available in the market, particularly regarding the type of interest rate (fixed / variable).

The Group's objective is to limit the cash-flows and results volatility according to its operational activity through the utilization of an adequate combination of fix and variable tax debt. The Group policy allows the use of interest rate derivatives in order to obtain a reduction of the exposure to Euribor variations and not to speculative purposes.

Most derivative instruments used by the Group in interest rate management are defined as cash-flow hedging instruments as these configure perfect hedging relations. The index, the computation conventions, the re-fixing dates of interest rates and the repayments plans of interest rate hedging instruments are similar to the ones established for the underlying loans. Nevertheless, there may be some derivative instruments which, although have been contracted with the hedging interest

risk objective, do not match with the requirements above defined for the hedging instruments classification.

The sensitivity analysis of the results of Altri to the changes in interest rate is in the Note 20.

ii) Exchange rate risk

The Group is exposed to exchange rate risk in transactions related with the finished goods sales in international markets with different currency from Euro.

Whenever the Board of Directors considers necessary to reduce the volatility of their results to the variability of exchange rates the exposition is managed through forwards programs or other exchange rates derivatives.

As of 31 December 2017 and 2016 the balances stated in USD are as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Accounts receivable	33,790,986	35,812,876
Accounts payable	393,195	157,572
Bank deposits (Note 17)	32,431,626	7,550,702
Factoring (Note 20)	(7,725,955)	6,465,255
	<u>58,889,853</u>	<u>49,986,405</u>

Additionally, as of 31 December 2017 and 2016 the balances in currencies different from Euro and USD, namely SEK and GBP, are as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Accounts payable	164,914	230,499
	<u>164,914</u>	<u>230,499</u>

The Board of Directors considers that eventual changes in exchange rates do not have a significant effect in the consolidated financial statements, given the amount of assets and liabilities denominated in foreign currency, and their maturity.

iii) Variability risk on commodities price

By developing its activity in a commodity transactional industry (pulp from eucalyptus), the Group is particularly exposed to its price fluctuations, with the correspondent impacts in their results. However, in order to manage this risk, pulp price fluctuations hedging contracts were celebrated by the adequate amounts by the foreseen operations, reducing the volatility of its results.

The increase/decrease of 5% in the pulp price commercialized by the Group during 2017 would have implied an increase/decrease on operational results of, approximately, 26.6 million euro, without considering the effects of the pulp's derivatives (Note 26) and holding everything else constant.

iv) Risks of forest management and eucalyptus production

Altri, through its subsidiary Altri Florestal, intervenes in a forest area of about 81,000 hectares (81,000 in 2016) where 77% are eucalyptus. The forest is certified by FSC® (Forest Stewardship Council ®¹) and PEFC (Programme for the Endorsement of Forest Certification) entities that

¹ FSC-C004615

² Operational results = Profit before income tax + Financial costs – Financial income – Gains and losses in associated companies and joint ventures

establish the principles and criteria for which is evaluated the sustainability of the forest's management in economic, environmental and social terms.

In this context, all forestry activity is directed towards the optimization of available resources while preserving the environmental stability and ecological values present in its assets and ensuring its development.

The risks associated with any forestry activity are also present in Altri Florestal management. Forest fires, pests and diseases that can occur in forests spread through the country are the biggest risks facing this sector. These threats, if they occur, depending on its intensity, affect the normal function of the forest's exploration and the production's efficiency.

To prevent and reduce the impact of forest fires, Altri Florestal participates, together with Navigator, in a company called Afocelca that has the goal of providing, coordinating and managing the resources available for fire-fighting. At the same time, are made large investments to clean forest areas in order to reduce the risk of spread of the fires as well as mitigate its losses.

Regarding pests and diseases, its emergence can significantly reduce the growth of the forest productivity causing irreversible damage. For combating these problems were established integrated fight procedures by releasing specific parasitoids from Australia or using phytopharmaceuticals products to control populations of insects and reduce the negative effects of its presence. On the other hand, in the areas more affected, Altri Florestal is using genetic material more suitable for new plantations which, by its characteristics, allow more resistance to these pests and diseases.

The increase/decrease of 5% in the wood price during 2017 would have implied an increase/decrease on operational results, approximately of 11.1 million euro, keeping everything else constant.

ii) Liquidity risk

The purpose of liquidity risk management is to ensure, always, that the Group has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy through an adequate management of financial liability maturities.

The Group follows an active refinancing policy distinguished by the maintenance of high free and immediate available resources to face short term necessities and the extension or sustenance of the debt maturity in accordance with the predicted cash flows and the Balance leverage capability.

The liquidity analysis' for financial instruments is disclosed next to the respective note to each financial liability class.

iii) Credit risk

The Group is exposed to the credit risk in its current operational activity. This risk is controlled through a collecting information system of financial and qualitative information provided by recognized entities that supply information of risks, which allow the assessment of the clients' viability in the fulfilment of their obligations in order to reduce the credit concession risk.

The evaluation of credit risk is made on a regular basis, taking into consideration the current conditions of economic conjuncture and the specific situation of credit rating of each debtor, adopting corrective measures whenever necessary.

The risk credit is limited by the risk concentration management and a strict selection of counterparts as well as the contracting of credit insurances' to specialized institutions which ensure a significant part of the conceded credit in result of the activity developed by the Group.

The adjustments to accounts receivable are calculated taking into consideration (i) the risk profile of the customer, (ii) the average collection period, and (iii) the customer's financial conditions.

The amounts included in the face of the consolidated statement of financial position are presented net of accumulated impairment losses, and therefore, at its fair value.

3. CHANGES IN ACCOUNTING POLICIES AND ERRORS

No changes in accounting policies have taken place during the current period. Also, no errors have been identified related to previous years.

4. INVESTMENTS

4.1 INVESTMENTS IN SUBSIDIARIES

The companies included in the consolidated financial statements by the full consolidation method, their headquarters, percentage of participation held and main activity as of 31 December 2017 and 2016, are as follows:

Company	Headquarters	Percentage held		Main activity
		2017	2016	
<u>Mother-company:</u>				
Altri, SGPS, S.A.	Porto			Investment management
<u>Subsidiaries:</u>				
Altri Abastecimento de Madeira, S.A.	Figueira da Foz	100%	100%	Timber commercialization
Altri Florestal, S.A.	Figueira da Foz	100%	100%	Forest management
Altri Sales, S.A.	Nyon, Switzerland	100%	100%	Group management support services
Altri, Participaciones Y Trading, S.L.	Pontevedra, Spain	100%	100%	Production and commercialization of eucalyptus pulp
Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.	Constância	100%	100%	Energy production
Caima Indústria de Celulose, S.A.	Constância	100%	100%	Production and commercialization of eucalyptus pulp
Captaraíz Unipessoal, Lda.	Figueira da Foz	100%	100%	Real estate
Celtejo – Empresa de Celulose do Tejo, S.A.	Vila Velha de Ródão	100%	100%	Production and commercialization of eucalyptus pulp
Celulose Beira Industrial (Celbi), S.A.	Figueira da Foz	100%	100%	Production and commercialization of eucalyptus pulp
Inflora – Sociedade de Investimentos Florestais, S.A.	Figueira da Foz	100%	100%	Forest management
Pedro Frutícola, Sociedade Frutícola, S.A.	Constância	100%	100%	Agriculture production
Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A.	Porto	100%	100%	Real estate
Viveiros do Furadouro Unipessoal, Lda.	Óbidos	100%	100%	Production of plants in nurseries and services related with forests and landscapes

All the above companies were included in the consolidated financial statements in accordance with the full consolidation method, as established in Note 2.2.a).

4.2 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

The associated companies and joint ventures, percentage of capital held and main activity as of 31 December 2016 and 2015 are as follows:

Company	Headquarters	Financial statement position		Percentage held		Activity
		2017	2016	2017	2016	
<u>Associated companies</u>						
Operfoz – Operadores do Porto da Figueira da Foz, Lda.	Figueira da Foz	701,421	719,057	33.33%	33.33%	Harbor operations
<u>Joint ventures</u>						
EDP – Produção Bioelétrica, S.A.	Lisboa	16,755,511	14,264,044	50%	50%	Energy production
		17,456,932	14,983,101			

These companies were included in the consolidated financial statements in accordance with the equity method, as explained in Note 2.2. b) and Note 2.2. c).

The detail of the movements occurred in this caption for the years ended in 2017 and 2016 is as follows:

	Financial statement position			
	31 December 2017		31 December 2016	
	Operfoz	EDP Bioelétrica (a)	Operfoz	EDP Bioelétrica (a)
Opening balance	719,057	14,264,044	697,453	11,310,766
Dividend distribution	(55,000)	-	(50,000)	-
Equity method				
Effects on gains and losses in associated companies and joint ventures	37,364	2,491,467	71,604	2,953,278
Closing balance	701,421	16,755,511	719,057	14,264,044

(a) Includes loans

The total amount of the statement of financial position, assets, equity and net profit for the years ended on 31 December 2017 and 2016 for the main joint ventures and associated companies were as follows:

	31.12.2017		31.12.2016	
	Operfoz	EDP Bioelétrica (b)	Operfoz	EDP Bioelétrica (b)
Non-current assets	3,965,805	112,192,147	4,438,723	119,046,942
Current assets	1,967,155	22,439,361	1,742,114	23,102,698
Non-current liabilities	2,065,776	51,904,021	2,454,894	61,633,836
Current liabilities	1,762,919	44,940,951	1,568,771	47,838,608
Equity attributable to shareholders of the parent company	2,104,265	37,786,536	2,157,172	32,677,196
Turnover	5,459,831	39,820,917	5,650,194	39,115,664
Net profit	112,093	5,109,338	214,812	5,423,422
Total comprehensive income	112,093	5,109,338	214,812	5,423,422

(b) EDP – Produção Bioelétrica, S.A holds shares representing 100% of the share capital of Ródão Power – Energia e Biomassa do Ródão, S.A., and Sociedade Bioelétrica do Mondego S.A. These indicators relate to the separate accounts of EDP Bioelétrica.

The accounting policies used by these companies do not differ significantly from those used by Altri Group, fact that led to no need of any accounting policies harmonization.

4.3 INVESTMENTS AVAILABLE FOR SALE

As of 31 December 2017 and 2016 the investments available for sale and their book value as of that date, were as follows:

	<u>% held</u>	<u>Financial statement position</u>	
		<u>2017</u>	<u>2016</u>
Rigor Capital - Produção de Energia, Lda.	19.98%	7,957,111	10,527,397
Other investments		735,517	735,517
		<u>8,692,628</u>	<u>11,262,914</u>

Altri Group believes that the book value of investments available for sale, which includes financial investments under 20% in companies where Altri Group has no significant influence and that are measured at cost, net of impairment losses accordingly with the accounting policy described in Note 2.3.1) i), does not differ significantly from their fair value. The change in the investment in Rigor Capital – Produção de Energia, Lda. is related to an impairment loss recognized in the period (Note 34).

5. CHANGES IN THE CONSOLIDATION PERIMETER

During the year ended 31 December 2017 there were no changes in the consolidation perimeter.

During the year ended 31 December 2016, Altri acquired shares representing 100% of the share capital of Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A., becoming the only shareholder of that company's voting rights.

This company owns a property booked under "Inventories" to which the value of the business combination was allocated. As so, no goodwill was recognized with this transaction.

6. FINANCIAL INSTRUMENTS BY CLASS

According to the policies described in Note 2.3.I), Financial instruments were classified as follows:

31 December 2017	Notes	Loans and receivables	Available for sale	Derivatives - fair value	Total
Non-current assets					
Investments available for sale	4.3	-	8,692,628	-	8,692,628
Derivatives	26	-	-	1,796,781	1,796,781
		-	8,692,628	1,796,781	10,489,409
Current assets					
Trade receivables	13	113,284,683	-	-	113,284,683
Other debtors	14	1,304,931	-	-	1,304,931
Derivatives	26	-	-	4,903,860	4,903,860
Cash and cash equivalents	17	193,599,737	-	-	193,599,737
		308,189,351	-	4,903,860	313,093,211
		308,189,351	8,692,628	6,700,641	323,582,620
31 December 2016					
	Notes	Loans and receivables	Available for sale	Derivatives - fair value	Total
Non-current assets					
Investments available for sale	4.3	-	11,262,914	-	11,262,914
		-	11,262,914	-	11,262,914
Current assets					
Trade receivables	13	92,261,372	-	-	92,261,372
Other debtors	14	4,297,543	-	-	4,297,543
Cash and cash equivalents	17	300,094,254	-	-	300,094,254
		396,653,169	-	-	396,653,169
		396,653,169	11,262,914	-	407,916,082

31 December 2017	Notes	Financial liabilities booked at amortised cost	Derivatives - fair value	Total
Non-current liabilities				
Bank loans	20	39,500,000	-	39,500,000
Other loans	20	442,483,927	-	442,483,927
Reimbursable government grants	20	14,565,750	-	14,565,750
		496,549,677	-	496,549,677
Current liabilities				
Bank loans	20	6,216,583	-	6,216,583
Other loans - short-term	20	94,830,698	-	94,830,698
Reimbursable government grants	20	3,121,502	-	3,121,502
Trade payables	23	95,373,275	-	95,373,275
Other short-term creditors	24	21,489,230	-	21,489,230
Derivatives	26	-	1,806,065	1,806,065
		221,031,288	1,806,065	222,837,353
		717,580,965	1,806,065	719,387,030
31 December 2016				
	Notes	Financial liabilities booked at amortised cost	Derivatives - fair value	Total
Non-current liabilities				
Bank loans	20	118,000,000	-	118,000,000
Other loans	20	462,357,627	-	462,357,627
Reimbursable government grants	20	14,946,631	-	14,946,631
Financial derivatives	26	-	2,428,023	2,428,023
		595,304,257	2,428,023	597,732,280
Current liabilities				
Bank loans	20	38,897,709	-	38,897,709
Other loans - short term	20	120,854,418	-	120,854,418
Reimbursable government grants	20	3,115,183	-	3,115,183
Trade payables	23	69,045,134	-	69,045,134
Other short term creditors	24	14,915,753	-	14,915,753
Derivatives	26	-	2,422,650	2,422,650
		246,828,197	2,422,650	249,250,847
		842,132,455	4,850,673	846,983,127

Financial instruments measured at fair value

The following table details the financial instruments that are measured at fair value after initial recognition, grouped into three levels according to the degree to which the fair value is observable:

Level 1: fair value is measured based on active markets' prices;

Level 2: fair value is measured based on valuation techniques. The main inputs of the valuation models are observable in the market; and

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(translation of a document originally issued in Portuguese – Note 45)

Level 3: fair value is measured based on valuation models, whose main inputs are not observable in the market.

	31.12.2017			31.12.2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value:						
Derivatives (Note 26)	-	6,700,641	-	-	-	-
Financial liabilities measured at fair value:						
Derivatives (Note 26)	-	1,806,065	-	-	4,850,673	-

As of 31 December 2017 and 2016 there were no financial assets whose terms have been renegotiated and if they had not been renegotiated they would be overdue or impaired.

7. PROPERTY, PLANT AND EQUIPMENT

During the years ended 31 December 2017 and 2016 the movement occurred in Property, plant and equipment and in the corresponding accumulated depreciation and impairment losses was as follows:

	2017								
	Land	Property	Plant and machinery	Vehicles	Office equipment	Other tangible assets	Work in progress	Advance payments on fixed assets	Total
Opening balance	28,831,302	99,484,561	1,031,329,073	4,305,668	10,163,038	10,500,125	35,976,766	489,012	1,221,079,545
Additions	477,178	297,685	24,412,215	92,087	53,485	198,314	65,478,522	-	91,009,486
Disposals	(237,462)	(4,037,547)	(38,010,824)	(310,083)	(50,983)	(5,285)	-	-	(42,652,184)
Transfers and write-offs	330,600	800,346	21,040,837	69,791	104,549	111,661	(22,716,287)	(4,030)	(262,533)
Exchange rate differences	-	-	-	(9,324)	(7,572)	-	-	-	(16,896)
Closing balance	<u>29,401,618</u>	<u>96,545,045</u>	<u>1,038,771,301</u>	<u>4,148,139</u>	<u>10,262,517</u>	<u>10,804,815</u>	<u>78,739,001</u>	<u>484,982</u>	<u>1,269,157,418</u>
	Accumulated depreciation								
	Land	Property	Plant and machinery	Vehicles	Office equipment	Other tangible assets			Total
Opening balance	7,935,344	87,111,106	743,333,514	3,014,083	9,929,406	10,117,269			861,440,723
Additions	276,481	1,340,149	50,998,838	334,793	202,046	255,980			53,408,287
Disposals	(47,510)	(4,008,842)	(37,769,300)	(310,083)	(50,983)	(5,285)			(42,192,003)
Transfers and write-offs	-	-	-	-	-	-			-
Exchange rate differences	-	-	-	(3,215)	(12,073)	-			(15,288)
Closing balance	<u>8,164,315</u>	<u>84,442,413</u>	<u>756,563,052</u>	<u>3,035,578</u>	<u>10,068,396</u>	<u>10,367,964</u>			<u>872,641,719</u>
	<u>21,237,303</u>	<u>12,102,632</u>	<u>282,208,249</u>	<u>1,112,561</u>	<u>194,121</u>	<u>436,851</u>	<u>78,739,001</u>	<u>484,982</u>	<u>396,515,699</u>
	2016								
	Land	Property	Plant and machinery	Vehicles	Office equipment	Other tangible assets	Work in progress	Advance payments on fixed assets	Total
Opening balance	26,833,610	104,834,051	1,020,182,302	3,966,750	10,331,157	14,065,881	3,807,072	510,844	1,184,531,666
Variation of consolidation perimeter	2,500,000	-	-	-	-	-	-	-	2,500,000
Additions	102,256	-	8,021,574	436,126	90,339	56,543	36,574,145	4,030	45,285,013
Disposals	(604,564)	(5,374,758)	(666,820)	(226,818)	(280,685)	(3,683,819)	-	-	(10,837,464)
Transfers and write-offs	-	25,268	3,792,018	129,610	22,227	61,521	(4,404,451)	(25,863)	(399,671)
Closing balance	<u>28,831,302</u>	<u>99,484,561</u>	<u>1,031,329,073</u>	<u>4,305,668</u>	<u>10,163,038</u>	<u>10,500,125</u>	<u>35,976,766</u>	<u>489,012</u>	<u>1,221,079,545</u>
	Accumulated depreciation								
	Land	Property	Plant and machinery	Vehicles	Office equipment	Other tangible assets			Total
Opening balance	8,042,055	89,486,818	696,669,285	3,100,121	9,858,359	13,255,398			820,412,037
Additions	308,021	2,734,007	47,318,790	140,780	211,805	399,804			51,113,207
Transfers and write-offs	-	-	-	-	-	-			-
Saldo final	<u>7,935,344</u>	<u>87,111,106</u>	<u>743,333,514</u>	<u>3,014,083</u>	<u>9,929,406</u>	<u>10,117,269</u>			<u>861,440,723</u>
	<u>20,895,958</u>	<u>12,373,455</u>	<u>287,995,559</u>	<u>1,291,585</u>	<u>233,632</u>	<u>382,856</u>	<u>35,976,766</u>	<u>489,011</u>	<u>359,638,821</u>

During the years ended 31 December 2017 and 2016 depreciations amounted to 53,408,287 Euro and 51,113,207 Euro, respectively, and were recorded in the profit and loss statement in caption "Amortization and depreciation" (Note 35).

The 2017 additions were mainly made by the three industrial units. The ongoing investment project of Celulose Beira Industrial (CELBI) consists in the acquisition of a new line of wood shredding and also in improving the bleaching process. The ongoing investment project on the subsidiary Celtejo –

Empresa de Celulose do Tejo, S.A. relates to a new recovery boiler and new infrastructures for water treatment.

These two projects began in 2016 and will be concluded in 2018.

The additions of plant and machinery in 2017 relate mainly with the investment projects in Celbi and Celtejo referred to above. The disposals correspond to equipment that has been replaced under those two projects. The 2016 disposals relate to assets which were fully depreciated.

The caption “Work in progress” as of 31 December 2017 and 2016 refers to the following projects:

	<u>31/12/2017</u>	<u>31/12/2016</u>
Recovery boiler	44,604,862	12,309,749
BSM	12,114,873	-
Wastewater treatment plant	11,210,711	-
New turbine	8,113,207	1,318,128
Anaerobic treatment expansion	825,477	-
Rehabilitation of pulp storage unit	556,508	-
Liquor storage and expedition site	552,903	-
Industrial optimization	-	15,135,970
Reengineering of the landfill of residual waste	-	3,868,799
Packaging line	-	660,076
Road building	-	227,296
Other projects	760,460	2,456,748
	<u>78,739,001</u>	<u>35,976,766</u>

8. INVESTMENT PROPERTIES

The amount booked under “Investment Properties” in 31 December 2017 and 2016 refers, essentially, to lands that are not used in the Group’s main operating activities.

The Board of Directors believes that the fair value of the investment properties is higher than their net book value.

During the period year-ends 31st December 2017 and 2016, no changes have occurred under Investment properties.

9. GOODWILL

During the years ended 31 December 2017 and 2016 there were no movements in goodwill:

Celbi	253,391,251
Other	12,140,153
	<u>265,531,404</u>

Goodwill is not amortized. Impairment tests are made on an annual basis and whenever an event or a change in circumstances that reveals that the amount for which the asset is recorded could not be recoverable. Whenever the amount by which the asset is recorded is higher than its recoverable amount an impairment loss is recognized. The recoverable amount is the highest between the net sale price and the value of use. During 2017 and 2016, there were no impairment losses.

During 2017, in order to assess the existence of impairment on the goodwill amount that resulted from the acquisition of Celulose Beira Industrial (Celbi), S.A. in 2006, amounting to 253,391,251 Euro, the Group evaluated this subsidiary and concluded no impairment loss should be booked. That evaluation was based on Celbi's historical performance and an estimate of discounted cash flows based on a 7-year business plan (since it is the Board's understanding that this is the most appropriate period given the cyclical nature of the operations of the Group) considering the long-term price of pulp, not affected by the short-term variations.

The main assumptions used in 2017 and 2016 in this calculation were:

	<u>2017</u>	<u>2016</u>
Inflation rate	1.00%	1.00%
Discount rate	7.27%	8.09%
Perpetual growth rate	2.00%	2.00%

The discount rate net of taxes (net of tax because the cash flow used in financial projections was also net of tax) used in 2017 was 7.27% (8.09% in 2016) and was calculated according to the WACC (Weighted Average Cost of Capital) method, considering the following assumptions:

	<u>2017</u>	<u>2016</u>
Risk-free interest rate	3.04%	3.15%
Equity risk premium	5.08%	6.00%
Debt risk premium	1.85%	1.87%

The Group carried out a sensitivity analysis of this evaluation to variations in key assumptions, having concluded that if a discount rate 1 p.p. higher had been used, together with a null perpetual growth rate, the conclusion of no impairment of the goodwill resulting from the acquisition of Celbi would remain valid. The Group also carried out a sensitivity analysis on the estimated market price of pulp in which it was reduced by 5 p.p., having concluded that even then no impairment should be recognized.

In order to assess the impairment of the remaining goodwill, amounting to 12,140,153 Euro, the Group compared the net cash flows generated annually by each company, as well as market multiples with their net contributions to the consolidated financial statements including goodwill and concluded that there no impairment loss should be accounted for.

10. INTANGIBLE ASSETS

During 2017 and 2016, the movement in intangible assets, as well as in the corresponding accumulated depreciation and impairment losses, were as follows:

	2017				
	Gross asset value				
	Industrial property rights	Software	Other intangible assets	Intangible assets in progress	Total
Opening balance	1,320	8,146,012	25,600	629,336	8,802,268
Additions	-	397,230	-	-	397,230
Transfers	-	891,870	-	(629,336)	262,534
Closing balance	1,320	9,435,112	25,600	-	9,462,032
	Accumulated depreciation				
	Industrial property rights	Software	Other intangible assets	Intangible assets in course	Total
Opening balance	1,320	8,131,994	25,600	-	8,158,914
Additions	-	283,886	-	-	283,886
Transfers	-	-	-	-	-
Closing balance	1,320	8,415,880	25,600	-	8,442,800
	-	1,019,232	-	-	1,019,232
	2016				
	Gross asset value				
	Industrial property rights	Software	Other intangible assets	Intangible assets in progress	Total
Opening balance	1,320	8,137,024	25,600	-	8,163,944
Additions	-	8,988	-	260,307	269,295
Transfers	-	-	-	369,029	369,029
Closing balance	1,320	8,146,012	25,600	629,336	8,802,268
	Accumulated depreciation				
	Industrial property rights	Software	Other intangible assets	Intangible assets in course	Total
Opening balance	1,320	8,053,203	25,600	-	8,080,123
Additions	-	78,791	-	-	78,791
Transfers	-	-	-	-	-
Closing balance	1,320	8,131,994	25,600	-	8,158,914
	-	14,018	-	629,336	643,354

In 2017 and 2016 the depreciations amounted to 283,886 Euro and 78,791 Euro, respectively, and were recorded in the profit and loss statement caption "Amortization and depreciation" (Note 35).

11. INVENTORIES AND BIOLOGICAL ASSETS

As of 31 December 2017 and 2016, the amount recorded in the caption “Biological assets” relates to forest and to plantation charges incurred by the Group and can be detailed as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Purchase cost	104,410,752	102,682,644
Accumulated impairment losses in biological assets (Note 21)	-	(380,007)
Change in fair value	<u>(8,934,306)</u>	<u>-</u>
	<u>95,476,446</u>	<u>102,302,637</u>

In 2017, following the implementation of a new forest management software, Altri Group changed the subsequent measurement criteria for its biological assets from historical cost less accumulated impairment losses to fair value. These assets’ fair value has been computed by an external and independent party.

The main operational considerations in the computation of the eucalyptus’ fair value, which was performed on case by case basis (by property), were the following:

- Occupied area;
- Age of the plantations;
- Shelled wood production, based on the average yearly increase;
- Number of rotations.

The discount rate used for the computation regarding the fair value as at 31 December 2017 was 7.15%, which was calculated using the following assumptions:

	<u>2017</u>
Risk free interest rate	3.04%
Equity premium	5.08%
Debt premium	2.00%

Altri Group performed a sensitivity analysis of the evaluation to the key assumptions. The conclusion was that if a higher/ lower discount rate in 0.15 p.p. had been used, the fair value of the assets would decrease/ increase 1.2 million Euros.

As of 31 December 2017 and 2016, the total area managed by Altri amounted to 81,000 hectares, respectively. The eucalyptus’ area had the following age distribution:

	<u>31.12.2017</u>	<u>31.12.2016</u>
0-5 years	24,965	30,315
6-10 years	25,597	21,576
> 10 years	<u>12,308</u>	<u>12,851</u>
	<u>62,870</u>	<u>64,743</u>

The remaining area pertains to others forest species with minor importance.

As of 31 December 2017 and 2016, the caption “Inventories” could be detailed as follows:

	31.12.2017	31.12.2016
Raw, subsidiary and consumable materials	40,917,165	43,933,573
Work in progress	597,793	433,360
Finished and intermediate goods	17,016,107	22,463,355
	<u>58,531,065</u>	<u>66,830,288</u>
Accumulated impairment losses (Nota 21)	(7,803,018)	(7,939,874)
	<u>50,728,047</u>	<u>58,890,414</u>

The cost of sales for the year ended 31 December 2017 amounted to 257,011,270 Euro and was computed as follows:

	Raw, subsidiary and consumable materials	Finished and intermediate goods	Work in progress	Biological assets	Total
Opening balance	43,933,573	22,463,355	433,360	102,682,643	169,512,931
Purchases	225,441,209	27,109,894	-	47,326	252,598,428
Stock regularisation	-	10	-	(5,822,006)	(5,821,996)
Closing balance	(37,253,441)	(17,016,107)	(597,793)	(104,410,752)	(159,278,093)
	<u>232,121,340</u>	<u>32,557,152</u>	<u>(164,433)</u>	<u>(7,502,790)</u>	<u>257,011,270</u>

The amount booked under “Stock regularisation” in the year ended 31 December 2017 pertains essentially to the forest fires that occurred in that year.

During 2017 the Group capitalized 10.4 million Euros related to plantation expenditures and rents. The total amount of wood harvested during that period was 13 million Euros.

The cost of sales for the year ended 31 December 2016 amounted to 244,831,197 Euro and was computed as follows:

	Raw, subsidiary and consumable materials	Finished and intermediate goods	Work in progress	Biological assets	Total
Opening balance	41,090,037	22,096,632	594,728	101,852,921	165,634,318
Purchases	247,869,000	-	-	-	247,869,000
Capitalisations	-	-	-	12,430,199	12,430,199
Reductions	-	-	-	(11,352,362)	(11,352,362)
Stock regularisation	-	-	-	(237,026)	(237,026)
Closing balance	(43,933,573)	(22,463,355)	(433,360)	(102,682,643)	(169,512,931)
	<u>245,025,464</u>	<u>(366,723)</u>	<u>161,368</u>	<u>11,088</u>	<u>244,831,197</u>

12. CURRENT AND DEFERRED TAXES

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during a four-year period (five years for Social Security), except when there have been tax losses, tax benefits, or tax inspections or claims are in progress, in which cases the periods may be extended or suspended. Therefore, the tax returns of Altri and its subsidiaries and associated companies for the years 2014 to 2017 are still subject to review.

The Board of Directors of Altri believes that any potential corrections resulting from reviews/inspections of these tax returns by the tax authorities will not have a significant effect on the consolidated financial statements as of 31 December 2017.

IV. Consolidated financial statements and notes

(translation of a document originally issued in Portuguese – Note 45)

As of 31 December 2017 and 2016, the detail of deferred tax assets and liabilities, in accordance with the timing differences that originated them, was as follows:

	31.12.2017		31.12.2016	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Provisions and unaccepted impairment losses for tax purposes	2,550,505	-	4,083,860	-
Fair value of derivatives	402,024	1,365,316	1,087,961	-
Pension funds	328,091	-	273,807	-
Harmonization of accounting principles	10,130,153	1,243,982	10,505,104	1,277,096
Tax losses carried forward	-	-	5,014,435	-
Asset revaluation	21,642,646	-	17,582,852	-
Fair value of biological assets	2,010,219	-	-	-
Fiscal amortization of goodwill (Spain)	-	19,820,107	-	17,114,506
Other	713,254	574,304	960,883	340,017
	<u>37,776,892</u>	<u>23,003,709</u>	<u>39,508,901</u>	<u>18,731,619</u>

The movements occurred in deferred tax assets and liabilities in the years ended in 31 December 2017 and 2016 were as follows:

	2017	
	Deferred tax assets	Deferred tax liabilities
Opening balance as of 1 January 2017	39,508,901	18,731,619
Effects on Income statement		
Increase (decrease) in not accepted provisions	(1,533,355)	-
Harmonization of depreciation rates	(374,951)	(33,114)
Tax losses carried forward	(5,014,435)	-
Fair value of biological assets	2,010,219	-
Fiscal amortization of Goodwill (Spain)	-	2,705,601
Other effects	(247,628)	234,287
Total effect on income statement	<u>(1,100,356)</u>	<u>2,906,774</u>
Effects on shareholders funds		
Fair value of derivatives (Nota 26)	(685,937)	1,365,316
Pension funds	54,284	-
Total effect on other comprehensive income	<u>(631,653)</u>	<u>1,365,316</u>
Closing balance as of 31 December 2017	<u>37,776,892</u>	<u>23,003,709</u>

	2016	
	Deferred tax assets	Deferred tax liabilities
Opening balance as of 1 January 2016	27,060,866	15,871,624
Effects on Income statement		
Increase (decrease) in not accepted provisions	786,146	-
Harmonization of depreciation rates	576,729	1,277,096
Tax losses carried forward	(8,175,644)	-
Asset revaluation	17,582,852	-
Fiscal amortization of goodwill (Spain)	-	1,555,864
Other effects	316,185	27,035
Total effect on income statement	<u>11,086,268</u>	<u>2,859,995</u>
Effects on shareholders funds		
Fair value of derivatives (Note 26)	1,087,961	-
Pension fund	273,807	-
Total effect on other comprehensive income	<u>1,361,767</u>	<u>-</u>
Closing balance as of 31 December 2016	<u>39,508,901</u>	<u>18,731,619</u>

The subsidiary Celulose Beira Industrial (Celbi) applied, in 2016, the option to revalue Property, plant and equipment and Investment properties, as foreseen in Law nº 66/2016 of 3rd November. Consequently, autonomous taxes of 14% over the value of the revaluation reserve are due, from which two thirds have already been paid in 2016 and 2017 and the rest to be paid in one additional instalment until 15 December 2018 (Note 15). Additionally, for tax purposes, the additional depreciations will be deducted from 2018 onwards in order to compute the taxable profit, and so a deferred tax asset of 21,600,000 Euros and 17,600,000 Euro have been booked in 2017 and 2016, respectively. The change in the amount booked is due to the different tax rate used in the computation of Celbi's deferred taxes, as mentioned below. This revaluation is only for tax purposes, there were no changes on the assets book value.

According to the legislation, the Group uses a deferred tax rate of 22.5% that results of the sum of the rate approved for 2017 and subsequent years which amounts to 21% plus the municipal surtax whose rate is 1.5%, except for deferred tax assets that result from tax losses carried forward, for which a rate of 21% is used and except in what concerns deferred taxes related to the subsidiary Celbi, which are computed using a 28% rate corresponding to the expected effective tax rate for this subsidiary (taking into account it is currently subject to a state surtax at a maximum rate of 7%). Regarding the subsidiary Altri, SL based in Spain the rate used in the calculation of deferred tax assets and liabilities is 25% since it is the tax rate approved to be in force in that country from 1 January 2017 onwards.

Regarding the subsidiary Altri, SL based in Spain the rate used in the calculation of deferred tax assets and liabilities is 25% since it is the tax rate approved to be in force in that country.

According to the Portuguese legislation for the year ended on 31 December 2017 and 2016 the income tax rate was 21%.

Additionally, according to the legislation, during the year ended on 31 December 2017, state surtax corresponds to the use of an additional tax of 3% on the portion of taxable income between 1.5 and 7.5 million Euro, of 5% on the portion of taxable income between 7.5 and 35 million Euro, and 7% on the portion of taxable income exceeding 35 million Euro.

On 31 December 2017, the Group assessed the recognition of deferred taxes resulting from tax losses. In cases that originated deferred tax assets, these were only recorded to the extent that it is probable that taxable profits will arise in the future and they may be used to recover tax losses or deductible tax differences. On 31 December 2016, the deferred tax assets relating to tax losses are from Altri SL.

IV. Consolidated financial statements and notes

(translation of a document originally issued in Portuguese – Note 45)

Considering the changes in the Spanish income tax relating with goodwill depreciation for tax purposes, the deferred tax asset was totally reverted in the year ended 31 December 2017, considering the limitation of 10 years on the recovery period and the Group's expectation for this subsidiary's future taxable profits.

It is the conviction of Altri's Board of Directors that the amount of deferred tax assets recorded on 31 December 2016 is fully recoverable.

According to the tax returns of the companies that recorded deferred tax assets related with tax losses carried forward, these may be detailed as follows, as of 31 December 2016:

	31 December 2016		
	Tax loss	Deferred tax assets	Limit of utilization date
With limit of utilization date			
Generated in 2006	3,177,427	794,356	2024
Generated in 2007	12,911,289	3,227,821	2025
Generated in 2008	3,969,034	992,258	2026
Generated in 2009	-	-	2027
Generated in 2010	-	-	2028
Generated in 2011	-	-	2029
	<u>20,057,750</u>	<u>5,014,435</u>	

As of 31 December 2017 no deferred tax assets arising from tax losses were recognised.

As of 31 December 2016, part of the tax losses carried forward were also not recognised as deferred tax assets. The detail of that amount is the following:

	31.December.2017			31.December.2016		
	Tax loss	Income tax credit	Limit year of use	Tax loss	Income tax credit	Limit year of use
Genereted in 2006	3,177,427	794,357	2024	-	-	2024
Genereted in 2007	24,311,348	6,077,837	2025	11,400,059	2,850,015	2025
Genereted in 2008	16,666,932	4,166,733	2026	12,697,898	3,174,474	2026
Genereted in 2009	12,004,490	3,001,123	2027	12,004,490	3,001,123	2027
Genereted in 2010	5,095,252	1,273,813	2028	5,095,252	1,273,813	2028
Genereted in 2011	123,134	30,784	2029	123,134	30,784	2029
Genereted in 2016	177,243	44,311	no limit			
	<u>61,555,826</u>	<u>15,388,958</u>		<u>41,320,832</u>	<u>10,330,209</u>	

Income taxes booked in the profit and loss statement for the years ended 31 December 2017 and 2016 can be detailed as follows:

	31.12.2017	31.12.2016
Current tax	(18,513,242)	(31,946,381)
Deferred tax	(4,007,130)	8,226,273
	<u>(22,520,372)</u>	<u>(23,720,108)</u>

The reconciliation of the profit before tax to the income tax is as follows:

	31.12.2017	31.12.2016
Profit before tax	118,588,540	100,697,934
Tax rate (including municipal surtax)	22.50%	22.50%
	<u>(26,682,422)</u>	<u>(22,657,035)</u>
Tax benefits	9,306,223	4,137,267
Deferred taxes	(3,405,255)	9,674,141
Autonomous taxation - Asset revaluation	-	(10,940,441)
State surtax	(6,167,822)	(4,343,437)
Other effects	4,428,904	409,397
Income tax	<u>(22,520,372)</u>	<u>(23,720,108)</u>

Tax benefits arise from tax incentive contracts signed with Agência para o Investimento e Comércio Externo de Portugal E. P. E. (AICEP).

During 2014, Caima Indústria obtained a reimbursable government grant under the Decree-Law no. 287/2007 issued by the Agência para o Investimento e Comércio Externo de Portugal E.P.E. (AICEP), for a global investment of 35,161,000 Euro (Note 20). The Portuguese State allowed a tax incentive corresponding to a tax credit on corporate income tax in the amount of 15% of the relevant applications.

During 2016, Celbi signed a new contract for granting financial and tax incentives under Decree-Law no. 191/2014 with the Agência para o Investimento e Comércio Externo de Portugal E.P.E. (AICEP). The project presented by Celbi was considered by the Portuguese State of strategic interest and relevance to the national economy (Note 20). The Portuguese State allowed a tax incentive corresponding to a tax credit on corporate income tax in the amount of 15.75% of the relevant applications.

During 2016, Celtejo signed a new contract for granting financial and tax incentives under Decree-Law no. 191/2014 with the Agência para o Investimento e Comércio Externo de Portugal E.P.E. (AICEP). This project implementation intends to introduce innovations in the pulp productive process and was considered by the Portuguese State of strategic interest and relevance to the national economy (Note 20). The Government allowed a tax incentive corresponding to a tax credit on corporate income tax in the amount of 11.95% of the relevant applications. As at the approval date of these financial statements, this agreement is still waiting for European Commission approval, and therefore, no tax credit was used.

13. TRADE RECEIVABLES

As of 31 December 2017 and 2016 this caption can be detailed as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Clients, short-term receivables	113,438,615	92,525,897
Customers, doubtful debts	37,045	40,081
	<u>113,475,660</u>	<u>92,565,978</u>
Accumulated impairment losses (Note 21)	(190,977)	(304,606)
	<u>113,284,683</u>	<u>92,261,372</u>

The Group's exposure to credit risk is attributable mainly to the accounts receivable resulting from the Group's operating activity. The amounts recorded in the balance sheet are presented net of accumulated impairment losses for doubtful accounts that were estimated by the Group, in accordance with its experience and based on the economic environment evaluation. The Board of Directors believes that the recorded net amounts are close to their fair value; since these accounts receivable do not pay interests and the discount effect is immaterial.

As of 31 December 2017 and 2016, the age of customer's balances can be detailed as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Not due	83,088,870	66,795,078
Due, with no impairment losses recorded		
0 - 30 days	27,376,151	20,018,456
30 - 90 days	1,494,175	4,392,502
+ 90 days	1,325,487	1,055,335
	<u>113,284,683</u>	<u>92,261,372</u>

The Group contracted credit insurances to cover the recoverability risk from these accounts receivables as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
With credit insurance	94,352,484	76,872,180
Without credit insurance	19,123,176	15,693,797
	<u>113,475,660</u>	<u>92,565,978</u>

The Group does not charge any interests as long as defined pay terms (in average 60 days) are met. Once that period ends, interests are charged in accordance with the contract and the applicable law to each particular situation, which only occurs in extreme situations.

The Board of Directors understands that the accounts receivable not overdue will be fully paid, taking into account the payment history and characteristics of the counterparties.

14. OTHER DEBTORS

As of 31 December 2017 and 2016 this caption can be detailed as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Advance payments to suppliers	810,017	309,473
Other debtors	<u>3,908,776</u>	<u>7,401,425</u>
	4,718,793	7,710,898
Accumulated impairment losses	<u>(3,413,862)</u>	<u>(3,413,355)</u>
	<u>1,304,931</u>	<u>4,297,543</u>

As of 31 December 2016, "Other debtors" caption includes an amount of approximately 2 million Euro (4.3 million Euro in 2015) related with Value Added Tax to be received from tax authorities of other countries as a result of sales and purchases made through the ports of those countries. As of 31 December 2017 this caption includes an amount receivable of 576,000 Euro (1,023,000 Euro as of 31 December 2016) related with the sale of Sócasca – Recolha e Comércio de Recicláveis, S.A., which occurred in prior periods.

As of 31 December 2017 and 2016 the caption "Other debtors" also includes accounts receivable related with guarantees for lease contracts and accounts receivable for which impairment losses were recorded.

As of 31 December 2017 and 2016, the age of the balances in "Other Debtors" can be detailed as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Not due	1,304,931	4,297,543
Due, with no recorded impairment losses		
0 - 30 days	-	-
30 - 90 days	-	-
> 90 days	-	-
	<u>-</u>	<u>-</u>
	<u>1,304,931</u>	<u>4,297,543</u>

The undue balances do not present any signs of impairment; the net book value of these assets is considered as being close to their fair value and their financial discount effect is not material

The Board of Directors understands that the accounts receivable not overdue will be fully paid, considering the payment history and characteristics of the counterparties.

15. STATE AND OTHER PUBLIC ENTITIES

As of 31 December 2017 and 2016, this caption can be detailed as follows

	<u>31.12.2017</u>	<u>31.12.2016</u>
Assets:		
Income tax	2,298,073	21,621,613
Tax withholding	2,282	-
Value-added tax	12,174,160	6,937,340
Other taxes	1,961,114	979,358
	<u>16,435,629</u>	<u>29,538,312</u>
Liabilities:		
Income tax		
Autonomous taxation - assets revaluation (Note 12)	(3,765,931)	(7,293,627)
Other	(3,974,814)	(3,974,814)
Tax withholding	(1,643,902)	(1,412,316)
Social security contributions	(622,493)	(504,751)
Value-added tax	-	(798,830)
Other taxes	(300,889)	(333,980)
	<u>(10,308,029)</u>	<u>(14,318,318)</u>

As of 31 December 2017, the assets caption “Income tax” includes advanced payments on account of income tax made in Portugal, net of the income tax due. On 31 December 2016, the assets caption “Income tax” includes advanced payments on account of income tax made in Spain relative to 2015 (received in January 2017) and 2016, both settled in 2016.

16. OTHER CURRENT ASSETS

As of 31 December 2017 and 2016 this caption can be detailed as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Accrued income:		
Other income	299,328	82,061
Deferred costs:		
Rents paid in advance	459,106	738,167
Insurances paid in advance	568,180	795,374
Other expenses paid in advance	915,421	840,325
	<u>2,242,035</u>	<u>2,455,926</u>

17. CASH AND CASH EQUIVALENTS

As of 31 December 2017 and 2016, the caption “Cash and cash equivalents” can be detailed as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Cash	39,647	41,809
Bank deposits	<u>193,560,090</u>	<u>300,052,445</u>
	<u>193,599,737</u>	<u>300,094,254</u>
Overdrafts	-	-
Cash and cash equivalents	<u>193,599,737</u>	<u>300,094,254</u>

According to Note 2.4) a) ii), on 31 December 2017 and 2016, the cash and cash equivalents balances in a non-euro currency amounted to 32,431,626 Euro and 7,550,702 Euro, respectively. Since these amounts correspond to bank deposits on demand that are constantly moved, the exchange rate fluctuation effects on cash and cash equivalents held at the beginning and at the end of the years 2017 and 2016 for purposes of the statement of cash flows are immaterial.

During the years ended as of 31 December 2017 and 2016, the receipts relating with financial investments correspond to the partial payment of the sale value of Sôcasca – Recolha e Comércio de Recicláveis, S.A. (disposed of in 2011).

During the year ended as of 31 December 2017, the group did not receive any amounts related with financial investments.

18. OTHER NON-CURRENT ASSETS

As of 31 December 2017 and 2016, this caption can be detailed as follows

	<u>31.12.2017</u>	<u>31.12.2016</u>
Value added tax	3,210,260	3,210,260
Rents paid in advance	-	334,029
	<u>3,210,260</u>	<u>3,544,289</u>

The “value added tax” relates to the payment of an additional settlement of Value Added Tax to tax authorities of Germany, which is fully provisioned, as described in Note 21.

19. SHARE CAPITAL AND RESERVES

Share capital

As of 31 December 2017 and 2016, the Company's fully subscribed and paid up capital consisted of 205,131,672 shares with a nominal value of 12.5 cents of a Euro each.

As of 31 December 2017 and 2016, there were no entities holding more than 33% of the subscribed share capital.

Legal reserves

The Portuguese commercial legislation provides that at least 5% of the annual net profit must be used to reinforce the "Legal reserve" until this caption represents at least 20% of the share capital.

As of 31 December 2017 and 2016, the Company presented Legal reserves of 5,128,292 Euro, which cannot be distributed to shareholders unless the Company closes, although these reserves can be used to absorb losses after all other reserves are over, or incorporated in share capital.

Other reserves

	<u>31.12.2017</u>	<u>31.12.2016</u>
Hedging reserves	2,616,126	(3,747,420)
Other reserves and retained earnings	<u>265,113,031</u>	<u>239,642,039</u>
	<u>267,729,157</u>	<u>235,894,619</u>

The caption "Hedging reserves" reflects the fair value of the Derivatives classified as cash-flows hedging in the effective hedging component, net of the corresponding deferred tax effect (Note 26).

Under Portuguese legislation, the amount of distributable reserves is determined based on the non-consolidated financial statements of the Company, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union. As of 31 December 2017, distributable reserves amount to 80,732,763 Euro.

20. BANK LOANS, OTHER LOANS AND GOVERNMENT GRANTS

As of 31 December 2017 and 2016, the captions “Bank loans”, “Other loans” and “Government grants” can be detailed as follows:

	31.12.2017					
	Nominal value			Book value ⁽¹⁾		
	Current	Non-current	Total	Current	Non-current	Total
Bank loans	6,000,000	39,500,000	45,500,000	6,216,583	39,500,000	45,716,583
Pledged current accounts	-	-	-	-	-	-
Bank loans	6,000,000	39,500,000	45,500,000	6,216,583	39,500,000	45,716,583
Commercial paper	-	58,500,000	58,500,000	34,654	58,500,000	58,534,654
Bond issues	55,000,000	384,900,000	439,900,000	57,439,917	383,599,927	441,039,844
Other loans	37,356,127	384,000	37,740,127	37,356,127	384,000	37,740,127
Other loans	92,356,127	443,784,000	536,140,127	94,830,698	442,483,927	537,314,625
Reimbursable government grants	3,121,502	14,565,750	17,687,253	3,121,502	14,565,750	17,687,253
	101,477,629	497,849,750	599,327,380	104,168,783	496,549,677	600,718,461
	31.12.2016					
	Nominal value			Book value ⁽¹⁾		
	Current	Non-current	Total	Current	Non-current	Total
Bank loans	13,500,000	118,000,000	131,500,000	13,854,263	118,000,000	131,854,263
Pledged current accounts	25,000,000	-	25,000,000	25,043,446	-	25,043,446
Bank loans	38,500,000	118,000,000	156,500,000	38,897,709	118,000,000	156,897,709
Commercial paper	58,500,000	115,000,000	173,500,000	58,500,000	115,000,000	173,500,000
Bond issues	31,600,000	346,500,000	378,100,000	31,790,307	347,357,627	379,147,934
Other loans	30,564,111	-	30,564,111	30,564,111	-	30,564,111
Other loans	120,664,111	461,500,000	582,164,111	120,854,418	462,357,627	583,212,045
Reimbursable government grants	3,115,183	14,946,630	18,061,813	3,115,183	14,946,631	18,061,814
	162,279,294	594,446,630	756,725,925	162,867,310	595,304,258	758,171,568

(1) - includes accrued interest

Bank loans:

(i) Bank loans

During the year ended 31 December 2014, Celbi contracted a bank loan of 30 million Euro, which bore interest at a rate equal to 3 months Euribor plus a spread. This loan will be repaid in 24 equal consecutive monthly instalments, starting in July 2017. In that month, Celbi anticipated the settlement of the total amount of the loan.

During the year ended 31 December 2015, Celbi contracted a bank loan of 30 million Euro (at year-end total debt amounts 18,000,000 Euro), which bears interest at a rate equal to 6 months Euribor plus a spread. This loan is being repaid in 5 equal consecutive annual instalments, which started in January 2016. Therefore, the amount of 6 million Euro is classified as current debt and the remaining amount is classified as non-current debt.

During the year ended 31 December 2015, Celbi contracted a bank loan of 30 million Euro, which bore interest at a rate equal to 3 months Euribor plus a spread. This loan was to be repaid in 3 equal consecutive annual instalments, starting in February 2018. In October 2017, Celbi anticipated the settlement of the total amount of this loan.

During the year ended 31 December 2016, Celbi contracted a bank loan of 15 million Euro, which bears interest at a rate equal to 12 months Euribor plus a spread. This loan will be repaid in one instalment, at the end of the contract (September 2022). Therefore, the total amount of the loan is classified as non-current debt.

During the year ended 31 December 2016, Caima Indústria contracted a bank loan of 12.5 million Euro, which bears interest at a rate equal to 12 months Euribor plus a spread. This loan will be repaid in one instalment, at the end of the contract (August 2022). Therefore, the total amount of the loan is classified as non-current debt.

During the year ended 31 December 2016, Celtejo contracted a bank loan of 20 million Euro, which bears interest at a rate equal to 12 months Euribor plus a spread. This loan will be repaid in one instalment, at the end of the contract (August 2021). As of December 2017, Celbi fully anticipated the settlement of this loan.

(ii) Pledged current accounts

As at 31 December 2017, the Group had pledged current accounts amounting to 28 million Euro none of which were being used. In 2016, the Group had pledged current accounts amounting to 28 million Euro of which 25 million Euro were being used.

(iii) Bank overdrafts

As of 31 December 2017 and 2016, the Group had bank overdrafts amounting to 15 million Euro which were not used.

Other loans:

(i) Commercial paper

The Group has renewable commercial paper programs subscribed by several group companies in the maximum amount of 278,500,000 Euro as of 31 December 2017 (366,000,000 Euro as of 31 December 2016), with guaranteed placement, with interests payable at rates equal to Euribor for the issuing period (7 to 364 days) plus spread. As of 31 December 2017, the amount in use was 58,500,000 Euro (173,500,000 Euro as of 31 December 2016).

Those programs include 10 million Euro classified as a non-current liability because the program can only be terminated in February 2019 and 48.5 million Euro also classified as a non-current liability due to the fact that these programs do not allow early termination and were negotiated on a firm commitment basis, according to the contracts. The Board of Directors classified the commercial paper loans as current or non-current based on the expected settlement date.

(ii) Bond loans

During 2014, Celulose Beira Industrial (Celbi), S.A. issued a bond loan amounting 80,000,000 Euro repayable in 5 years. In October 2016, Celbi issued a private exchange offer, targeting qualified investors, for all the 800 bonds, with a nominal unit value of 100,000 Euro and a global value of 80,000,000 Euro, of the bond loan “Celbi 2014/2019”, exchanging with new bonds that mature in 2024 (“Celbi 2016/2024”). As result of this offer, 473 bonds were exchanged (paid and cancelled after). Therefore, after that offer, “Celbi 2014/2019” comprised 327 bonds, with a nominal value of 32,700,000 Euro. In March 2017, Celbi repaid this liability by using the call option included on the contract.

The new bonds, that replaced the bonds “Celbi 2014/2019”, correspond to a new bond loan issued in November 2016 amounting to 65 million Euro, with maturity in February 2024 (“Celbi 2016/2024”). In turn, Altri SGPS held, as of 31 December 2017, bonds “Celbi 2016/2024” in the nominal amount of 14 million Euro (13.5 million Euro as of 31 December 2016). Therefore, the liability of the Group related to these bonds, as of 31 December 2017, totalled 51 million Euro (51.5 million Euro as of 31 December 2016).

In April 2014, Celbi issued a bond loan amounting 50,000,000 Euro with a maturity of 6 years. On 20 February 2015, Altri SGPS took over the contractual position held by its subsidiary Celbi, remaining the bond “ALTRI 2014/2020”. In July 2017, Altri SGPS anticipated the settlement of this loan and issued, in the same day, a bond loan in the same amount for an 8 years period, called “ALTRI 2017/2025”.

Also during 2014, Altri SGPS issued a bond loan of 70,000,000 Euro (“ALTRI November/2018”), due in 2018. On 6 March 2017, Altri SGPS acquired 500 bonds from this loan with a nominal amount of 50,000,000 Euro, anticipating this part of the settlement. Hence, this loan is, as of 31 December 2017, represented by 200 bonds at a total nominal amount of 20,000,000 Euro. In the same day, Altri SGPS issued a new bond loan – “ALTRI 2017/2024” – amounting to 70,000,000 Euro for a period of 7 years.

During the year ended as of 31 December 2015, Celulose Beira Industrial (Celbi), S.A. issued three bond loans: one in the amount of 35 million Euro with a maturity of six years (in February); another in the amount of 35 million Euro with a maturity of 2.5 years (in August); and another in the amount of 40 million Euro with a term of four years (also in August), at a rate equal to 6 months Euribor plus a spread.

During the year ended as of 31 December 2016, Altri SGPS issued two bond loans: the first on 18 April 2016, amounting to 40 million Euro, payable in two instalments, the first in April 2022 (20 million Euro) and the second in April 2024 (20 million Euro); the second on 28 November 2016 in the amount of 25 million Euro that matures on 28 March 2022, which bears interest at a rate equal to 6 months Euribor plus a spread.

During the year ended as of 31 December 2017, Celulose Beira Industrial (Celbi), S.A. issued two new bond loans, both on 14 July 2017: each amounting to 40,000,000 Euro but with different maturities – 8 and 10 years - bearing an interest of 6-month Euribor plus a spread. In turn, Altri SGPS, held “Celbi 2017/2027” bonds as of 31 December 2017 in the amount of 6,100,000 Euro, which means the Group’s liabilities regarding this bond loan amounted to 33,900,000 Euro.

The expenses incurred with the issuance of the loans are deducted to their nominal value and deferred and recognized as interest expenses during the period of the loan (Note 34).

(iii) Factoring

The Group subscribed factoring contracts with two banks with one year of initial duration, according to which it may transfer accounts receivable up to 60,000,000 Euro, which are automatically renewed for equal periods if not terminated by one of the entities with at least 60 contractual days in advance. On the discounted amounts the Group will pay an interest rate equal to 3 months Euribor plus spread or 12 months Euribor plus spread (for contracts in Euro) or equal to Libor 3 months plus a spread (for contracts in USD). As of 31 December 2017, this facility amount used totalled 37,164,127 Euro (29,796,111 Euro as of 31 December 2015).

The Group believes that the risks and benefits associated to the accounts receivable were not transferred to the factoring entity, so they just remove the accounts receivable transferred to the factoring when the original debtor pays, in accordance with the accounting policy described in Note 2.3 I) viii).

Reimbursable government grants:

In January 2014 Celbi signed a new contract for granting financial and fiscal incentives under Decree Law. 203/2003, of 10 September, with the Agency for Investment and Foreign Trade of Portugal, EPE (AICEP), and the project of modernization and expansion of the plant, was considered by the Portuguese State of strategic interest and relevance to the national economy. The investment project began on 19 August 2013, and ran until 30 June 2015 and the contract value amounted to 30,251 million Euro. The Portuguese State will grant a refundable financial incentive corresponding to 20% of the costs eligible if Celbi complies with the proposed objectives measured in the late 2016, 2017 and 2019 the Portuguese state still will grant an Achievement Award that corresponds to the non-repayment of up to 75% of the refundable incentive amount. Until 31 December 2017 Celbi received 5,823,585 Euro relating to the refundable incentive.

During 2011, Caima Indústria obtained a financial repayable benefit of 8,815,500 Euro, under Decree no. 287/2007 granted by AICEP. The period of this investment was between 2010 and 2013. The granted benefit represents 45% of the eligible costs. The last portion of the benefit was received during 2014 and totalled 3,437,000 Euro. During 2016, Caima Indústria settled the total amount due (1,729,914 Euro).

Additionally, during 2014, Caima Indústria obtained a reimbursable incentive under the Decree-Law no. 287/2007 granted by the Agência para o Investimento e Comércio Externo de Portugal E.P.E. (AICEP), for a global investment of 35,161,000 Euro. The investment period of the project shall extend between 2013 and 2015. The maximum reimbursable government grant amounts to 10,511,580 Euro, 30% of the eligible expenses. The Company has already received 10,508,314 Euro. During 2017, the Company repaid 875,988 Euro. The amount still due as of 31 December 2017 is 9,623,327 Euro, of which 2,032,827 are classified as a current liability.

During 2016, Celbi obtained a financial and tax incentive under the Decree-Law no. 191/2014 issued by the Agência para o Investimento e Comércio Externo de Portugal E.P.E. (AICEP), for a global investment of 40,000,000 Euro. The investment period of the project shall extend between January 2016 and December 2017. This project was considered relevant to the national economy by the Portuguese State, which will grant a financial reimbursable incentive amounting 10% of the eligible expenses. At 31 December 2017, the company has received 2,740,623 Euro, which are booked under the non-current liabilities.

During 2016, Celtejo obtained a financial and tax incentive under the Decree-Law no. 191/2014 issued by the Agência para o Investimento e Comércio Externo de Portugal E.P.E. (AICEP), for a global investment of 85,300,000 Euro. The investment period of the project shall extend between January 2016 and October 2018. This project was considered relevant to the national economy by the Portuguese State, which will grant a financial reimbursable incentive amounting 25.1% of the eligible expenses. As at December 31, this agreement is still waiting for European Commission approval, and therefore, no amounts have yet been received.

In the years ended 31 December 2017 and 2016, the Group sensitivity to the change of the interest rate index of more or less 1 p.p., measured as variation on net financial losses, not considering the hedging effects of the Derivatives (Note 26), may be detailed as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Interest paid (Note 34)	14,060,438	13,908,734
Decrease of 1 b.p. in the interest rate applied to the entire debt	(5,800,000)	(7,387,000)
Increase of 1 b.p. in the interest rate applied to the entire debt	5,800,000	7,387,000

The sensitivity analysis above was calculated based on the exposure to the interest rate existing as of the date of the statement of financial position. This analysis considered as a basic assumption that

IV. Consolidated financial statements and notes

(translation of a document originally issued in Portuguese – Note 45)

the structure of financing (remunerated assets and liabilities) has remained stable throughout the year, similar to that presented at the end of each financial year and keeping every other variable constant.

The bank loans, other loans and reimbursable government grants reimbursement plan as well as the related interests are as follows:

	31-12-2017					Total
	2018	2019	2020	2021	>2021	
Bank loans						
Capital	6,000,000	6,000,000	6,000,000	-	27,500,000	45,500,000
Interest (a)	751,250	661,250	571,250	571,250	962,500	3,517,500
Commercial paper						
Capital	-	22,000,000	-	36,500,000	-	58,500,000
Interest (a)	348,500	348,500	300,500	300,500	45,000	1,343,000
Bond issues						
Capital	55,000,000	40,000,000	-	35,000,000	309,900,000	439,900,000
Interest (a)	8,986,471	8,150,521	7,658,921	7,658,921	23,405,156	55,859,990
Other loans						
Capital	37,356,127	192,000	192,000	-	-	37,740,127
Interest (a)	255,195	11,520	11,520	-	-	278,235
Reimbursable government grants						
Capital	3,121,502	7,501,669	4,788,621	505,658	1,769,803	17,687,253
Interest (a)	-	-	-	-	-	-
Total						
Capital	101,477,629	75,693,669	10,980,621	72,005,658	339,169,803	599,327,380
Interest	10,341,416	9,171,791	8,542,191	8,530,671	24,412,656	60,998,725
	111,819,045	84,865,460	19,522,812	80,536,329	363,582,459	660,326,105

	31-12-2016					Total
	2017	2018	2019	2020	>2020	
Bank loans						
Capital	13,500,000	31,000,000	23,500,000	16,000,000	47,500,000	131,500,000
Interest (a)	2,152,055	1,950,260	1,456,990	1,086,795	874,550	7,520,650
Pledged current account						
Capital	25,000,000	-	-	-	-	25,000,000
Interest (a)	250,000	-	-	-	-	250,000
Commercial paper						
Capital	58,500,000	10,000,000	10,000,000	20,000,000	75,000,000	173,500,000
Interest (a)	2,330,000	2,000,000	1,875,000	1,750,000	3,000,000	10,955,000
Bond issues						
Capital	31,600,000	105,000,000	40,000,000	50,000,000	151,500,000	378,100,000
Interest (a)	8,497,637	7,413,125	5,227,025	4,714,225	9,568,300	35,420,312
Other loans						
Capital	30,564,111	-	-	-	-	30,564,111
Interest (a)	161,184	-	-	-	-	161,184
Reimbursable government grants						
Capital	3,115,183	3,121,502	7,468,303	4,356,826	-	18,061,814
Interest (a)	-	-	-	-	-	-
Total						
Capital	162,279,294	149,121,502	80,968,303	90,356,826	274,000,000	756,725,925
Interest	13,390,876	11,363,385	8,559,015	7,551,020	13,442,850	54,307,146
	175,670,170	160,484,887	89,527,318	97,907,846	287,442,850	811,033,071

(a) Assuming the available information related to the interest rates evolution and that the capital repayment occurs in the end of each year.

21. ACCUMULATED PROVISIONS AND IMPAIRMENT LOSSES

The movements occurred in provisions and impairment losses during the years ended 31 December 2017 and 2016 can be detailed as follows:

	31-12-2017			Total
	Provisions	Impairment losses in accounts receivable (Notes 13 and 14)	Impairment losses in inventories and biological assets (Note 11)	
Opening balance	5,064,402	3,717,961	8,319,880	17,102,243
Increases	52,562	-	1,110,000	1,162,562
Transfers	-	-	-	-
Utilizations	(12,204)	(110,086)	(380,007)	(502,297)
Reversals	(79,500)	(3,036)	(1,246,855)	(1,329,391)
Closing balance	<u>5,025,260</u>	<u>3,604,839</u>	<u>7,803,018</u>	<u>16,433,117</u>

	31-12-2016			Total
	Provisions	Impairment losses in accounts receivable (Notes 13 and 14)	Impairment losses in inventories and biological assets (Note 11)	
Opening balance	5,062,741	3,720,996	7,764,789	16,548,526
Increases	-	-	750,000	750,000
Transfers	240,570	-	-	240,570
Utilizations	(12,204)	-	-	(12,204)
Reversals	(226,705)	(3,035)	(194,909)	(424,649)
Closing balance	<u>5,064,402</u>	<u>3,717,961</u>	<u>8,319,880</u>	<u>17,102,243</u>

During the year ended at 31 December 2013 the subsidiary Caima Indústria da Celulose, S.A., proceeded to the payment of an additional settlement of Value Added Tax to tax authorities of Germany from previous years in the amount of 2,722,651 Euro which was recorded under the caption "Other non-current assets" because the company does not agree with the fundamentals of the settlement (Note 18). During the month of January of 2014 Caima proceeded to an additional payment of Value Added Tax of approximately of 700,000 Euro. To face the risk of such settlements becoming definitive, Altri recorded a liability, during 2013, under the caption "Provisions" against the caption "Other indirect taxes" of the profit and loss statement

The amount recorded under the caption "Provisions", at 31 December 2017 and 2016, is the best estimate of the Board of Directors in order to face all the losses that may be supported due to claims in force.

22. OTHER NON-CURRENT LIABILITIES

As on 31 December 2017 and 2016 this caption includes non-reimbursable government grants related to Property, plant and equipment, to be recognized as income in the medium and long term (Notes 20 and 25) which are detailed as follows:

	31-12-2017			31-12-2016		
	Total	Current (Note 25)	Non-current	Total	Current (Note 25)	Non-current
Celtejo						
POE	591,542	255,422	336,120	846,045	255,422	590,623
PRIME	787,138	1,043,938	(256,800)	1,824,596	1,040,272	784,324
	<u>1,378,680</u>	<u>1,299,360</u>	<u>79,320</u>	<u>2,670,641</u>	<u>1,295,694</u>	<u>1,374,947</u>
Celbi						
PIN	16,900,517	2,815,702	14,084,815	19,739,397	2,819,811	16,919,586
Other subsidiaries	10,999	1,476	9,523	-	-	-
	<u>16,911,516</u>	<u>2,817,178</u>	<u>14,094,338</u>	<u>19,739,397</u>	<u>2,819,811</u>	<u>16,919,586</u>
Caima Indústria						
SIME	133,374	133,374	-	266,747	133,374	133,374
QREN	313,565	62,713	250,852	376,277	62,713	313,564
	<u>446,939</u>	<u>196,087</u>	<u>250,852</u>	<u>643,024</u>	<u>196,087</u>	<u>446,938</u>
Altri Florestal						
Proder	7,344	-	7,344	1,091,040	173,931	917,109
	<u>7,344</u>	<u>-</u>	<u>7,344</u>	<u>1,091,040</u>	<u>173,931</u>	<u>917,109</u>
Viveiros						
Proder	243,954	48,790	195,164	292,744	252,968	39,776
	<u>243,954</u>	<u>48,790</u>	<u>195,164</u>	<u>292,744</u>	<u>252,968</u>	<u>39,776</u>
	<u>18,988,433</u>	<u>4,361,415</u>	<u>14,627,018</u>	<u>24,436,846</u>	<u>4,738,491</u>	<u>19,698,356</u>

During 2006 it was applied under the PRIME program within the scope of the pulp bleaching project on Celtejo mill. This investment had an estimated total amount of 72,000,000 Euro and was concluded in 2008. The success fee was awarded according to the fulfilment degree of the contract, determined in measurements made at the end of the year 2014. Celtejo estimated the ratios contractually required for the year 2014 and concluded that those ratios were met giving a bonus of, approximately, 3,050,000 Euro which was classified as "Other non-current liabilities" and "Other current liabilities" (Note 25) net of the amount recognized directly as income in the income statement (Note 32) in the proportion of the part of the tangible assets subsidized already depreciated according to the accounting policy described in Note 2.3 e). In 2015, AICEP confirmed the amount of the success fee awarded.

In January 2007 Altri and Celbi signed a contract for granting financial and tax incentives under Decree-Law no. 203/2003 of 10 September, with AICEP (Agência para o Investimento e Comércio Externo de Portugal, E.P.E.) having the Portuguese Government considered of national interest PIN (Projecto de Interesse Nacional) this project to expand the production capacity of Celbi. During 2013 Celbi requested AICEP the anticipation of the 2013 evaluation, given the fact that during the year ended on 31 December 2012 Celbi already fulfilled the criteria of 2013 assessment. AICEP agreed with the interruption of repayments, however there are some requirements which can only be evaluated in the measurement date. On 31 December 2013, all the requirements for the award of success fee amounting to 16,526,400 Euro were met, having Celbi classified this amount as "Other non-current liabilities" and "Other current liabilities" (Note 25) net of the amount recognized directly as income in the income statement (Note 32) in proportion of the part of the tangible assets subsidized already depreciated according to the accounting policy described in Note 2.3 e).

During 2014, Caima Indústria obtained a financial and tax incentive under the Decree-Law no. 287/2007 issued by the Agência para o Investimento e Comércio Externo de Portugal E.P.E. (AICEP), for a global investment of 35,161,000 Euro. If Caima Indústria complies by the end of the years 2016, 2017 and 2019 with the goals set on the incentive arrangement, the company will be granted an

achievement premium corresponding to the non-repayment of an amount up to 48% of the total reimbursable government grant.

During 2016, Celbi obtained a financial and tax incentive under the Decree-Law no. 191/2014 issued by the Agência para o Investimento e Comércio Externo de Portugal E.P.E. (AICEP), having the Portuguese Government considered this project as of national interest. The investment was carried out from 1 January 2016 to 31 December 2017, with a global investment of 40,000,000 Euro according to the agreement, which determines a reimbursable subsidy corresponding to 10% of the eligible expenses. Until 31 December 2017, Celbi received 2,740,623 Euro as a reimbursable incentive, which is booked under non-current liabilities.

During 2016, Celtejo obtained a financial and tax incentive under the Decree-Law no. 191/2014 issued by the Agência para o Investimento e Comércio Externo de Portugal E.P.E. (AICEP), having the Portuguese Government considered this project as of national interest. If Celtejo complies by the end of the year 2019 with the goals set on the incentive arrangement, the company will be granted an achievement premium corresponding to the non-repayment of an amount up to 30% of the total reimbursable government grant. Until the date of the preparation of the financial statement, this agreement is still waiting for European Commission approval, and therefore, no amounts have yet been received.

23. Trade payables

As of 31 December 2017 and 2016 this caption can be detailed as follows:

	31.12.2017	Payable		
		0-90 days	90-180 days	>180 days
Trade payables, short term	27,580,191	27,580,191	-	-
Trade payables, invoices pending	20,341,789	20,341,788	-	-
Trade payables, confirming	47,451,295	47,451,295	-	-
	<u>95,373,275</u>	<u>95,373,274</u>	-	-

	31.12.2016	Payable		
		0-90 days	90-180 days	>180 days
Trade payables, short term	49,194,705	49,194,705	-	-
Trade payables, invoices pending	19,850,428	19,850,428	-	-
	<u>69,045,134</u>	<u>69,045,134</u>	-	-

As of 31 December 2017 and 2016 the caption “Trade payables” refers to accounts payable from the normal activities of the Group.

The Board of Directors understands that the book value of these debts is close to their fair value.

As of 31 December 2017, the caption “Trade payables, confirming” is related to the amounts transferred under confirming operations, as described in Note 2.3 I.iv).

24. OTHER CURRENT CREDITORS

As of 31 December 2017 and 2016, “Other current creditors” can be detailed as follows

	31.12.2017	Payable		
		0-90 days	90-180 days	>180 days
Fixed asset suppliers	15,819,880	15,819,880	-	-
Other	5,669,350	5,624,994	-	44,356
	<u>21,489,230</u>	<u>21,444,874</u>	<u>-</u>	<u>44,356</u>

	31.12.2016	Payable		
		0-90 days	90-180 days	>180 days
Fixed asset suppliers	9,800,083	9,800,083	-	-
Other	5,115,671	5,010,995	6,496	98,180
	<u>14,915,753</u>	<u>14,811,077</u>	<u>6,496</u>	<u>98,180</u>

As of 31 December 2017 and 2016 the caption “Fixed asset suppliers” includes the amounts of 205,112 Euro and 706,610 Euro, respectively, relating to financial leases (Note 29.2).

25. OTHER CURRENT LIABILITIES

As of 31 December 2017 and 2016, the caption “Other current liabilities” can be detailed as follows

	31.12.2017	31.12.2016
Accrued expenses		
Amounts payable to employees	3,781,943	3,576,484
Interest payable	74,132	1,274,354
Rents payable	7,366,594	1,171,694
Utility costs	4,547,695	4,678,683
Discounts payable	5,024,383	3,986,425
Fluid rates payable	403,864	882,255
Other accrued expenses	14,829,160	12,689,840
Current deferred income		
Government grants (Notes 21 and 24)	4,361,415	4,738,491
Other	9,728	1,101,490
	<u>40,398,914</u>	<u>34,099,716</u>

The caption “Other accrued expenses” in 2017 and 2016 corresponds to costs incurred with operational activities not yet settled.

26. DERIVATIVES

As of 31 December 2017 and 2016 the companies of the Group operated with contracts for derivatives related to hedge interest rate variations and in 2016 operated also with contracts for derivatives related to hedge exchange rate variations. As of 31 December 2017, the Group also has derivative contracts to hedge the pulp price variations. All these instruments are accounted for at fair value.

Altri Group's companies only use derivatives to hedge cash flows associated with operations created related with their activities.

As at 31 December 2017 and 2016, the fair value of the derivatives is detailed as follows:

	31/12/2017				31/12/2016	
	Assets		Liabilities		Liabilities	
	Current	Non-current	Current	Non-current	Current	Non-current
Interest rates derivatives	-	-	557,215	-	549,066	-
Exchange rates derivatives	4,048,407	1,796,781	-	-	1,873,584	2,428,023
Pulp price derivatives	855,453	-	1,248,850	-	-	-
	<u>4,903,860</u>	<u>1,796,781</u>	<u>1,806,065</u>	<u>-</u>	<u>2,422,650</u>	<u>2,428,023</u>

(i) Interest rate derivatives

In order to reduce its exposure to interest rates volatility, the Group signed interest rates swap contracts. These contracts were evaluated by their fair value as of 31 December 2016 and 2015, and the correspondent amount has been recognized under the caption "Derivatives".

As of 31 December 2017 and 2016 there were several derivative contracts in place, which fair values can be detailed as follows:

Type	Amount	Maturity	Rate	Fair value 31.12.2017	Fair value 31.12.2016
Interest rate swap	5,000,000	16/04/2020	Pays fixed interest rate and receives EURIBOR 6M	(89,455)	(82,619)
Interest rate swap	5,000,000	16/04/2020	Pays fixed interest rate and receives EURIBOR 6M	(89,392)	(84,099)
Interest rate swap	5,000,000	16/04/2020	Pays fixed interest rate and receives EURIBOR 6M	(84,766)	(79,470)
Interest rate swap	5,000,000	16/04/2020	Pays fixed interest rate and receives EURIBOR 6M	(92,734)	(87,442)
Interest rate swap	5,000,000	16/04/2020	Pays fixed interest rate and receives EURIBOR 6M	(70,194)	(63,753)
Interest rate swap	10,000,000	16/04/2020	Pays fixed interest rate and receives EURIBOR 6M	(88,934)	(111,978)
Interest rate swap	15,000,000	16/04/2020	Pays fixed interest rate and receives EURIBOR 6M	(41,740)	(39,705)
				<u>(557,215)</u>	<u>(549,066)</u>

In accordance with the accounting policies adopted, these derivatives fulfil every requirement to be accounted as interest rate hedging instruments (Note 2.3 l) v)).

The fair value of the Group's contracted derivatives is determined by the respective counterparts (financial institutions with whom such contracts were signed). The derivative evaluation model, used by the counterparts is based on the discounted cash flows method, i.e., using the swaps par rates, listed in the interbank market and available at Reuters and Bloomberg, for the applicable periods where the forward rates and the discount factors used to discount the fixed cash flows (fix leg) and the variable cash-flows (variable leg) are computed. The sum of these two components results on the Net Present Value of the future cash flows or on the fair value of the derivatives.

(ii) Exchange rate derivatives

Altri uses exchange rate derivatives, mainly to hedge future cash flows. Thus, Altri, in the years of 2017 and 2016, engaged some exchange rate forwards of U.S. dollars to manage the risk of exchange rate to which it is exposed.

The Group acquired European-style put options of the US dollar, with a volume of USD 10 million per month for 2018 and USD 6 million per month for 2019.

As of 31 December 2017 and 2016 there were several derivative contracts in place, which fair values can be detailed as follows:

Notional USD / month	Maturity	Fair value	Fair value
		31/12/2017	31/12/2016
10,000,000	Cal 2017	-	(1,873,584)
10,000,000	Cal 2018	4,048,407	(2,428,023)
6,000,000	Cal 2019	1,796,781	-
		<u>5,845,188</u>	<u>(4,301,607)</u>

(ii) Pulp price derivatives

In order to reduce the Group's exposure to the pulp price fluctuation, several hedging instruments contracts were signed. These contracts have been measured at their fair value as of 31 December 2017 and booked under "Derivatives".

As of 31 December 2017, the following pulp price hedging agreements were in place

Hedged quantity	Beginning	Maturity	31/12/2017
4.800 ton/ month	01/01/2018	31/12/2018	(1,248,850)
			<u>(1,248,850)</u>

The fair value of the Group's contracted derivatives is determined by the respective counterparts (financial institutions with whom such contracts were signed). The derivative evaluation model, used by the counterparts is based on the discounted cash flows method, i.e., a calculation of the net present value of the difference between the estimate of the market pulp price (PIX) and the fixed price agreed for each maturity date.

In accordance with the accounting policies adopted, these pulp price derivatives fulfil every requirement to be accounted as hedging instruments. Hence, their fair value is booked under "Hedging reserves".

The movement occurred in the fair value of the financial instruments during the years ended 31 December 2017 and 2016 can be detailed as follows:

2017	Pulp price derivatives	Interest rate derivatives	Exchange rate derivatives	Total
Opening balance	-	(549,066)	(4,301,607)	(4,850,674)
Market value variations				
Effects on shareholders funds	(1,248,850)	15,641	9,667,795	8,434,586
Effects on the profit and loss accounts (Note 34)	-	(23,790)	479,000	455,210
Effects on the statement of financial position	855,453	-	-	855,453
Closing balance	<u>(393,397)</u>	<u>(557,215)</u>	<u>5,845,188</u>	<u>4,894,576</u>

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(translation of a document originally issued in Portuguese – Note 45)

2016	Interest rate derivatives	Exchange rate derivatives	Total
Opening balance	(136,786)	-	(136,786)
Market value variations			
Effects on shareholders funds (note 19)	(396,988)	(4,301,607)	(4,698,595)
Effects on the profit and loss accounts (Note 34)	(15,292)	-	(15,292)
Effects on the statement of financial position	-	-	-
Closing balance	(549,066)	(4,301,607)	(4,850,673)

During 2017, the gains and losses related to the fair value variation, in the non-matured part (as described in IAS 39), of the hedging instruments, in the amount of 8,434,586 Euro (4,698,595 Euro as of 31 December 2016), were directly recorded under equity's captions net of the respective deferred taxes, in the amount of (2,550,040) Euro ((1,087,961) Euro as of 31 December 2016).

The effect on the statement of financial position as of 31 December 2017 of the pulp price derivatives is related to the margin account that the Group holds in order to be able to negotiate those financial instruments.

The gains and losses for the year associated to the fair value variation, during 2017, of the hedging instruments in the matured part and of the instruments which although had been contracted with a hedging purpose, do not gather the requirements to be classified as so, and their ineffective part were recorded directly in the profit and loss statement for the year ended 31 December 2017 (Note 34).

27. CONTINGENT LIABILITIES AND GUARANTEES

As of 31 December 2017 and 2016, the bank guarantees provided by Group companies can be detailed as follows:

	31.12.2017	31.12.2016
AICEP/API (Note 21)	4,515,453	4,585,311
Other	1,848,476	1,415,827
	6,363,929	6,001,138

28. FINANCIAL COMMITMENTS NOT INCLUDED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

a) Pension funds

Some of the Group companies have assumed commitments related with retirement pensions not included in the consolidated statement of financial position, since these commitments are covered by autonomous pension funds as follows.

The Caima and Altri Florestal Pension Fund, managed by “BPI Pensões - Sociedade Gestora de Fundos de Pensões, S.A.” was created by a public deed held 31 December 1987, and aims to provide the employees who (i) at their normal retirement age or (ii) at the end of their contract with the company have completed at least 10 years of continuous service and 57 years old, with a monthly pension complement based on their average gross salary for the two years preceding the date of their retirement, beginning in the usual year of retirement. Following a decision of Caima’s Board of Directors and after obtaining approval from “Instituto de Seguros de Portugal” (the Portuguese insurance institute), the Caima and Altri Florestal Pension Fund was divided into two independent funds in December 1998. During the year ended 31 December 2010, Caima and Altri Florestal transferred their shares of the collective fund that they had in BPI Pensões to Celtejo’s plan. The transfer was requested to the Instituto de Seguros de Portugal, on 23 September 2010 and approved on 3 March 2011. In April 2011, the pension fund of Altri Florestal and Caima was incorporated in Tejo pension fund, named Pension Plan C.

The Tejo Pension Fund was created by Celtejo on 28 February 2005, to finance the pension plan under the Company Agreements. After the agreement reached in 2007 with the trade union, it was created a new Pension Fund applicable to all employees admitted since 1 September 2007, and also to all other employees that clearly state to choose this new plan. Since then, Tejo Pension Fund is financing the three defined benefits pension plan described in a Regulation published in Service Order on 2002, and also the benefits defined in the new Pension Plan, called Pension Plan B, as defined in Company Agreement published in BTE, number 32, on 29 August 2007. Since 2009, the Pension Plan B, started to include all the active workers of Celtejo, and the remaining Pension Funds, started to guarantee the responsibilities related to all ex-Workers, which had the right to receive the pension, according to the terms of termination agreement.

In May 2014, a new defined contribution Pension Plan was created as part of Tejo Pension Fund, designated as Pension Plan CD, applicable to all active workers of Celtejo, Caima and Altri Florestal. A choice was given to all employees admitted until 30 April 2014 to change to the Pension Plan CD if they renounced to the defined benefit pension plan, on the following terms: (a) Celtejo’s workers still active as of 30 April 2014 could choose to change or not to the new plan; (b) for Caima and Altri Florestal, only workers in the company for more than ten years and with 57 years old or older were given this choice. The Tejo Pension Fund started to finance the responsibilities of five Pension Plans, four under the defined benefits scheme and the other one under the defined contribution scheme, whose contributions change according to Group’s results and are attributable to each employee taking into consideration their wages and service time.

In 2014 Celbi changed to a defined contribution scheme. Celbi contributes to the Pension Fund, which varies annually depending on the results of the Altri Group, assigning each worker’s permanent staff a percentage of their pensionable salary depending on the number of years of service. The annual contribution to the Pension Fund changes in line with the Group’s profits, and is recorded as losses of the year and the company has not responsibilities on future benefits related to the Pension Fund.

With the new contribution scheme, Celbi records the contributions made as loss of the exercise, avoiding future responsibilities for eventual future benefits.

According with the latest actuarial valuation prepared by the funds' managers, the present value of the past service liabilities with retired and current employees as of 31 December 2017 and 2016 as well as the funds' patrimonial situation were as follows:

	2017		Total
	Caima/Celtejo/Altriflorestal	Celbi	
Current responsibilities for past services	13,569,167	N.a.	13,569,167
Assets of pension funds	10,726,968	N.a.	10,726,968

	2016		Total
	Caima/Celtejo/Altriflorestal	Celbi	
Current responsibilities for past services	13,981,980	N.a.	13,981,980
Assets of pension funds	11,426,928	N.a.	11,426,928

N.a. – Not applicable

The movement in the present value of responsibilities for past services during the years ended 31 December 2017 and 2016 is as follows:

31 December 2017

	Ex - Directors (DA)	Plans			Total
		Plan A	Plan B	Plan C	
Responsibilities in the beginning of the year	756,395	6,160,463	2,636,697	4,428,426	13,981,980
Benefits paid by pension funds	(34,544)	(468,105)	(71,071)	(321,011)	(894,731)
Current services cost	-	-	13,317	22,950	36,267
Interest expenses	18,479	148,204	65,386	107,402	339,471
Actuarial (gains)/losses					
Change of assumptions					-
Actuarial (gains)/losses	5,321	27,500	(18,076)	91,435	106,180
Responsibilities at the year end	745,651	5,868,062	2,626,253	4,329,202	13,569,167

31 December 2016

	Ex - Directors (DA)	Plans			Total
		Plan A	Plan B	Plan C	
Responsibilities in the beginning of the year	692,713	5,777,058	2,426,153	4,101,955	12,997,878
Benefits paid by pension funds	(34,950)	(476,838)	(48,775)	(318,008)	(878,571)
Current services cost	-	-	15,482	21,263	36,745
Interest expenses	25,334	207,894	90,596	148,844	472,668
Actuarial (gains)/losses					
Change of assumptions	97,752	630,729	376,831	459,600	1,564,912
Other	(24,455)	21,620	(223,590)	14,771	(211,654)
Responsibilities at year end	756,395	6,160,463	2,636,697	4,428,426	13,981,980

The change verified on pension funds' patrimony during the years ended 31 December 2017 and 2016 is as follows:

31 December 2017	Plans				
	Ex - Directors (DA)	Plan A	Plan B	Plan C	Total
Pension funds value in the beginning of the year	593,381	4,960,885	2,282,047	3,590,615	11,426,928
Pensions paid	(34,544)	(468,105)	(71,071)	(321,011)	(894,731)
Other	10,214	84,143	39,683	60,731	194,771
Pension funds value at year end	569,051	4,576,923	2,250,659	3,330,335	10,726,968

31 December 2016	Planos				
	Ex - Directors (DA)	Plan A	Plan B	Plan C	Total
Pension funds value in the beginning of the year	623,876	5,401,049	2,313,426	3,881,980	12,220,331
Pensions paid	(34,950)	(476,838)	(48,775)	(318,008)	(878,571)
Other	4,455	36,674	17,396	26,643	85,168
Pension funds value at year end	593,381	4,960,885	2,282,047	3,590,615	11,426,928

Considering the difference between the value of responsibilities and the value of the pension funds on 31 December 2017 and 2016, it was recorded a liability in the caption "Pension liabilities" in the amount of 242,653 Euro and 1,750,818 Euro, respectively, in order to cover possible liabilities related with to pension plans in effect. As of 31 December 2017 and 2016, changes in this caption can be detailed as follows:

31 December 2017	Plans				
	Ex - Directors (DA)	Plan A	Plan B	Plan C	Total
Pension liabilities at the beginning of the year	163,014	1,199,578	354,650	811,576	2,528,818
Increase / (reversal) in other comprehensive income	-	84,287	-	158,366	242,653
Increase / (reversal) in income statement	-	-	-	-	-
Pension liabilities at year end	163,014	1,283,865	354,650	969,942	2,771,471

31 December 2016	Planos				
	Ex - Directors (DA)	Plan A	Plan B	Plan C	Total
Pension liabilities at the beginning of the year	68,837	376,459	112,729	219,975	778,000
Increase / (reversal) in other comprehensive income	68,843	615,224	136,956	397,533	1,218,557
Increase / (reversal) in income statement	25,334	207,894	104,965	194,068	532,261
Pension liabilities at year end	163,014	1,199,578	354,650	811,576	2,528,818

The responsibilities of Celtejo Pension Plan as at 31 December 2017 are based in the following assumptions:

- (i) Calculation method "Projected Unit Credit";
- (ii) Mortality tables TV 88/90;
- (iii) Income/ discount rate 2.5%;
- (iv) Wages growth rate 1%.

The characteristics of Celtejo Pension Fund as at 31 December 2017 are the following:

- (i) Portfolio composition:
 - a. 12.3% shares;
 - b. 67.1% bonds at fixed rates;
 - c. 8.6% bonds at variable rates; and
 - d. 12% liquidity and other assets.
- (ii) Expected return of the assets of the Plan in the long run 2.5%.

The responsibilities of Celtejo Pension Plan as at 31 December 2016 are based in the following assumptions:

- (i) Calculation method “Projected Unit Credit”;
- (ii) Mortality tables TV 88/90;
- (iii) Income/ discount rate 2.5%;
- (iv) Wages growth rate 1%.

The characteristics of Celtejo Pension Fund as at 31 December 2016 are the following:

- (iii) Portfolio composition:
 - a. 11.85% shares;
 - b. 65.19% bonds at fixed rates;
 - c. 9.76% bonds at variable rates; and
 - d. 13.20% liquidity and other assets.
- (ii) Expected return of the assets of the Plan in the long run 2.5%.

According to the sensitivity analysis to discount/income rate variations, changes of 0.5 p.p. in this rate would have an impact in the net present value of past services responsibilities of 675,000 Euro.

b) Other commitments

As of 31 December 2017, the contractual obligations for the acquisitions of fixed assets assumed by the Group companies amounted to, approximately, 28,000,000 Euro (63,000,000 Euro as of 31 December 2016).

These obligations relate with the ongoing investment projects in Celtejo, initiated in 2016 and that will keep going through 2018 (Note 7).

29. LEASE CONTRACTS

29.1 OPERATIONAL LEASES

During the year ended at 31 December 2017, the Group booked in the profit and loss statement an amount of, proximately, 11,214,152 Euro (9,990,885 Euro during the year ended as at 31 December 2016) of operational leases rents, essentially, related with lands used by the Group.

Additionally, at the balance sheet date the Group held as lessee, operational lease contracts, which minimal lease payments show the following maturity:

Year	2017	2016
Up to 1 year	9,903,381	10,018,152
Between 1 year and 5 years	43,633,132	36,423,587
More than 5 years	75,153,975	74,485,867
	<u>128,690,488</u>	<u>120,927,606</u>

29.2 FINANCIAL LEASES

As of 31 December 2017 and 2016, the responsibilities reflected in the statement of financial position related to financial leases had the following maturities:

Year	2017	2016
Up to 1 year (Note 24)	205,112	706,610
Between 1 year and 5 years	387,447	-
More than 5 years	-	-
	<u>592,559</u>	<u>706,610</u>

As at 31 December 2017 and 2016, Altri estimates that the fair value of financial obligations in leasing contracts corresponds to approximately its book value.

Obligations under finance lease contracts are guaranteed by the reserve of ownership of the leased assets.

30. RELATED PARTIES

The subsidiary companies of the Group perform transactions between each other that classify as transactions with related parties and which are done at market prices.

In the consolidation procedures, the transactions between the companies included in consolidation are eliminated. The consolidated financial statements present the mother company and its subsidiaries financial information as one single company and, therefore, the information about transactions with them is not disclosed in this note.

As of 31 December 2017 and 2016 the balances and transactions with related parties are as follows:

Transactions	Purchases and acquired services		Sales and provided services		Interest income	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Associated companies and joint ventures (a)	2,759,244	2,332,922	16,696,902	16,042,281	187,755	217,812
Other related parties (b)	8,435,033	7,193,528	129,514	127,982	-	-
	<u>11,194,277</u>	<u>9,526,450</u>	<u>16,826,416</u>	<u>16,170,263</u>	<u>187,755</u>	<u>217,812</u>

Balances	Accounts payable		Accounts receivable		Loans granted	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Associated companies and joint ventures (a)	165,308	268,133	2,618,553	6,359,604	11,482,905	11,482,905
Other related parties (b)	6,508,954	6,404,548	489,774	127,982	-	-
	<u>6,674,262</u>	<u>6,672,681</u>	<u>3,108,327</u>	<u>6,487,586</u>	<u>11,482,905</u>	<u>11,482,905</u>

- (a) All entities consolidated by the equity method as at 31 December 2017 and 2016 according to Note 4.2 and available for sale investments as described in Note 4.3;
- (b) Were considered as related parties the companies listed below.

During the years ended 31 December 2017 and 2016, there were no transactions or loans granted to the members of the Board of Directors.

Besides the companies included in consolidation (Note 4), entities considered as related parties as of 31 December 2017 can be detailed as follows:

- Actium Capital, S.A.
- Adcom Media – Anúncios e Publicidade S.A
- A Nossa Aposta – Jogos e Apostas On-line, S.A.
- Caderno Azul, S.A.

- Cofihold, S.A.
- Cofihold II, S.A.
- Cofina Media, S.A.
- Cofina, SGPS, S.A.
- Destak Brasil – Editora de Publicações, S.A.
- Destak Brasil – Empreendimentos e Participações, S.A.
- Elege Valor, Lda.
- Expeliarmus – Consultoria, S.A.
- F. Ramada II, Imobiliária, S.A.
- F. Ramada Investimentos, SGPS, S.A.
- Grafedisport – Impressão e Artes Gráficas, S.A.
- Livrefluxo, S.A.
- Mercados Globais – Publicação de Conteúdos, Lda
- Planfuro Global, S.A.
- Préstimo – Prestígio Imobiliário, S.A.
- Promendo, SGPS, S.A.
- Ramada – Aços, S.A.
- Ramada Storax, S.A.
- Socitrel – Sociedade Industrial de Trefilaria, S.A.
- Storax, S.A.
- Storax Benelux, S.A.
- Storax, Ltd.
- Storax España, S.L.
- Universal Afir, S.A.
- Valor Autêntico, S.A.
- VASP – Sociedade de Transportes e Distribuições, Lda.
- 1 Thing Investments, S.A.

31. KEY MANAGEMENT COMPENSATION

Compensation paid to key managers, who in Altri's case correspond to the Board of Directors, due to its corporate governance model, during the years ended 31 December 2017 and 2016 amounted to 1,439,500 Euro and 1,467,800 Euro, respectively, corresponding only to fixed remuneration and were fully paid by the Company in 2017 and 2016.

Under Article 3 28/2009 of 19 June, the Company hereby informs that the remuneration received by the Board members can be detailed as follows: Paulo Fernandes - 392,250 Euro; João Borges de Oliveira - 392,250 Euro; Domingos Matos - 226,000 Euro; Pedro Borges de Oliveira - 226,000 Euro; Ana Mendonça – 84,000 Euro; Laurentina Martins - 59,500 Euro; José Archer - 59,500 Euro.

As of 31 December 2017 there are not: (i) plans or incentives related to shares based payments to members of the Board, (ii) supplementary pensions or early retirement for directors, or (iii) non-cash benefits considered as remuneration.

The director Laurentina Martins benefits from a pension plan assigned before her appointment to the Board of Directors because, at the grant date, she was a worker of the subsidiary Caima - Indústria de Celulose, SA. The main features and information about the referred plan are detailed in Note 28 a). On that date, the present value of pensions in payment related with this director amounted to 403,028 Euro and no contribution to the fund was made in 2017. The value received by her through the pension fund in 2017 was 33,705 Euro.

Altri, SGPS, S.A. does not have any plan to grant shares or stock options to the members of the governing boards or to its employees.

32. OTHER INCOME

As of 31 December 2017 and 2016, the caption “Other income” can be detailed as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Investment and exploration subsidies	5,974,535	4,778,755
Fixed asset disposals	268,936	865,825
Commodities derivative contracts (Note 26)	-	2,358,050
Other	3,480,491	1,540,276
	<u>9,723,962</u>	<u>9,542,906</u>

33. OTHER EXPENSES

As at 31 December 2017 and 2016, the caption “Other expenses” can be detailed as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Fees and direct taxes	1,633,225	1,848,198
Losses related to forest fires	4,968,434	-
Donations	448,564	-
CO2 emission rights	73,745	99,663
Other	1,167,310	2,942,390
	<u>8,291,278</u>	<u>4,890,251</u>

34. NET FINANCIAL LOSSES

Consolidated new financial losses for the years ended 31 December 2017 and 2016 can be detailed as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Financial expenses		
Interests (Note 20)	14,060,438	13,908,734
Losses on exchange rate differences	6,748,160	3,338,429
Losses on derivatives	282,486	1,003,820
Losses on investments available for sale	2,570,286	-
Other	2,667,182	6,327,368
	<u>26,328,552</u>	<u>24,578,351</u>
Financial income:		
Interests	568,575	602,592
Gains on exchange rate variations	3,571,840	4,739,370
Gains on derivatives	427,790	-
Other	413,965	623,978
	<u>4,982,170</u>	<u>5,965,940</u>

The caption "Losses on derivatives" corresponds to the losses originated by the changes of the derivatives fair value and the loss on derivative instruments that matured or were paid until that date (Note 26).

“Other financial expenses and losses” include, mainly, expenses with loans setup, which are recognized in the profit and loss statement through the duration of those loans (Note 20).

35. AMORTISATION AND DEPRECIATION

As of 31 December 2017 and 2016, the caption “Amortisation and Depreciation” can be detailed as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Fixed assets (Note 7)	53,408,287	51,113,207
Intangible assets (Note 10)	283,886	78,791
	<u>53,692,173</u>	<u>51,191,998</u>

36. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2017 and 2016 were determined taking into consideration the following amounts:

	<u>31/12/2017</u>	<u>31/12/2016</u>
Number of shares considered for basic and diluted earning calculation	205,131,672	205,131,672
Net profit considered for basic and diluted earning calculation	96,068,168	76,977,826
Earnings per share		
Basic	0.47	0.38
Diluted	0.47	0.38

As of 31 December 2017 and 2016, there are no dilution effects of the number of shares issued.

37. SEGMENTAL INFORMATION

On 16 April 2008, the Altri SGPS, S.A. spin-off public deed was signed. Under the terms of that project, the planned reorganization foresaw the split of Altri's two business units that manage equity holdings in the pulp and paper sector and in the steel and storage systems sector. This reorganization aimed a bigger focus and transparency on ALTRI's business, and giving each of the areas an opportunity to be better seen and better evaluated by the market. This allows for the Altri Group to focus its activity on its core business, production and commercialization of bleached pulp from eucalyptus, so the Board of Directors believes that there is only one business segment and the management information is reported and analysed on this basis.

Sales and services rendered in 2017 and in 2016 by the Group, according to the geographic segments, were as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Domestic market	138,175,142	116,161,818
International market	517,880,018	486,791,011
	<u>656,055,160</u>	<u>602,952,829</u>

38. PAYROLL EXPENSES

During the years ended 31 December 2017 and 2016, the average number of employees of the companies included in the consolidated financial statements was 705 and 682, respectively.

As of 31 December 2017 and 2016, the caption “Personnel expenses” can be detailed as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Remunerations	25,895,738	24,132,202
Social security contributions	5,266,157	4,565,536
Pension costs	356,404	1,642,889
Employee benefits	218,129	234,185
Indemnities	131,320	435,508
Insurances	515,405	720,386
Other	1,569,980	2,105,578
	<u>33,953,133</u>	<u>33,836,284</u>

39. EXTERNAL SUPPLIES AND SERVICES

As of 31 December 2017 and 2016, the caption “External Supplies and Services” can be detailed as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Energy	40,191,870	36,914,260
Transport of goods	34,328,533	34,534,687
Fuels	11,793,273	15,962,027
Forestry activity costs	13,702,464	15,857,077
Maintenance and repair	15,787,801	12,210,386
Rents and leasing	12,337,833	10,786,865
Specialized services	11,322,549	-
Insurance	4,540,566	-
Other	22,652,811	34,869,888
	<u>166,657,700</u>	<u>161,135,191</u>

40. FEES OF STATUTORY AUDITOR

The remuneration due to auditors of the Group and other individuals or entities belonging to EY's network, by all the group companies for the year ended 31 December 2017 was 135,000 Euro and is related exclusively to the statutory audit. The auditors of the Group in 2016 were Deloitte, which fees totalled 541,000 Euro, detailed as follows:

	<u>31.12.2016</u>
Statutory audit (Euro)	210,817
Annual accounts	176,000
Interim accounts	34,817
Other assurance services (Euro)	178,927
Tax consulting services (Euro)	77,873
Other services (Euro)	73,290
	<u>540,907</u>

41. NET PROFIT ALLOCATION

With respect to the year 2016, the Board of Directors proposed in its annual report that the individual net profit of Altri, SGPS, S.A., which was approved in the Shareholders' general meeting, amounting to 59,541,558.30 Euro, would be transferred to:

Other reserves and retained earnings	8,258,640.30
Dividends	51,282,918.00

	59,541,558.30
	=====

In what concerns 2017, the Board of Directors proposed in its annual report that the individual net profit of Altri SGPS, S.A. in the amount of 56,705,382.66 Euro was fully used to pay dividends. The Board of Directors also proposed that 4,834,118.94 Euro from "Other reserves and retained earnings" were distributed as dividends, corresponding to a total dividend of 0.30 Euro per share.

42. ENVIRONMENTAL INFORMATION

Following the Kyoto Protocol, the European Union committed itself to reduce the emission of greenhouse gases. Therefore, it has issued a Directive that predicts the commercialisation of carbon dioxide emission licenses. This directive was transposed to the Portuguese legislation and became mandatory since 1 January 2005, namely, for the pulp and paper industry.

Following the ministerial dispatch number 38/2013 dated 15 March 2013, the Portuguese government distributed to the companies the carbon dioxide emission licenses. The Group companies received a free license for the emission of 89,945 tons of carbon dioxide in 2016. If the Group exceeds that amount it must buy in the market the remaining licenses. The distribution of the carbon dioxide emission licenses is made in the beginning of the following year, being the emission amounts presented subject to a certification made by an independent entity.

Bearing in mind that these licenses refer to the period 2013-2020, in accordance with the estimates for the year 2012, the Group does not expect this legislation to carry significant additional costs for the year ended 31 December 2017.

In relation to environmental matters, it is relevant to mention the recent pollution event in the Tejo River, more precisely in the Abrantes dam, on 24 January, and the environmental performance of

Celtejo, which is one of the units of the Altri group located in Vila Velha de Rodão. This industrial unit, acquired by the Altri Group from the Portuguese State by the end of 2005 and in which the Group has already invested more than 200,000,000 Euro, is equipped with top tier equipment, such as its Wastewater Treatment Plant, which has been in operation since 29 September 2017. Thus, this plant's environmental performance is aligned not only with all legal requirements (including with the applicable environmental license), as well as with the recommendations and best practices known in the sector. Celtejo is in the process of completing the latest and largest private investment in Portugal, amounting to 85,000,000 Euro, which will make it perfectly adapted to the conditions of the new BREF PP (Best Available Techniques (BAT) Reference Document for the Production of Pulp, Paper and Board), which will enter into force in 2019.

Notwithstanding, as a consequence of the pollution event referred to above, the Ministry of Environment, as a preventive measure justified only on the basis of the prudence principle, initiated an extraordinary process of review of the Environmental License of Celtejo under which it imposed an obligation to reduce its effluent by 50%.

Despite the preventive nature of the measure imposed by the Government, there is no link between the event in the Tejo River on 24 January and the Celtejo effluent. Hence, the Company has not been notified of the practice of any administrative offense proceeding. Celtejo is unrelated to the event.

As of 31 December 2017, the Group has not recorded any liability concerning environmental issues, nor has disclosed any environmental contingency, since the Board of Directors believes that, as of that date, no obligations and responsibilities arising from past events have occurred that lead to significant costs to the Group.

43. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors and authorized for issuance on 21 March 2018. The final approval depends on the agreement of the General Shareholders Meeting.

44. SUBSEQUENT EVENTS

There were no significant subsequent events from 31 December 2017 until the date of approval of these financial statements.

45. TRANSLATION NOTE

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

The Board of Directors

Paulo Jorge dos Santos Fernandes

João Manuel Matos Borges de Oliveira

Domingos José Vieira de Matos

Laurentina da Silva Martins

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça

José Manuel de Almeida Archer



STATUTORY
AUDIT AND
AUDITOR'S
REPORT

(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Altri, SGPS, S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at 31 December 2017 (showing a total of 1.210.088.507 euros and a total equity of 394.567.076 euros, including a net profit for the year of 96.068.168 euros), the Consolidated Statement of Profit and Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Altri, SGPS, S.A. as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Goodwill impairment

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As at 31 December 2017, Goodwill amounts to 265.531.404 euros, representing 22% of the total assets of the Group (similar to 2016).</p> <p>The risk of Goodwill impairment was considered a key audit matter due to the significance of the amount and due to the fact that the impairment assessment process is complex, including the use of estimates and assumptions, namely in what regards future economic forecasts, production</p>	<p>Our audit approach included the following procedures:</p> <ul style="list-style-type: none"> ▶ The examination of the cash flow projections used in the valuation models prepared by management. We tested the basis of preparation taking into consideration the reliability of the previous projections and the historical information about the main assumptions; ▶ The assessment of the underlying assumptions used in the valuation models approved by management, namely the cash flow projections, the discount rate, the inflation rate, the perpetuity

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>capacity in the market, revenue and margin evolution.</p>	<p>growth rate and the sensitivity analysis, supported by internal specialists in business valuations; and</p> <ul style="list-style-type: none"> ▶ We evaluated the clerical and arithmetic accuracy of the models used and assessed the impact that possible deviations in the key assumptions would have in the Goodwill impairment testing. <p>We verified the compliance with the applicable disclosure requirements (IAS 36), included in Note 9 of the notes to the consolidated financial statements.</p>

2. Biological assets

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As at 31 December 2017, non-current Biological assets total 94.848.275 euros (2016: 102.302.637 euros), representing 8% (2016: 8%) of the Group's total assets.</p> <p>Biological assets comprise essentially eucalyptus, which are scattered through a vast area in land which is property of the Group or rented. After being harvested, the wood is used as the main raw material for the pulp production.</p> <p>Biological assets are measured at fair value, as prescribed by IAS 41 and as disclosed in Note 2.3 i) of the notes to the consolidated financial statements. Until 31 December 2016, biological assets were measured at cost net of impairment losses due to the fact that management considered fair value could not be reliably measured.</p> <p>The fair value was calculated by an external entity from the data base maintained by the Group, which contains a significant volume of information with several characteristics.</p> <p>Taking into account that an observable market amount does not exist, the fair value computation is based on significant and complex judgments used in the cash flow models. These models, in turn, are based on several assumptions, computations and allocations between the plant species of the estimated costs to be incurred until the forests are prepared for harvesting as well as the expected sale price.</p> <p>The use of different models and/or assumptions would result in a different fair value for the same assets.</p>	<p>Our audit approach included the following procedures:</p> <ul style="list-style-type: none"> ▶ Understanding of the key controls implemented to ensure the reliability of the information available regarding forest area details; ▶ Analysis of the information included in the forest data base through an analysis of a sample of agreements with the owners of the land being explored by the Group and physical inspection of some of those properties; ▶ Substantive procedures performed on the capitalization of plantation expenses and rental costs and on the harvest of the period; ▶ Assessment of the credentials of the external party contracted to determine the fair value of the Biological assets; ▶ Analysis of the valuation report issued by the external party, including the verification of the consistency of the financial and non-financial information used with the accounting records. In particular, we analysed the main assumptions used in the computation of the fair value, including the discount rate, expected wood sale price and costs to incur until the plantations are ready for harvesting; ▶ Involvement of valuation internal specialists in order to assess the reasonableness of the discount rate used; and ▶ Assessment of the reasonableness of the wood selling price, taking into account the Group's historic data, and estimated expenses to incur until the assets are ready for use. We also assessed the split of the total estimated expenditures between the different species by comparison to those incurred in the current period. <p>Our work included the analysis of the recognition of subsidies related to Biological assets.</p> <p>We also assessed the adequacy of the applicable disclosures (IAS 41 and IFRS 13), included in Notes 2.3 i) and 11 of the notes to the consolidated financial statements.</p>

3. Provisions and contingencies

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>The Group identified several tax and legal contingencies, as disclosed in Note 21 of the notes to the consolidated financial statements. According to the prescriptions of IAS 37, management periodically evaluates potential liabilities arising from past events taking into account the probability for which implies the recognition of a provision and/or a disclosure in the financial statements. The outcome probability assessment is based on the opinion of legal and tax advisors.</p> <p>As at 31 December 2017, the consolidated financial statements showed provisions amounting to 5.025.260 euros (2016: 5.064.402 euros). A significant level of judgment is required from management in assessing the likelihood of outflows of resources from the Group as well as in the quantification of the liability. Hence, this is considered a key audit matter.</p>	<p>Our audit approach included the following procedures:</p> <ul style="list-style-type: none"> ▶ Understanding and analysis of the processes in place for the monitoring of tax contingencies; ▶ Inquiry of management and directors for legal and tax departments about the basis for their estimates and judgments; ▶ Making inquiries of management and directors about potential responsibilities related to environmental legislation, including the effects of the recent incident occurred in January 2018 involving Celtejo's plant; ▶ Assessment of the tax claims in progress, as well as other possible tax contingencies, supported by internal specialists and on the review of existing supporting documentation; ▶ Analysis of the answers to the external confirmations request sent to lawyers; and ▶ Assessment of the consistency of the criteria used when compared with prior periods. <p>We also assessed the adequacy of the applicable disclosures (IAS 37), included in Notes 21 and 42 of the notes to the consolidated financial statements.</p>

Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

- ▶ the preparation of consolidated financial statements that presents a true and fair view of the Group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union;
- ▶ the preparation of the Management Report, including the Corporate Governance Report in accordance with the laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- ▶ communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- ▶ from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- ▶ we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the Management Report with the consolidated financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code, as well as the verification of the disclosure that the statement of non-financial information will be presented subsequently.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

On the non-financial statement as required by article 66-B of the Commercial Companies Code

Pursuant to article 451, nr. 6, of the Commercial Companies Code, we inform that the Group has mentioned in its Annual Report 2017 that it will prepare a specific report, separate from the Management Report, including the non-financial information, as required by article 66-B of Commercial Companies Code, which should be published in its website within legal term.

On the Corporate Governance Report

In our opinion, the Corporate Governance Report includes the information required to the Group to provide as per article 245-A of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of the said article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- ▶ We were appointed as auditors of Altri SGPS, S.A. (Group's parent company) for the first time in the shareholders' general meeting held on 26 April 2017 for a mandate from 2017 to 2019.;
- ▶ Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement to the consolidated financial statements due to fraud;
- ▶ We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group as of today; and
- ▶ We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Group in conducting the audit.

Oporto, 13 April 2018

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Rui Manuel da Cunha Vieira - ROC nr. 1154
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REPORT AND
OPINION OF THE
STATUTORY
AUDIT BOARD

Report and Opinion of the Statutory Audit Board

(Translation of a Report and Opinion originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)

To the Shareholders of ALTRI, SGPS, S.A.

In compliance with the applicable legislation and our mandate, we hereby submit our Report and Opinion, which covers the Board of Director's Report and the individual and consolidated Financial Statements of Altri, SGPS, S.A. ("Company") for the year ended 31 December 2017, which are the responsibility of the Company's Board of Directors.

1. Report over the year's activity

During the year under analysis, the Statutory Audit Board accompanied the operations of the Company and its affiliates, the timely writing up of accounting records, compliance with statutory and legal requirements and the effectiveness of the risk management and internal control systems, having held meetings with the periodicity and length considered appropriate and having always obtained, from the Board of Directors and personnel of the Company and its affiliates, all the information and explanations required.

As part of its duties, the Statutory Audit Board examined the separated and consolidated statement of financial position as of 31 December 2017, the separated and consolidated statements of profit and loss, comprehensive income, changes in shareholders' funds and cash flows for the year then ended, and the corresponding notes.

In the exercise of its competences, the Statutory Audit Board held, regularly, meetings with Statutory and External Auditor's representatives in order to monitor the audit work carried out and take note of its conclusions, in addition to assessing its independence. In this area, the Statutory Audit Board analysed the proposals that were presented to it for non-audit services by the Statutory and External Auditor, having approved those that related with permitted services, did not affect the independence of the Statutory and External Auditor and fulfill the other legal requirements.

The Statutory Audit Board reviewed the statutory audit certification and audit report regarding the separated and consolidated information of the year 2017, which comprehends the consolidated and separated statement of financial position for the year ended as of 31 December 2017, the consolidated and separated statements of profit and loss, comprehensive income, changes in shareholders' funds and cash flows for the year then ended, and the corresponding notes, which does not include any reserves.

The Statutory Audit Board also reviewed the Corporate Governance Report, assuring that it includes all the elements referred to in article 245^o-A of the Portuguese Securities Market Code.

Finally, the Statutory Audit Board also analysed the Additional Report to the Statutory Audit Board and other documentation issued by the representative of Ernst & Young Audit & Associados – SROC, S.A., Statutory and External Auditor of the Company.

2. Declaration of Responsibility

Within the scope of the powers of its competences, the Statutory Audit Board declares that, to its knowledge and conviction, the information contained in the separated and consolidated financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of Altri, SGPS, S.A. and the companies included in the consolidation. Also, it is their understanding that the Board of Directors Report adequately describes the business, performance and financial position of Altri, S.G.P.S., S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face. It is also declared that the Corporate Governance Report complies with article 245º A of the Portuguese Securities Market Code.

3. Opinion

Accordingly, taking into account the diligences, opinions and information received from the Board of Directors, the Entity's services and the Statutory and External Auditor, the Statutory Audit Board is of the opinion that:

1. Nothing prevents the approval of the separated and consolidated Director's Report for the year 2017;
2. Nothing prevents the approval of the separated and consolidated Financial Statements for the year 2017;
3. Nothing prevents the approval of the proposal for the net profit appropriation presented by the Board of Directors, which is duly substantiated

We wish to express our appreciation to the Board of Directors and to the various services of the Entity and of its subsidiaries for their collaboration.

Oporto, 13 April 2018

The Statutory Audit Board

Pedro Pessanha
Statutory Audit Board President

António Pinho
Statutory Audit Board Member

Guilherme Monteiro
Statutory Audit Board Member



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