



ANNUAL
REPORT
2016

31 DECEMBER 2016

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



To the Shareholders

Pursuant to the legal and statutory requirements, the Board of Directors of Altri, S.G.P.S., S.A. hereby presents its Management Report for the financial year of 2016. 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.

INTRODUCTION

The year 2016 was, once again, a record year in terms of production and pulp sales.

Altri was incorporated as of March 2005, as result of the demerger of Cofina. Altri is a reference European producer of bleached eucalyptus pulp and is a listed company included in Euronext Lisbon, integrating PSI 20 (Portuguese Stock Index), the benchmark stock market index. In addition to paper pulp and dissolving pulp production, the company is also present in the sector of renewable energy 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.

Over the past years, Altri invested in Portugal about 580 million Euro on its industrial units. Currently, Altri owns three pulp mills in Portugal with a total capacity of production above 1 million tons/year of bleached eucalyptus pulp in 2016.

Forest is a strategic asset of Altri, with a forest area under management amounting 78,747 hectares in Portugal. The company is 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. Eucalyptus stands out as the main production of Altri's forest, occupying more than 62,678 hectares and ensuring a self-supply of wood and biomass that complements the market supply. 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.

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 higher 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 to invest on the production of higher value added products, allowing for futures growth, despite the increases of pulp production capacity in recent years and despite the investments already announced for the near future all over the world.

¹ FSC-C004615

I. Management Report

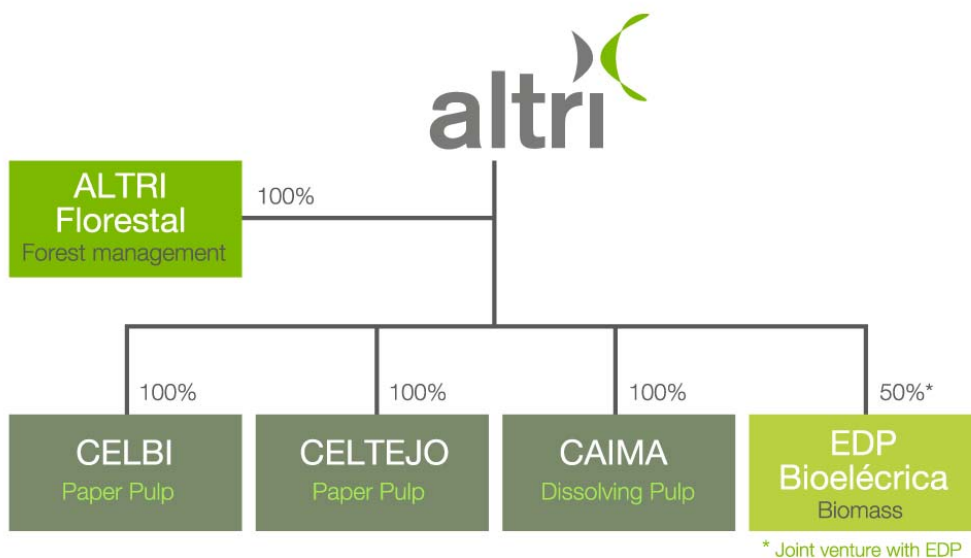
Altri aims to be the most efficient producer in placing pulp at the client's facilities. As so, the Company developed a strategy based on three pillars:

- Cutting cash cost per ton: recent year's 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%.

Since the beginning of its activity, Altri carried out various acquisitions (Celtejo in 2005 and in 2006 Celbi) that allowed Altri to reinforce its position in its operating markets through the development of several capacity increase projects.

For a better valuation 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% of licenses to produce electricity through forest biomass.

Altri's organic structure is as follows:



MACROECONOMIC BACKGROUND

Although the year 2016 was marked by the refugees' crisis, the populist movements, the "Brexit" and by USA elections, the slight recovering of European economy continued in a stable rhythm. Euro Zone economy recorded a growth rate of 0.5% in the first and fourth quarters, and 0.3% in the second and third quarters.

In Portugal, the first half extended the period of deceleration that had already began in the second half of 2015, mainly due to the slowdown in domestic demand and in exports. In the labour market, the situation has improved with the increase in employment and the reduction of unemployment. In the third quarter, economic growth accelerated, essentially as a result of growth in exports. INE revised its growth estimate to 2%, for the fourth quarter of the year. This variation is caused by an increase on private consumption and by an increase on investment that has returned to positive levels.

In 2017, the outlook for Euro Zone economy is moderately positive, based in the recent Euro depreciation and in monetary stimulation provided by ECB to aid economic growth.

In 2016, the US economy had one of the lowest growth rates in recent years, particularly lower in the first half of the year. The main reason for this performance was the decrease in investment, stronger in the energy sector as a result of the decrease in oil prices. The labour market continued to show a very positive evolution with unemployment rates at minimum levels and wages rising at the end of the year. Domestic demand was the main contributor for the economic growth. For 2017 projections point to a growth of 2.3%, supported, in part, by an expectation of additional fiscal incentives.

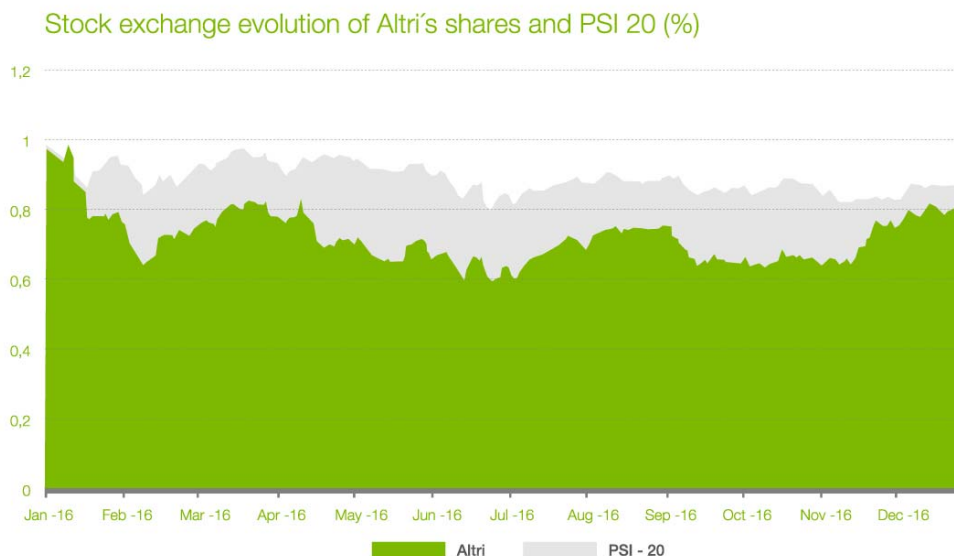
The Chinese economy maintained the slowdown of economic growth and also the change from industry to services. The economic growth rate of 6.7%, was attained mainly due to private consumption and services. For 2017, it is expected that growth rates keep slowing down.

In the foreign exchange market, the recent decrease of the Euro/USD exchange rate, that is at minimum level for the last 14 years, is the main highlight. For 2017, it is expected a further appreciation of USD is expected as a result of possible increase on interest rates, as has been suggested by FED, and the expected economic growth. Euro faces some uncertainty, arising mainly from "Brexit" impacts and from unpredictable election results in Germany and France that will occur in 2017.

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 a decrease of 19% in 2016 while PSI-20 recorded a decrease of 11% in the same period.



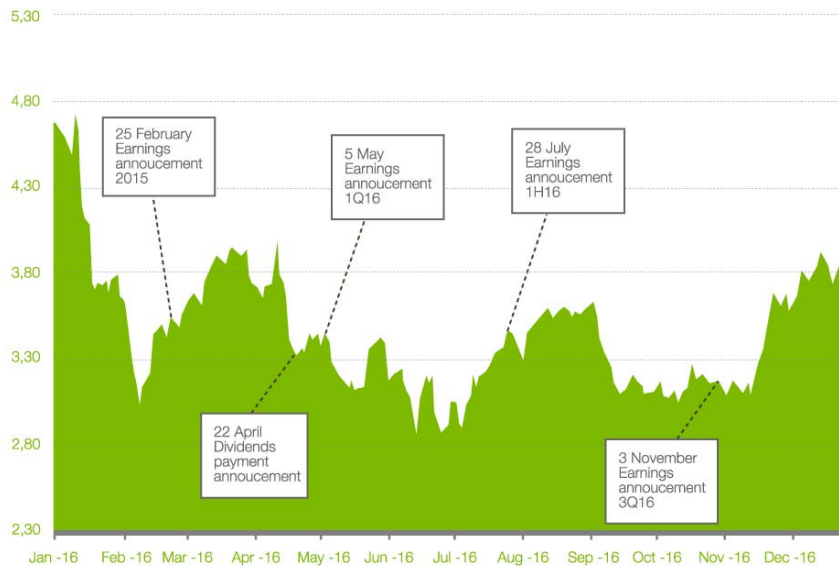
Altri's share price closed in 2016 at 3.864 Euro per share. The market capitalization at the end of 2016 was about 793 million Euro.

During 2016, Altri's shares were traded at a maximum price of 4.721 Euro per share and at a minimum of 2.857 Euro per share. In total, 123 million Altri shares were traded in that period, equivalent to 60% of issued capital.

I. Management Report

The main events that marked the evolution of the Company's shares during 2016 may be described chronologically as follows:

Stock exchange evolution



- On February 25, the Group announced its financial performance for the year 2015, standing consolidated net profit of 117.7 million Euro with an increase over 200% when compared to 2014. The consolidated total revenues amounted to 664.8 million Euro, representing an increase of 20.3% over 2014. Consolidated EBITDA amounted to 221 million Euro, representing an increase of 94.7%. At that date, shares closed quoting at 3.547 Euro per share;
- On April 18, the Group informed that it issued an eight-year bond loan, in the amount of 40,000,000 Euro, by private placement, named "ALTRI 2016-2024";
- In the statement made on April 22, 2016, the Company informed the market that the dividends for the year 2015, amounting to 0.25 Euro per share, would be paid from May 11 onwards;
- Through an announcement made on May 5, the Group announced results for the first quarter of 2016. The consolidated total revenues during this period reached 161.7 million Euro. EBITDA reached 52 million Euro and the consolidated net profit was 25.1 million Euro;
- On July 28, Altri announced to the market the results of the 1st half of 2016, presenting a total income of 304 million Euro (-2.9%), an EBITDA of about 88 million Euro (-12%) and a net profit of about 40 million Euro (-20%);
- On November 3, Altri announced the result of the third quarter of 2016. The Group reached a total revenue of 453.4 million Euro (-8.3%); EBITDA reached 128.6 million Euro (-21.2%) and the net profit was about 57 million Euro (-32.7%);
- On November 15, 2016, Altri announced to the market the results of the private bond exchange offer carried out by its subsidiary Celbi.

GROUP'S ACTIVITY

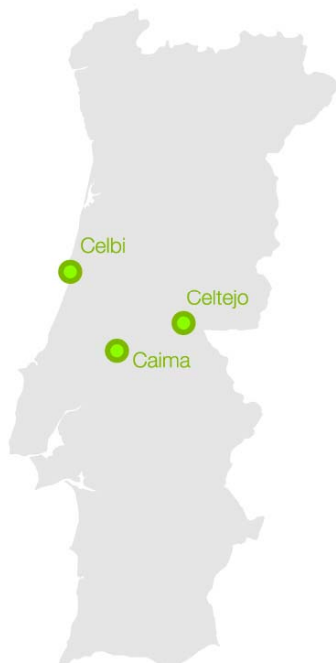
With its genesis in the reorganization process of Cofina with the purpose of setting into a separate holding the industrial operations, Altri held until 1 June 2008, the investments in the paper, pulp, steel and storage systems. On that date, the business of steel and storage systems was demerged to F. Ramada Investimentos SGPS, S.A.

The main investments held by Altri are as follows:

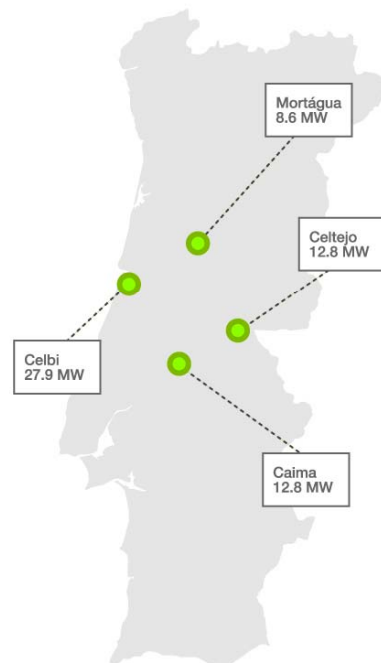
- Caima – Indústria de Celulose (Constância) – producer and distributor of dissolving pulp;
- Celulose Beira Industrial (Celbi) (Figueira da Foz) – producer and distributor of paper pulp;
- Celtejo – Empresa de Celulose do Tejo (Vila Velha de Ródão) – producer and distributor of paper pulp;
- Altri Florestal (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.

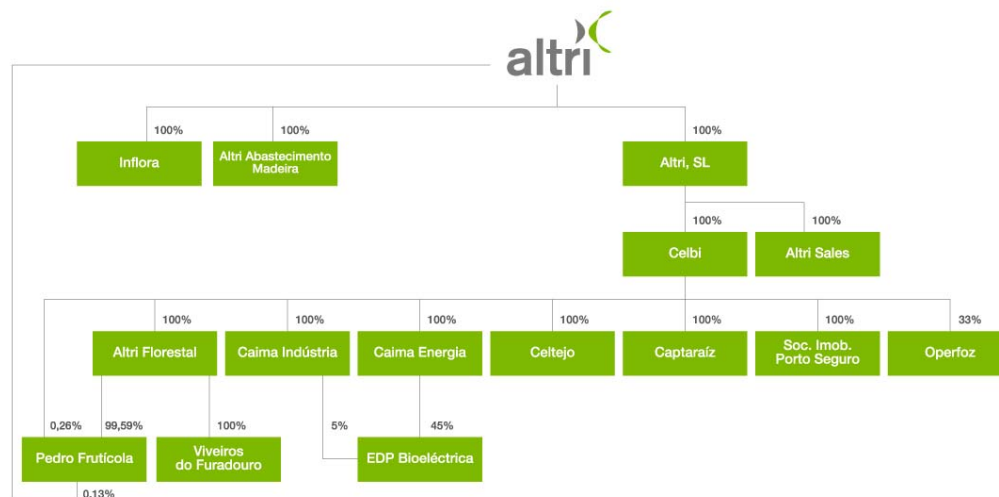
Location of the industrial units of the group



Location of the centrals of energy production



Altri's complete structure of participation as of 31 December 2016 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), they are bleached without using chlorine compounds.

For Celbi and Celtejo's pulp the use of eucalyptus globulus as a raw material, combined with the production process make them suitable to produce tissue papers.

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 some types of paper and paperboard.

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 in order to make it possible in the future to use this pulp on a wider range of products, with applications in detergent and pharmaceutical industries, 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.

I. Management Report

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.

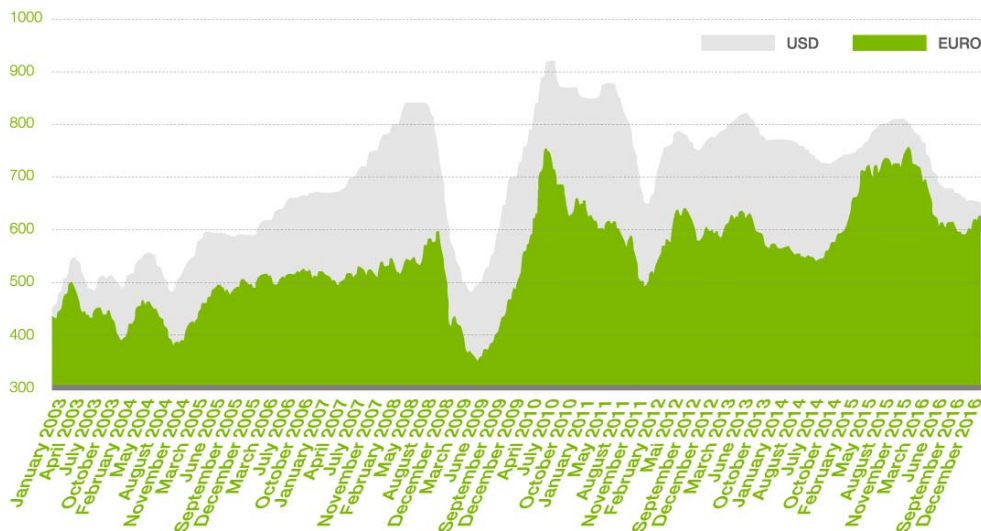
Pulp Market

According to Pulp and Paper Products Council (PPPC) World Chemical Market Pulp Global 100 Report, in 2016, total demand for hardwood pulp increased by 4.1%, leading to an absolute incremental growth of 1.25 tons, keeping the previous year growth trend.

In the 4th quarter of 2016, the evolution of the BEKP price in Euro was characterized by a maintenance compared to the previous quarter (+0.3%), having reached 604 EUR/ton, which compares to an average market price (PIX) of 602 EUR/ton in the third quarter. In USD, it has recorded a decrease from 672.3 USD/ton to 655.1 USD/ton, which corresponds to a variation rate of -2.5%.

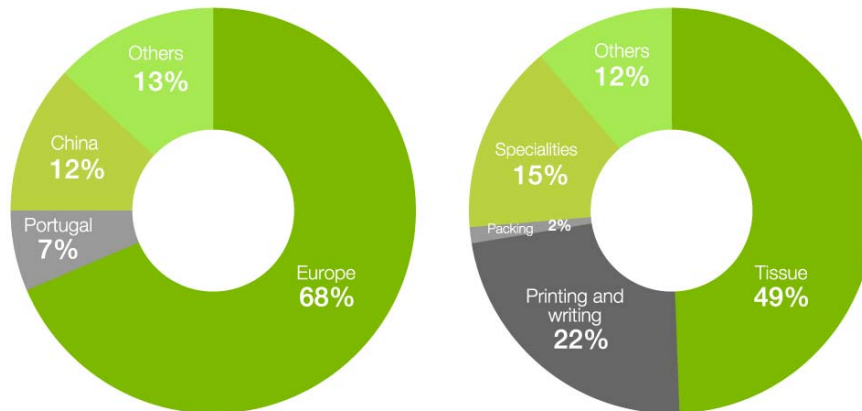
MARKET PRICE EVOLUTION IN BEKP PULP IN EUROPE SINCE 2003 UNTIL THE END OF 2016 (EUR)

Fonte: FOEX



In 2016 Altri reached, again, a new record of production and sales of pulp. Thus, during this year, Altri's three mills produced 1.031 million tons of pulp (+0.8%), of which about 104.7 thousand tons were dissolving pulp (DP).

Pulp sales by region and detail by use



In 2016, Altri's total revenues reached 612.5 million Euro, which represents a decrease of 8% compared to 2015. The pulp sales reached 515.8 million Euro, representing a decrease of approximately of 8.7% compared to sales recorded in 2015. The average market price of BEKP in 2016 was 628.2 EUR/ton, representing a decrease of 11.1% compared to 2015.

In terms of geographical distribution of Altri's sales, Europe (excluding Portugal) is the main destination market of Group's sales, representing 68% of market sales, that is, approximately 705 thousand tons. China is the second biggest market, representing 12% of pulp sales.

In terms of pulp use, tissue paper producers are Altri's main clients, with a share of 49%.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Altri believes that the use of renewable raw materials, clean technologies, more efficient production processes in terms of energy and water consumption and sustainable forest management practices are essential to mitigate climate changes and to overcome other environmental challenges that concern us as well as our stakeholders.

Altri assumes a responsibility to continuously improve its environmental and social performance looking for a continued increase in return of capital from its shareholders.

Altri believes that the welfare of its stakeholders, including society in general, their costumers, their suppliers, their employees and their shareholders, depends on the continued success of the company and on its commitment to a sustainable development.

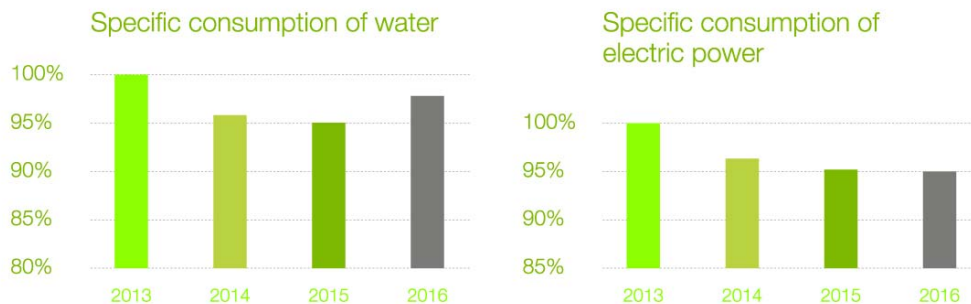
Certification of Management Systems: All industrial units of Altri have its management systems certified in accordance with the requirements of ISO 9001, ISO 14001 and OHSAS 18001 and have their laboratories certified by ISO / IEC 17025. Celbi and Celtejo have implemented energy management systems, certified 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 in Portugal, which manages a large area of certified forest, and all the wood produced in these areas is to supply its mills.

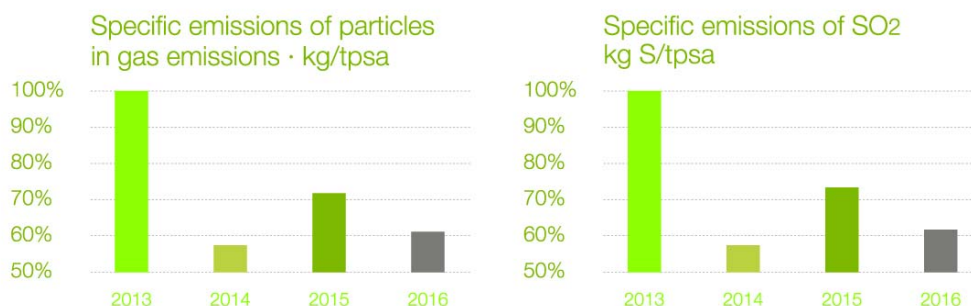
Altri is self-sufficient in electricity, using cogeneration systems where it is made a combined production of thermal energy and electrical power for industrial use. The excess of electricity is placed in the national network. Investment in new technologies and investing in best practices in energy efficiency 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 decreased over the years.





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



Social Responsibility: In its relationship with the community, Altri streamlines the economy of the areas in which it operates, particularly in the creation of direct and indirect employment. It also has a policy 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 partnership with several local institutions, Altri tries to develop and support initiatives and activities essential to the creation of relevant relationships with the surrounding community. Through donations and logistical support, the Group seeks to identify and support projects with merit and impact on the population's quality of living.

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	2016	2015	2016/ 2015 Var %
TOTAL REVENUES	612,496	664,825	-7,9 %
Costs of sales	244,831	237,903	2,9 %
External supplies and services	161,135	162,836	-1,0 %
Payroll expenses	33,836	35,277	-4,1 %
Other expenses	4,890	4,049	20,8 %
Provisions and impairment losses	325	3,652	ss
TOTAL EXPENSES (a)	445,018	443,717	0,3 %
EBITDA (b) margin	167,477 27,3 %	221,107 33,3 %	-24,3 % -6,0 pp
Amortisation and depreciation	51,192	52,834	-3,1 %
EBIT (c) margin	116,285 19,0 %	168,274 25,3 %	-30,9 % -6,3 pp
Results of associated companies	3,023	2,950	2,5 %
Financial expenses	-24,578	-31,946	-23,1 %
Financial income	5,966	8,274	-27,9 %
FINANCIAL PROFIT	-15,588	-20,722	-24,8 %
PROFIT BEFORE INCOME TAX	100,697	147,552	-31,8 %
Income tax	-23,720	-29,879	-20,6 %
Minority interests	0	17	ss
PROFIT FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	76,977	117,656	-34,6 %

(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 612.5 million Euro in 2016, which represents a decrease of 8% compared to 2015. The pulp sale revenues amounted to 515.8 million Euro, which represents a decrease of 8.7% compared to 2015.

Excluding depreciation, financial costs and taxes, total costs in 2016 reached approximately 445 million Euro, very similar to the values of 2015 (+0.3%), with operating costs increasing less than the increase in production (+0.8%) and in sales (+2%).

In 2016 EBITDA reached approximately 167.5 million Euro, a decrease of 24% compared to 2015 and EBITDA margin of 2016 reached 27.3% (-6 p.p.). The operational result (EBIT) recorded in the year was about 116.3 million Euro, compared with 168.3 million Euro in the previous year.

I. Management Report

The financial result amounted to a net charge of 15.6 million Euro. The weighted average cost of current total debt is below 3%.

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 about 77 million Euro (117.7 million Euro in 2015).

Key statement of financial position indicators

Thousand Euro	2016	2015	Var %
Biological assets	102,302,6	101,472,9	1 %
Tangible assets	359,638,8	364,119,9	-1 %
Goodwill	265,531,4	265,531,4	0 %
Investments in associated companies and joint ventures	14,983,1	12,008,2	25 %
Others	55,072,8	41,439,6	33 %
TOTAL NON CURRENT ASSETS	797,528,7	784,571,7	2 %
Inventories	58,890,4	56,396,6	4 %
Customers	92,261,4	91,521,3	1 %
Cash and cash equivalents	300,094,3	243,154,2	23 %
Other	36,291,8	19,597,6	85 %
TOTAL CURRENT ASSETS	487,537,8	410,669,6	19 %
TOTAL ASSETS	1,285,066,5	1,195,241,4	8 %
SHAREHOLDER'S EQUITY AND NON CONTROLLING INTERESTS	343,642,2	322,349,6	7 %
Bank loans	118,000,0	153,587,5	-23 %
Other loans	462,357,6	413,733,4	12 %
Reimbursable subsidies	14,946,6	17,439,1	-14 %
Other	48,451,2	45,566,5	6 %
TOTAL NON CURRENT LIABILITIES	643,755,4	630,326,6	2 %
Bank loans	38,897,7	10,775,0	261 %
Other current loans	120,854,4	105,438,1	15 %
Reimbursable subsidies	3,115,2	558,9	457 %
Suppliers	69,045,1	61,243,4	13 %
Other	65,756,4	64,549,8	2 %
TOTAL CURRENT LIABILITIES	297,668,9	242,565,3	23 %

I. Management Report

The total investment (CAPEX) performed in 2016 by the industrial units amounted to 44.7 million Euro.

Altri's nominal remunerated debt net of cash as of 31 December 2016 amounted to 438.6 million Euro, which represents a decrease of about 4.0 million Euro compared to 442.8 million Euro recorded in 2015. In 2016 the Group paid an amount of 51.3 million Euro as dividends. The free cash flow to equity generated in 2016 reached 55.3 million Euro.

In 2016, the Group paid around 67 million Euro of income taxes. In 2017, the company will recover part of this amount as it corresponds to advanced payments on account of income taxes. The income taxes cash-out estimated for 2017 will be lower than 20 million Euro.

Therefore, the company kept its priority financial strategy, which is based on systematic annual reduction of net debt through the free cash flow generated by the operating activity. Thus, it should be noted that, between 2010 and 2016, the net debt was reduced by 361 million Euro, with the free cash flow to equity amounting to 502.3 million Euro in that period. Additionally, during that same period, the company paid 140.9 million Euro as dividends.

SUBSEQUENT EVENTS

On March 2017, Altri issued a bond loan amounting to 70 million Euro with a maturity of 7 years, designated "Altri 2017-2024". In the same date, the company acquired 500 bonds representative of the bond loan "Altri/Novembro 2018", amounting to 50 million Euro. This loan is now represented by 200 bonds with a nominal value of 20 million Euro. These transactions, approved by the Board of Directors in 2017, are in line with the group's financial strategy of extending maturities, reinforcing equity structure and diversifying financing sources.

Additionally, as of March 2017 Celbi used the early redemption clause (exercising the call option of the contract) and reimbursed the remaining amount of bond loan "Celbi 2014/2019", represented by 327 bonds with a nominal value equal to 32,700,000 Euro and that had not been exchanged in November, 2016 private bond exchange offer.

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

During 2016, 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 2016, 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 2016, 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 59,541,558.30 Euro. The Board of Directors proposes to the Shareholders' Meeting the following application:

Free reserves	8,258,640.30
Dividends distribution	51,282,918.00

	59,541,558.30
	=====

2017 OUTLOOK

2017 will be marked, from an operating perspective, by the ongoing investment projects in Celtejo and Celbi. These projects intend to reinforce the operative efficiency of those industrial units. Consequently, this year is expected to have a slight increase in production, as in recent years.

Apart from the two projects mentioned, the Group also has on a systematic basis small projects that intend cost reduction and efficiency reinforcement, and are applicable to all Group unities.

In terms of eucalyptus pulp market, it is expected that the first half of the year will record an increase on the pulp BHKP sale price, with a less favourable trend in the second half of 2017.

In terms of financial strategy, the focus is in maximizing the generation of cash flow. Reduction of net debt and remuneration of the shareholders will be the main destinations of these cash flows.

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CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

**PART I – INFORMATION ON SHAREHOLDER AND ORGANIZATION STRUCTURE
AND CORPORATE GOVERNANCE**
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, fully subscribed and is made up of 205,131,672 ordinary shares with a nominal value of 12.5 Euro cents each.

Of the total issued voting rights, 75.04% 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. 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, 2016.

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). The Company believes that its disclosure would be harmful to her, while not add any benefit to shareholders and considers that these clauses, common in this type of contract, do not aim the adoption of any guarantee or shielding measures in cases of change of control or change in management board composition.

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 didn't 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 2016, pursuant to the requirements of articles 16 and 20 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	Nr of shares held on 31-dec-2016	%Share capital with voting rights
Directly	4,149,572	2.02%
Total attributable	4,149,572	2.02%

Bestinver Gestión, S.A. SGIC	Nr of shares held on 31-dec-2016	%Share capital with voting rights
Directly	4,205,022	2.05%
Total attributable	4,205,022	2.05%

Indumentia Pueri, S.L.	Nr of shares held on 31-dec-2016	%Share capital with voting rights
Through Wilmington Capital, S.L.	10,260,489	5.00%
Total attributable	10,260,489	5.00%

1 Thing, Investments SGPS, S.A.	Nr of shares held on 31-dec-2016	%Share capital with voting rights
Directly	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 SGPS, S.A., whose board of directors includes Altri's director Pedro Miguel Matos Borges de Oliveira.

Paulo Jorge dos Santos Fernandes	Nr of shares held on 31-dec-2016	%Share capital with voting rights
Through Actium Capital - SGPS, S.A. (of which he is dominant shareholder and director)	23,854,874	11.63%
Total attributable	23,854,874	11.63%

Domingos José Vieira de Matos	Nr of shares held on 31-dec-2016	%Share capital with voting rights
Through Livrefluxo - SGPS, S.A. (of which he is dominant shareholder and director)	24,150,110	11.77%
Total attributable	24,150,110	11.77%

João Manuel Matos Borges de Oliveira	Nr of shares held on 31-dec-2016	%Share capital with voting rights
Through CADERNO AZUL - SGPS, 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.	Nr of shares held on 31-dec-2016	%Share capital with voting rights
Directly ^(a)	42,954,552	20.94%
Through its Director José Manuel de Almeida Archer	1,500	0.00%
Total attributable	42,956,052	20.94%

(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 participation exceeding 33% of the voting rights.

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

II. Corporate Governance Report

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, especially 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 the year 2016 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

As of December 31, 2016, the Board of the General Meeting was composed of the following members:

Chairman: José Francisco Pais da Costa Leite
Secretary: Cláudia Alexandra Gonçalves dos Santos Dias

The mandate began in 2014 and had its term in 2016.

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.

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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.

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 case of there being no 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, 2016, 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 24, 2014 for the period 2014/16, except for José Manuel de Almeida Archer, appointed in September 29, 2015, to replace in the Board the deceased Board Member Pedro Macedo Pinto de Mendonça.

NAME	FIRST APPOINTMENT	END OF MANDATE
Paulo Jorge dos Santos Fernandes	March 2005	December 31, 2016
João Manuel Matos Borges de Oliveira	March 2005	December 31, 2016
Domingos José Vieira de Matos	March 2005	December 31, 2016
Laurentina da Silva Martins	March 2009	December 31, 2016
Pedro Miguel Matos Borges de Oliveira	April 2014	December 31, 2016
Ana Rebelo de Carvalho Menéres de Mendonça	April 2014	December 31, 2016
José Manuel de Almeida Archer	September 2015	December 31, 2016

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

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

As of December 31, 2016, 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:

- 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.

Given the corporate model adopted and the composition and mode of operation of its governing boards, including the independence of the supervisory boards, without, delegation of powers among them, the Group considers that the designation of independent directors to the Board would not yield significant improvements for the proper functioning of the corporate governance model, which has revealed itself proper 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 2016.

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, 2016, 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 - SGPS, S.A., company which owns 11.63% 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 - SGPS, S.A., company which owns a stake of 14.62% in the capital of Altri.

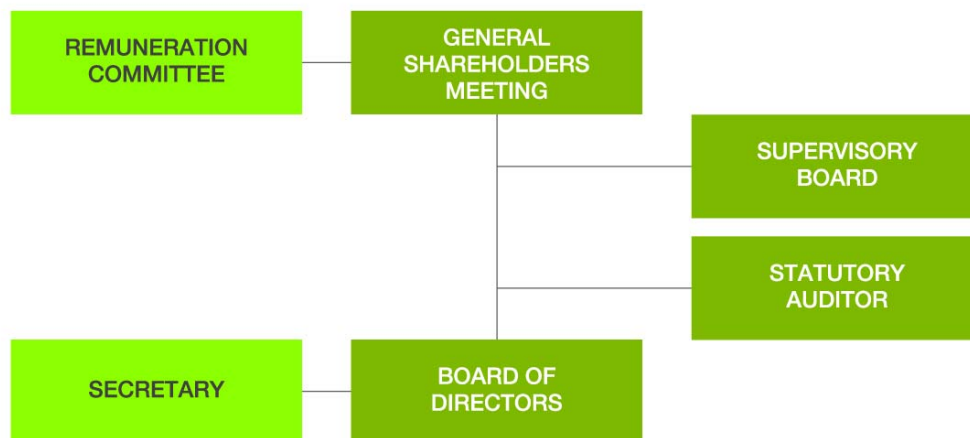
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The director Pedro Miguel Matos Borges de Oliveira is the President of the Board of Directors of the Company 1Thing Investments S.G.P.S., S.A., holder of a 7% stake in the capital of Altri, and is brother of the director João Manuel Matos Borges de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

The director Domingos José Vieira de Matos is director and dominant shareholder of LIVREFLUXO - SGPS, S.A., company which owns 11.77 % 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



The Board of Directors develops its functions of management and coordination of the Group companies on a collective basis and is currently made up of 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 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, second, to secure interface capital markets, debt and

II. Corporate Governance Report

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:

<p>PAULO FERNANDES President Co-CEO</p>	<p>JOÃO BORGES DE OLIVEIRA Vice-President Co-CEO</p>	<p>DOMINGOS MATOS LAURENTINA MARTINS PEDRO BORGES DE OLIVEIRA ANA REBELO MENDONÇA JOSÉ ARCHER Board Members</p>
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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 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 includes 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:

ALTRI SGPS		
PAULO FERNANDES JOÃO BORGES DE OLIVEIRA DOMINGOS MATOS LAURENTINA MARTINS PEDRO BORGES DE OLIVEIRA ANA REBELO MENDONÇA JOSÉ ARCHER		
CELBI	CAIMA INDÚSTRIA	CELTEJO
PAULO FERNANDES JOÃO BORGES DE OLIVEIRA DOMINGOS MATOS PEDRO BORGES DE OLIVEIRA AGOSTINHO DOLORES FERREIRA JOSÉ ANTÓNIO NOGUEIRA SANTOS CARLOS VAN ZELLER	PAULO FERNANDES JOÃO BORGES DE OLIVEIRA DOMINGOS MATOS AGOSTINHO DOLORES FERREIRA	PAULO FERNANDES JOÃO BORGES DE OLIVEIRA AGOSTINHO DOLORES FERREIRA

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 2016, the Board of Directors met twelve times and assiduity corresponded, in all meetings, to 100%.

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. 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 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 2016, corresponding to two terms) computed based on

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total shareholders' return, on the sum of net profit for that period and 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

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 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 2014/2016, which composition is as follows:

- João da Silva Natária – President
- José Francisco Pais da Costa Leite – 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.

As stated in paragraph 18 of this report, four members of the Board of Directors perform executive functions, observing the following:

- (i) 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;
- (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 body composed of all its members,

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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 of executive directors belongs to the Remuneration Committee and is based on the functions performed by them in Altri and in the Group 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. In December 31, 2016, the Supervisory Board was composed by the following members:

- Pedro Nuno Fernandes de Sá Pessanha da Costa – President
- André Seabra Ferreira Pinto – Member
- José Guilherme Barros Silva – Member
- Luis Filipe Alves Baldaque de Marinho Fernandes – Substitute

The Supervisory Board members were appointed for the first time in April 2014 for the period 2014/2016.

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-

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A, both of the Portuguese Companies Act. All members that compose the Supervisory Board comply the rules of incompatibility and independence identified above.

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 2016 the Supervisory Board of the Company met 5 times, with only one absence in one of the meetings that was adequately justified, and 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 by members of this Board throughout the financial year

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, 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.

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 2016, 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 2016 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 2014/2016 is Deloitte & Associados, SROC, S.A., represented by Jorge Manuel Araújo de Beja Neves, who was replaced, in 2016, by António Manuel Martins Amaral.

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

Deloitte & Associados, SROC, S.A., is responsible for the functions of the Statutory Auditor since 2005 and was re-elected for another mandate on the proposal of the Supervisory Board, in the General Meeting of April 24, 2014.

II. Corporate Governance Report

The proposal submitted by the Supervisory Board for the election of Deloitte & Associados, SROC, S.A. for a new mandate was supported by a previous study in which we considered the auditor's independence and the advantages and disadvantages of maintaining and presented such a proposal based on the conviction that the quality of the work done by Deloitte & Associados, SROC, S.A. and experience in the sector where Altri acts, overlap the possible drawbacks in maintenance. It was surely conviction of that board that maintaining Deloitte & Associados, SROC, S.A. in functions would not endanger the integrity and the independence with which those functions would be performed in the Company.

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 Deloitte & Associados, SROC, S.A. appointed for the effect of article 8 of CVM, represented by Jorge Manuel Araújo de Beja Neves, registered under the number 746 in the Portuguese Securities Regulator (CMVM). The company was notified that António Manuel Martins Amaral, registered under the number 1130 in the Portuguese Securities Regulator (CMVM), replaced Jorge Beja Neves as representative partner.

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 2005 having accomplished three mandates, and its representative changed in April 2014.

The proposal submitted by the Supervisory Board for the election of Deloitte & Associados, SROC, S.A. for a new mandate was supported by a previous study in which it was considered the auditor's independence and the advantages and disadvantages of maintaining and presented such a proposal based on the conviction that the quality of the work done by Deloitte & Associados, SROC, S.A. and experience in the sector where Altri acts, overlap the possible drawbacks in their maintenance. It was surely conviction of that body that maintaining Deloitte & Associados, SROC, S.A. in functions would not damage the integrity and the independence with which they would still exercise in the Company.

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.

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

Other assurance services rendered by External Auditor in 2016 include, essentially, revision and compliance services regarding indirect taxes. Tax consulting services and other services relate mainly with the revision of tax files and tax advisory. A part of the services rendered in 2016 were agreed and initiated in previous years.

The other services are provided by different teams of those involved in the audit process, so it enhances auditor’s independence.

The Supervisory Board has reviewed and approved the scope of those services and concluded that they did not threaten the independence of the External Auditor. In this aspect, the hiring of Deloitte & Associados, SROC, S.A. proved to be the most appropriate due to its solid experience and expertise in the field of taxation and fiscal incentives. Moreover, the intervention of Deloitte & Associados, SROC, S.A. is often combined with technicians and experts independent from its network, namely consultants.

In 2016, the fees charged by Deloitte & Associados, SROC, S.A. to Altri’s Group represented less than 1% of the total annual turnover of Deloitte & Associados, SROC, S.A. in Portugal. The quality system of the External Auditor controls and monitors the potential risk of loss of independence or conflicts of interest with Altri.

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:

	2016		2015	
<u>Company</u>				
Audit and statutory audit (€)	1,000	0.2%	1,000	0.2%
Other assurance services (€)	-	0.0%	-	0.0%
Tax consulting services (€)	-	0.0%	10,000	1.5%
Other services (€)	-	0.0%	4,500	0.7%
<u>Group entities</u>				
Audit and statutory audit (€)	209,817	38.8%	252,944	38.3%
Other assurance services (€)	178,927	33.1%	198,044	30.0%
Tax consulting services (€)	77,873	14.4%	45,453	6.9%
Other services (€)	73,290	13.5%	147,655	22.4%
<u>Total</u>				
Audit and statutory audit (€)	210,817	39.0%	253,944	38.5%
Other assurance services (€)	178,927	33.1%	198,044	30.0%
Subtotal assurance services	389,744	72.1%	451,988	68.5%
Tax consulting services (€)	77,873	14.4%	55,453	8.4%
Other services (€)	73,290	13.5%	152,155	23.1%
	540,907	100.0%	659,596	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 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.

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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 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 Porto. 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. 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

II. Corporate Governance Report

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

Like 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.

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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, 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.

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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.

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;

¹ FSC-C004615

II. Corporate Governance Report

- 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;

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- 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 Alfredo Luís Portocarrero Teixeira 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-altri)

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-of-association)
[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-team)
[www.altri.pt \ investors \ investors assistance](http://www.altri.pt/investors/investors-assistance)

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

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-meetings)

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](http://www.altri.pt/investors/general-meetings)

D. REMUNERATION

I. POWER TO ESTABLISH

66. Details of the powers for establishing the remuneration of corporate boards, members of the executive committee or chief executive and directors of the company

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 2014 and ending in 2016, and whose composition is as follows:

- João da Silva Natária – President
- José Francisco Pais da Costa Leite - 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 2016 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 curricula available on the Company website, www.altri.pt, tab "Investors", Section "Investors/General meetings/2014/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 21 April 2016, 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:

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- 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 two mandates period, 2011-2013 and 2014-2016, based on:
 - Total shareholder return (shares valorisation plus distributed dividend)
 - Sum of the net consolidated results of six years (2011 to 2016)
 - Company's business development

The total amount of the variable component cannot exceed 50% of fixed remuneration earned during the period of 6 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 2016 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

II. Corporate Governance Report

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 21 April 2016, 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 2016.

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 corporate boards or key staff. 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 29 a) of the notes to the consolidated financial statements at 31 December 2016.

On 2016 no contribution to the fund as made. As of that date the present value of the payable pensions amounts to 382,443 Euro. Additionally, during 2016 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 2015, for their functions, include only fixed remunerations paid directly by Altri S.G.P.S., S.A.. They amounted to Euro 1,467,800 distributed as follows: Paulo Fernandes – Euro 392,000; João Borges de Oliveira – Euro 392,000; Domingos Matos – Euro 225,400; Pedro Borges de Oliveira – Euro 225,400; Ana Mendonça – Euro 114,000; 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 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 2016, the remuneration of Supervisory Board members amounted to Euro 31,620 distributed as follows: Pedro Pessanha – Euro 15,000; André Pinto – Euro 8,310; José Guilherme Silva – Euro 8,310.

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 2016 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

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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 key staff, 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
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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

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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.

The non-audit services provided by the Statutory Auditor were approved by the Supervisory Board and are detailed in paragraph 47 above.

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 2016 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 31 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 Nr. 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 2016.

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 245º - 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

RECOMENDATIONS	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.	Not 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.

Recommendations 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.

Given the corporate model adopted and the composition and mode of operation of its governing boards, including the independence of the supervisory boards, without, delegation of powers among them, the Group considers that the designation of independent directors to the Board would not yield significant improvements for the proper functioning of the corporate governance model, which has revealed itself proper 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 2016.

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 Statutory 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 four 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

Own Shares

Pursuant to the requirements of article 66 of the Portuguese Companies Act, the Directors inform that as of 31 December 2016 Altri had no own shares and did not acquire or sell any own shares during the year.

Shares held by Altri's corporate boards

Pursuant to the requirements of article 447 of the Portuguese Companies Act, the Directors inform that, as of 31 December 2016, they held the following shares:

Paulo Jorge dos Santos Fernandes ^(a)	23,854,874
João Manuel Matos Borges de Oliveira ^(b)	30,000,000
Domingos José Vieira de Matos ^(c)	24,150,110
Ana Rebelo de Carvalho Menéres de Mendonça ^(d)	42,954,552
José Manuel de Almeida Archer	1,500

^(a) – The 23,854,874 shares represent Altri SGPS, S.A. total shares held by the company “ACTIUM CAPITAL – SGPS, 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 – SGPS, S.A., of which João Manuel Matos Borges de Oliveira is director and shareholder.

^(c) – The 24,150,110 shares represent Altri SGPS, S.A. total shares held by the company LIVREFLUXO – SGPS, 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, 2016, 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 2016, the companies and/or individuals that hold qualified participations exceeding 2%, 5%, 10%, 20%, 33% and 50% of the voting rights are as follows:

Norges Bank		Nr of shares held on 31-dec-2016	%Share capital with voting rights
Directly		4,149,572	2.02%
Total attributable		4,149,572	2.02%

Bestinver Gestión, S.A SGIC		Nr of shares held on 31-dec-2016	%Share capital with voting rights
Directly		4,205,022	2.05%
Total attributable		4,205,022	2.05%

Indumenta Pueri, S.L.		Nr of shares held on 31-dec-2016	%Share capital with voting rights
Through Wilmington Capital, S.L.		10,260,489	5.00%
Total attributable		10,260,489	5.00%

1 Thing, Investments SGPS, S.A		Nr of shares held on 31-dec-2016	%Share capital with voting rights
Directly		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 SGPS, S.A., whose board of directors includes Altri's director Pedro Miguel Matos Borges de Oliveira.

Paulo Jorge dos Santos Fernandes		Nr of shares held on 31-dec-2016	%Share capital with voting rights
Through Actium Capital - SGPS, S.A. (of which he is dominant shareholder and director)		23,854,874	11.63%
Total attributable		23,854,874	11.63%

Domingos José Vieira de Matos		Nr of shares held on 31-dec-2016	%Share capital with voting rights
Through Livrefluxo - SGPS, S.A. (of which he is dominant shareholder and director)		24,150,110	11.77%
Total attributable		24,150,110	11.77%

João Manuel Matos Borges de Oliveira		Nr of shares held on 31-dec-2016	%Share capital with voting rights
Through CADERNO AZUL - SGPS, 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		Nr of shares held on 31-dec-2016	%Share capital with voting rights
Directly ^(a)		42,954,552	20.94%
Through its Director José Manuel de Almeida Archer		1,500	0.00%
Total attributable		42,956,052	20.94%

(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 participation exceeding 33% of voting rights.

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, 23 March 2017

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 2016 are as follows:

- A Nossa Aposta – Jogos e Apostas On-Line, SA. (a)
- Actium Capital, SGPS, S.A. (a)
- Alteria, S.G.P.S., S.A. (a)
- Altri Abastecimento de Madeira, S.A.
- Altri Participaciones Y Trading, S.L.
- Articulado – Actividades Imobiliárias, S.A. (a)
- Base Holding, SGPS, S.A. (a)
- Caima – Indústria de Celulose, S.A.

- Caima Energia – Emp. Gestão e Exploração de Energia, S.A.
- Celulose Beira Industrial (Celbi), S.A.
- Celtejo – Empresa de Celulose do Tejo, S.A.
- Cofihold - SGPS, S.A. (a)
- Cofina, S.G.P.S, S.A. (a)
- Cofina Media, S.A. (a)
- Elege Valor, 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)
- Santos Fernandes & Vieira Matos, Lda. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)

(a) Companies that, as of December 31, 2016 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.

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 2016 are as follows:

- Alteria, S.G.P.S., S.A. (a)
- Altri Abastecimento de Madeira, S.A.
- Altri Participaciones Y Trading, S.L.
- Base Holding, SGPS, S.A. (a)
- Caderno Azul, S.G.P.S., 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 SGPS, S.A. (a)
- Elege Valor, S.G.P.S., S.A. (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. (a)
- Universal – Afir, S.A. (a)

a) – Companies that, as of December 31, 2016 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 2016 are as follows:

- Alteria, S.G.P.S., S.A. (a)
- Altri Florestal, S.A.
- Base Holding, SGPS, S.A. (a)
- Caima – Indústria de Celulose, S.A.
- Celulose Beira Industrial (Celbi), S.A.
- Cofina, SGPS, S.A. (a)
- Cofihold SGPS, S.A. (a)
- Elege Valor, S.G.P.S., S.A. (a)
- F. Ramada Investimentos, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A. (a)
- Livrefluxo, S.G.P.S., 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. (a)
- Universal - Afir, S.A. (a)

(a) – companies that, as of 31 December 2016, 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 Silvicaïma – 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 2016 are as follows:

- EDP – Produção Bioelétrica, S.A.
- Ródão Power – Energia e Biomassa do Ródão, S.A.
- Sociedade Bioelectrica 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 2016 are as follows:

- Alteria, S.G.P.S., S.A. (a)
- Altri Florestal, S.A.
- Celulose Beira Industrial (Celbi), S.A.
- Cofihold SGPS, S.A. (a)
- Cofina, S.G.P.S., S.A. (a)
- Elege Valor, 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. (a)
- Universal - Afir, S.A. (a)
- Valor Autêntico, S.G.P.S., S.A. (a)
- 1 Thing, Investments, S.G.P.S., S.A. (a)

(a) – companies that, as of 31 December 2016, 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 2016 are as follows:

- Cofina, S.G.P.S., S.A. (a)
- Cofihold, SGPS, 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 2016, 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 2016 are as follows:

- ABAE - Associação Bandeira Azul da Europa (a)
- Banco Finantia Sofinloc, S.A., (Spain) (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)
- Finatipar – SGPS, S.A. (a)
- Ginásio Clube Português (a).

(a) – companies that, as of 31 December 2016, 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 and 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 Unicer Bebidas, 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 Base Holding, SGPS, S.A. (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 2016, 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 2016, cannot be considered as part of the Altri, SGPS, S.A. group.

José Guilherme Barros Silva

Qualifications: 1990-1995 Degree in Business Administration and Management, Portuguese Catholic University

Professional Experience: 1995-1997 IC, Arthur Andersen, SC
1997-2010 Vice President of the Board of Directors, Detipin – Comércio de Vestuário, S.A. (a)
2004- Member of the Board of Directors, SEF - Serviços de Saúde e Fisioterapia, S.A. (a)
2005-2010 Member of the Board of Directors, Globaljeans - Comércio de Vestuário, S.A. (a)
2005- Vice-President of the Board of Directors, SEF - Serviços de Saúde e Fisioterapia, S.A. (a)
2005-2009 Vice President of the Board of Directors, AH Business, SGPS, S.A. (a)
2006- Member of the Board of Directors, Fisiofafe, S.A. (a)
2009- Member of the Board of Directors, Clínica de S. Cosme de Gondomar II, Fisioterapia, S.A. (a)

2011- President of the Board of Directors, GNG – Comércio de Vestuário, S.A. (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 2016, 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 31-12				Shares held at 31-12 2016
	2015	Acquisitions	Disposal	Others	
Paulo Jorge dos Santos Fernandes	650,000	-	-	(650,000)	-
Paulo Jorge dos Santos Fernandes (imputação via ACTIUM CAPITAL - SGPS, S.A.)	22,925,168	929,706	-	-	23,854,874
João Manuel Matos Borges de Oliveira (imputação via CADERNO AZUL - SGPS, S.A.)	30,000,000	-	-	-	30,000,000
Domingos José Vieira de Matos (imputação via LIVREFLUXO - SGPS, S.A.)	23,900,110	250,000	-	-	24,150,110
Pedro Miguel Matos Borges de Oliveira	2,804,708	-	-	(2,804,708)	-
Ana Rebelo Carvalho Menéres de Mendonça (imputação via PROMENDO - SGPS, S.A.)	41,954,552	1,000,000	-	-	42,954,552
José Manuel de Almeida Archer	1,500	-	-	-	1,500

Paulo Jorge dos Santos Fernandes

Date	Type	Volume	Price (€)	Local	Nr. of shares
31-Dec-15	-	-	-	-	650,000
23-Jun-16	Donation	(650,000)	3.199000	-	-
31-Dec-16	-	-	-	-	-

Paulo Jorge dos Santos Fernandes (through ACTIUM CAPITAL - SGPS, S.A.)

Date	Type	Volume	Price (€)	Local	Nr. of shares
31-Dec-15	-	-	-	-	22,925,168
23-Jun-16	Acquisition	650,000	3.000000	-	23,575,168
24-Jun-16	Acquisition	5,000	2.980000	Euronext Lisbon	23,580,168
24-Jun-16	Acquisition	500	2.980000	Euronext Lisbon	23,580,668
24-Jun-16	Acquisition	500	2.980000	Euronext Lisbon	23,581,168
24-Jun-16	Acquisition	294	2.980000	Euronext Lisbon	23,581,462
24-Jun-16	Acquisition	168	2.980000	Euronext Lisbon	23,581,630
24-Jun-16	Acquisition	38	2.980000	Euronext Lisbon	23,581,668
24-Jun-16	Acquisition	462	2.980000	Euronext Lisbon	23,582,130
24-Jun-16	Acquisition	206	2.980000	Euronext Lisbon	23,582,336
24-Jun-16	Acquisition	294	2.980000	Euronext Lisbon	23,582,630
24-Jun-16	Acquisition	500	2.980000	Euronext Lisbon	23,583,130
24-Jun-16	Acquisition	500	2.980000	Euronext Lisbon	23,583,630
24-Jun-16	Acquisition	500	2.980000	Euronext Lisbon	23,584,130
24-Jun-16	Acquisition	500	2.980000	Euronext Lisbon	23,584,630
24-Jun-16	Acquisition	500	2.980000	Euronext Lisbon	23,585,130
24-Jun-16	Acquisition	38	2.996000	Euronext Lisbon	23,585,168
24-Jun-16	Acquisition	1,000	2.985000	Euronext Lisbon	23,586,168
24-Jun-16	Acquisition	458	2.985000	Euronext Lisbon	23,586,626
24-Jun-16	Acquisition	300	2.985000	Euronext Lisbon	23,586,926
24-Jun-16	Acquisition	242	2.985000	Euronext Lisbon	23,587,168
24-Jun-16	Acquisition	591	2.985000	Euronext Lisbon	23,587,759
24-Jun-16	Acquisition	409	2.985000	Euronext Lisbon	23,588,168
24-Jun-16	Acquisition	409	2.985000	Euronext Lisbon	23,588,577
24-Jun-16	Acquisition	591	2.985000	Euronext Lisbon	23,589,168
24-Jun-16	Acquisition	1,000	2.985000	Euronext Lisbon	23,590,168
24-Jun-16	Acquisition	1,500	2.985000	Euronext Lisbon	23,591,668
24-Jun-16	Acquisition	1,000	2.985000	Euronext Lisbon	23,592,668
24-Jun-16	Acquisition	302	2.985000	Euronext Lisbon	23,592,970
24-Jun-16	Acquisition	1,000	2.994000	Euronext Lisbon	23,593,970
24-Jun-16	Acquisition	1,000	2.994000	Euronext Lisbon	23,594,970
24-Jun-16	Acquisition	1,000	2.994000	Euronext Lisbon	23,595,970
24-Jun-16	Acquisition	1,000	2.994000	Euronext Lisbon	23,596,970
24-Jun-16	Acquisition	1,000	2.994000	Euronext Lisbon	23,597,970
24-Jun-16	Acquisition	1,000	2.994000	Euronext Lisbon	23,598,970
24-Jun-16	Acquisition	1,000	2.994000	Euronext Lisbon	23,599,970
24-Jun-16	Acquisition	1,000	2.994000	Euronext Lisbon	23,600,970
24-Jun-16	Acquisition	984	2.994000	Euronext Lisbon	23,601,954
24-Jun-16	Acquisition	1,000	2.994000	Euronext Lisbon	23,602,954
24-Jun-16	Acquisition	631	2.994000	Euronext Lisbon	23,603,585

Date	Type	Volume	Price (€)	Local	Nr. of shares
24-Jun-16	Acquisition	250	2.994000	Euronext Lisbon	23,603,835
24-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,604,835
24-Jun-16	Acquisition	32	2.996000	Euronext Lisbon	23,604,867
24-Jun-16	Acquisition	250	2.996000	Euronext Lisbon	23,605,117
24-Jun-16	Acquisition	718	2.996000	Euronext Lisbon	23,605,835
24-Jun-16	Acquisition	250	2.996000	Euronext Lisbon	23,606,085
24-Jun-16	Acquisition	4,000	2.996000	Euronext Lisbon	23,610,085
24-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,611,085
24-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,612,085
24-Jun-16	Acquisition	885	2.996000	Euronext Lisbon	23,612,970
24-Jun-16	Acquisition	10,000	2.999000	Euronext Lisbon	23,622,970
24-Jun-16	Acquisition	750	2.994000	Euronext Lisbon	23,623,720
24-Jun-16	Acquisition	600	2.994000	Euronext Lisbon	23,624,320
24-Jun-16	Acquisition	750	2.994000	Euronext Lisbon	23,625,070
24-Jun-16	Acquisition	750	2.994000	Euronext Lisbon	23,625,820
24-Jun-16	Acquisition	1,050	2.994000	Euronext Lisbon	23,626,870
24-Jun-16	Acquisition	750	2.994000	Euronext Lisbon	23,627,620
24-Jun-16	Acquisition	750	2.994000	Euronext Lisbon	23,628,370
24-Jun-16	Acquisition	560	2.994000	Euronext Lisbon	23,628,930
24-Jun-16	Acquisition	190	2.994000	Euronext Lisbon	23,629,120
24-Jun-16	Acquisition	560	2.994000	Euronext Lisbon	23,629,680
24-Jun-16	Acquisition	566	2.994000	Euronext Lisbon	23,630,246
24-Jun-16	Acquisition	184	2.994000	Euronext Lisbon	23,630,430
24-Jun-16	Acquisition	11	2.994000	Euronext Lisbon	23,630,441
24-Jun-16	Acquisition	750	2.994000	Euronext Lisbon	23,631,191
24-Jun-16	Acquisition	557	2.994000	Euronext Lisbon	23,631,748
24-Jun-16	Acquisition	193	2.994000	Euronext Lisbon	23,631,941
24-Jun-16	Acquisition	444	2.994000	Euronext Lisbon	23,632,385
24-Jun-16	Acquisition	383	2.994000	Euronext Lisbon	23,632,768
24-Jun-16	Acquisition	256	2.994000	Euronext Lisbon	23,633,024
24-Jun-16	Acquisition	111	2.994000	Euronext Lisbon	23,633,135
24-Jun-16	Acquisition	59	2.994000	Euronext Lisbon	23,633,194
24-Jun-16	Acquisition	272	2.994000	Euronext Lisbon	23,633,466
24-Jun-16	Acquisition	478	2.994000	Euronext Lisbon	23,633,944
24-Jun-16	Acquisition	272	2.994000	Euronext Lisbon	23,634,216
24-Jun-16	Acquisition	750	2.994000	Euronext Lisbon	23,634,966
24-Jun-16	Acquisition	750	2.994000	Euronext Lisbon	23,635,716
24-Jun-16	Acquisition	161	2.994000	Euronext Lisbon	23,635,877
24-Jun-16	Acquisition	500	2.996000	Euronext Lisbon	23,636,377
24-Jun-16	Acquisition	500	2.996000	Euronext Lisbon	23,636,877
24-Jun-16	Acquisition	1	2.996000	Euronext Lisbon	23,636,878
24-Jun-16	Acquisition	500	2.996000	Euronext Lisbon	23,637,378
24-Jun-16	Acquisition	1	2.996000	Euronext Lisbon	23,637,379
24-Jun-16	Acquisition	500	2.996000	Euronext Lisbon	23,637,879
24-Jun-16	Acquisition	500	2.996000	Euronext Lisbon	23,638,379
24-Jun-16	Acquisition	500	2.996000	Euronext Lisbon	23,638,879
24-Jun-16	Acquisition	500	2.996000	Euronext Lisbon	23,639,379
24-Jun-16	Acquisition	197	2.996000	Euronext Lisbon	23,639,576
24-Jun-16	Acquisition	303	2.996000	Euronext Lisbon	23,639,879
24-Jun-16	Acquisition	1,374	2.996000	Euronext Lisbon	23,641,253
24-Jun-16	Acquisition	303	2.996000	Euronext Lisbon	23,641,556
24-Jun-16	Acquisition	197	2.996000	Euronext Lisbon	23,641,753
24-Jun-16	Acquisition	33	2.996000	Euronext Lisbon	23,641,786
24-Jun-16	Acquisition	396	3.000000	Euronext Lisbon	23,642,182
24-Jun-16	Acquisition	104	3.000000	Euronext Lisbon	23,642,286
24-Jun-16	Acquisition	500	3.000000	Euronext Lisbon	23,642,786
24-Jun-16	Acquisition	410	3.000000	Euronext Lisbon	23,643,196
24-Jun-16	Acquisition	19	3.000000	Euronext Lisbon	23,643,215
24-Jun-16	Acquisition	21	3.000000	Euronext Lisbon	23,643,236
24-Jun-16	Acquisition	50	3.000000	Euronext Lisbon	23,643,286
24-Jun-16	Acquisition	5,040	3.000000	Euronext Lisbon	23,648,326
24-Jun-16	Acquisition	500	3.000000	Euronext Lisbon	23,648,826
24-Jun-16	Acquisition	1,000	3.000000	Euronext Lisbon	23,649,826
24-Jun-16	Acquisition	500	3.000000	Euronext Lisbon	23,650,326
24-Jun-16	Acquisition	223	3.000000	Euronext Lisbon	23,650,549

Date	Type	Volume	Price (€)	Local	Nr. of shares
24-Jun-16	Acquisition	500	3.000000	Euronext Lisbon	23,651,049
24-Jun-16	Acquisition	222	3.000000	Euronext Lisbon	23,651,271
24-Jun-16	Acquisition	1,500	3.000000	Euronext Lisbon	23,652,771
24-Jun-16	Acquisition	500	3.000000	Euronext Lisbon	23,653,271
24-Jun-16	Acquisition	257	3.000000	Euronext Lisbon	23,653,528
24-Jun-16	Acquisition	500	3.000000	Euronext Lisbon	23,654,028
24-Jun-16	Acquisition	177	3.000000	Euronext Lisbon	23,654,205
24-Jun-16	Acquisition	500	3.000000	Euronext Lisbon	23,654,705
24-Jun-16	Acquisition	200	3.000000	Euronext Lisbon	23,654,905
24-Jun-16	Acquisition	358	3.000000	Euronext Lisbon	23,655,263
24-Jun-16	Acquisition	142	3.000000	Euronext Lisbon	23,655,405
24-Jun-16	Acquisition	472	3.000000	Euronext Lisbon	23,655,877
24-Jun-16	Acquisition	150	2.996000	Euronext Lisbon	23,656,027
24-Jun-16	Acquisition	429	2.996000	Euronext Lisbon	23,656,456
24-Jun-16	Acquisition	421	2.996000	Euronext Lisbon	23,656,877
24-Jun-16	Acquisition	429	2.996000	Euronext Lisbon	23,657,306
24-Jun-16	Acquisition	740	2.996000	Euronext Lisbon	23,658,046
24-Jun-16	Acquisition	260	2.996000	Euronext Lisbon	23,658,306
24-Jun-16	Acquisition	741	2.996000	Euronext Lisbon	23,659,047
24-Jun-16	Acquisition	615	2.996000	Euronext Lisbon	23,659,662
24-Jun-16	Acquisition	385	2.996000	Euronext Lisbon	23,660,047
24-Jun-16	Acquisition	407	2.996000	Euronext Lisbon	23,660,454
24-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,661,454
24-Jun-16	Acquisition	516	2.996000	Euronext Lisbon	23,661,970
24-Jun-16	Acquisition	484	2.996000	Euronext Lisbon	23,662,454
24-Jun-16	Acquisition	860	2.996000	Euronext Lisbon	23,663,314
24-Jun-16	Acquisition	140	2.996000	Euronext Lisbon	23,663,454
24-Jun-16	Acquisition	260	2.996000	Euronext Lisbon	23,663,714
24-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,664,714
24-Jun-16	Acquisition	200	2.996000	Euronext Lisbon	23,664,914
24-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,665,914
24-Jun-16	Acquisition	600	2.996000	Euronext Lisbon	23,666,514
24-Jun-16	Acquisition	400	2.996000	Euronext Lisbon	23,666,914
24-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,667,914
24-Jun-16	Acquisition	153	2.996000	Euronext Lisbon	23,668,067
24-Jun-16	Acquisition	8	2.996000	Euronext Lisbon	23,668,075
24-Jun-16	Acquisition	17	2.996000	Euronext Lisbon	23,668,092
24-Jun-16	Acquisition	733	2.996000	Euronext Lisbon	23,668,825
24-Jun-16	Acquisition	17	2.996000	Euronext Lisbon	23,668,842
24-Jun-16	Acquisition	500	2.996000	Euronext Lisbon	23,669,342
24-Jun-16	Acquisition	250	2.996000	Euronext Lisbon	23,669,592
24-Jun-16	Acquisition	47	2.996000	Euronext Lisbon	23,669,639
24-Jun-16	Acquisition	750	2.996000	Euronext Lisbon	23,670,389
24-Jun-16	Acquisition	2,221	2.996000	Euronext Lisbon	23,672,610
24-Jun-16	Acquisition	750	2.996000	Euronext Lisbon	23,673,360
24-Jun-16	Acquisition	137	2.996000	Euronext Lisbon	23,673,497
24-Jun-16	Acquisition	613	2.996000	Euronext Lisbon	23,674,110
24-Jun-16	Acquisition	750	2.996000	Euronext Lisbon	23,674,860
24-Jun-16	Acquisition	308	3.000000	Euronext Lisbon	23,675,168
27-Dec-16	Acquisition	27,952	3.866000	Euronext Lisbon	23,703,120
27-Dec-16	Acquisition	20,000	3.864000	Euronext Lisbon	23,723,120
27-Dec-16	Acquisition	500	3.870000	Euronext Lisbon	23,723,620
27-Dec-16	Acquisition	9,056	3.870000	Euronext Lisbon	23,732,676
27-Dec-16	Acquisition	444	3.870000	Euronext Lisbon	23,733,120
27-Dec-16	Acquisition	1,500	3.871000	Euronext Lisbon	23,734,620
27-Dec-16	Acquisition	10,500	3.871000	Euronext Lisbon	23,745,120
27-Dec-16	Acquisition	776	3.871000	Euronext Lisbon	23,745,896
27-Dec-16	Acquisition	724	3.871000	Euronext Lisbon	23,746,620
27-Dec-16	Acquisition	1,776	3.871000	Euronext Lisbon	23,748,396
27-Dec-16	Acquisition	1,500	3.871000	Euronext Lisbon	23,749,896
27-Dec-16	Acquisition	13,224	3.871000	Euronext Lisbon	23,763,120
27-Dec-16	Acquisition	1,500	3.863000	Euronext Lisbon	23,764,620
27-Dec-16	Acquisition	1,776	3.863000	Euronext Lisbon	23,766,396
27-Dec-16	Acquisition	19,762	3.870000	Euronext Lisbon	23,786,158
27-Dec-16	Acquisition	25,000	3.887000	Euronext Lisbon	23,811,158
27-Dec-16	Acquisition	14,716	3.896000	Euronext Lisbon	23,825,874
27-Dec-16	Acquisition	6,731	3.894000	Euronext Lisbon	23,832,605
27-Dec-16	Acquisition	2,269	3.894000	Euronext Lisbon	23,834,874
27-Dec-16	Acquisition	1,730	3.897000	Euronext Lisbon	23,836,604
27-Dec-16	Acquisition	18,270	3.897000	Euronext Lisbon	23,854,874
31-Dec-16	-	-	-	-	23,854,874

Domingos José Vieira de Matos (through LIVREFLUXO - SGPS, S.A.)

Date	Type	Volume	Price (€)	Local	Nr. of shares
31-Dec-15	-	-	-	-	23,900,110
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,901,110
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,902,110
27-Jun-16	Acquisition	200	2.995000	Euronext Lisbon	23,902,310
27-Jun-16	Acquisition	800	2.995000	Euronext Lisbon	23,903,110
27-Jun-16	Acquisition	606	2.995000	Euronext Lisbon	23,903,716
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,904,716
27-Jun-16	Acquisition	344	2.996000	Euronext Lisbon	23,905,060
27-Jun-16	Acquisition	718	2.996000	Euronext Lisbon	23,905,778
27-Jun-16	Acquisition	200	2.996000	Euronext Lisbon	23,905,978
27-Jun-16	Acquisition	82	2.996000	Euronext Lisbon	23,906,060
27-Jun-16	Acquisition	200	2.996000	Euronext Lisbon	23,906,260
27-Jun-16	Acquisition	603	2.996000	Euronext Lisbon	23,906,863
27-Jun-16	Acquisition	397	2.996000	Euronext Lisbon	23,907,260
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,908,260
27-Jun-16	Acquisition	118	2.996000	Euronext Lisbon	23,908,378
27-Jun-16	Acquisition	425	2.996000	Euronext Lisbon	23,908,803
27-Jun-16	Acquisition	575	2.996000	Euronext Lisbon	23,909,378
27-Jun-16	Acquisition	28	2.996000	Euronext Lisbon	23,909,406
27-Jun-16	Acquisition	575	2.996000	Euronext Lisbon	23,909,981
27-Jun-16	Acquisition	425	2.996000	Euronext Lisbon	23,910,406
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,911,406
27-Jun-16	Acquisition	312	2.996000	Euronext Lisbon	23,911,718
27-Jun-16	Acquisition	188	2.996000	Euronext Lisbon	23,911,906
27-Jun-16	Acquisition	709	2.996000	Euronext Lisbon	23,912,615
27-Jun-16	Acquisition	103	2.996000	Euronext Lisbon	23,912,718
27-Jun-16	Acquisition	147	2.996000	Euronext Lisbon	23,912,865
27-Jun-16	Acquisition	153	2.996000	Euronext Lisbon	23,913,018
27-Jun-16	Acquisition	600	2.996000	Euronext Lisbon	23,913,618
27-Jun-16	Acquisition	100	2.996000	Euronext Lisbon	23,913,718
27-Jun-16	Acquisition	502	2.996000	Euronext Lisbon	23,914,220
27-Jun-16	Acquisition	166	2.996000	Euronext Lisbon	23,914,386
27-Jun-16	Acquisition	500	2.996000	Euronext Lisbon	23,914,886
27-Jun-16	Acquisition	334	2.996000	Euronext Lisbon	23,915,220
27-Jun-16	Acquisition	500	2.996000	Euronext Lisbon	23,915,720
27-Jun-16	Acquisition	111	2.996000	Euronext Lisbon	23,915,831
27-Jun-16	Acquisition	889	2.996000	Euronext Lisbon	23,916,720
27-Jun-16	Acquisition	111	2.996000	Euronext Lisbon	23,916,831
27-Jun-16	Acquisition	500	2.996000	Euronext Lisbon	23,917,331
27-Jun-16	Acquisition	500	2.996000	Euronext Lisbon	23,917,831
27-Jun-16	Acquisition	104	2.996000	Euronext Lisbon	23,917,935
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,918,935
27-Jun-16	Acquisition	300	2.996000	Euronext Lisbon	23,919,235
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,920,235
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,921,235
27-Jun-16	Acquisition	157	2.996000	Euronext Lisbon	23,921,392
27-Jun-16	Acquisition	157	2.996000	Euronext Lisbon	23,921,549
27-Jun-16	Acquisition	580	2.996000	Euronext Lisbon	23,922,129
27-Jun-16	Acquisition	106	2.996000	Euronext Lisbon	23,922,235
27-Jun-16	Acquisition	94	2.996000	Euronext Lisbon	23,922,329
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,923,329
27-Jun-16	Acquisition	315	2.996000	Euronext Lisbon	23,923,644
27-Jun-16	Acquisition	314	2.996000	Euronext Lisbon	23,923,958
27-Jun-16	Acquisition	686	2.996000	Euronext Lisbon	23,924,644
27-Jun-16	Acquisition	1,266	2.996000	Euronext Lisbon	23,925,910
27-Jun-16	Acquisition	73	2.996000	Euronext Lisbon	23,925,983
27-Jun-16	Acquisition	900	2.996000	Euronext Lisbon	23,926,883
27-Jun-16	Acquisition	27	2.996000	Euronext Lisbon	23,926,910
27-Jun-16	Acquisition	300	2.996000	Euronext Lisbon	23,927,210
27-Jun-16	Acquisition	604	2.996000	Euronext Lisbon	23,927,814
27-Jun-16	Acquisition	96	2.996000	Euronext Lisbon	23,927,910
27-Jun-16	Acquisition	4	2.996000	Euronext Lisbon	23,927,914
27-Jun-16	Acquisition	600	2.996000	Euronext Lisbon	23,928,514
27-Jun-16	Acquisition	400	2.996000	Euronext Lisbon	23,928,914
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,929,914
27-Jun-16	Acquisition	100	2.996000	Euronext Lisbon	23,930,014

Date	Type	Volume	Price (€)	Local	Nr. of shares
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,931,014
27-Jun-16	Acquisition	85	2.996000	Euronext Lisbon	23,931,099
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,932,099
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,933,099
27-Jun-16	Acquisition	200	2.996000	Euronext Lisbon	23,933,299
27-Jun-16	Acquisition	800	2.996000	Euronext Lisbon	23,934,099
27-Jun-16	Acquisition	200	2.996000	Euronext Lisbon	23,934,299
27-Jun-16	Acquisition	800	2.996000	Euronext Lisbon	23,935,099
27-Jun-16	Acquisition	200	2.996000	Euronext Lisbon	23,935,299
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,936,299
27-Jun-16	Acquisition	300	2.996000	Euronext Lisbon	23,936,599
27-Jun-16	Acquisition	929	2.996000	Euronext Lisbon	23,937,528
27-Jun-16	Acquisition	71	2.996000	Euronext Lisbon	23,937,599
27-Jun-16	Acquisition	600	2.996000	Euronext Lisbon	23,938,199
27-Jun-16	Acquisition	355	2.996000	Euronext Lisbon	23,938,554
27-Jun-16	Acquisition	645	2.996000	Euronext Lisbon	23,939,199
27-Jun-16	Acquisition	505	2.996000	Euronext Lisbon	23,939,704
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,940,704
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,941,704
27-Jun-16	Acquisition	872	2.996000	Euronext Lisbon	23,942,576
27-Jun-16	Acquisition	128	2.996000	Euronext Lisbon	23,942,704
27-Jun-16	Acquisition	772	2.996000	Euronext Lisbon	23,943,476
27-Jun-16	Acquisition	222	2.996000	Euronext Lisbon	23,943,698
27-Jun-16	Acquisition	6	2.996000	Euronext Lisbon	23,943,704
27-Jun-16	Acquisition	222	2.996000	Euronext Lisbon	23,943,926
27-Jun-16	Acquisition	400	2.996000	Euronext Lisbon	23,944,326
27-Jun-16	Acquisition	600	2.996000	Euronext Lisbon	23,944,926
27-Jun-16	Acquisition	432	2.996000	Euronext Lisbon	23,945,358
27-Jun-16	Acquisition	568	2.996000	Euronext Lisbon	23,945,926
27-Jun-16	Acquisition	432	2.996000	Euronext Lisbon	23,946,358
27-Jun-16	Acquisition	600	2.996000	Euronext Lisbon	23,946,958
27-Jun-16	Acquisition	400	2.996000	Euronext Lisbon	23,947,358
27-Jun-16	Acquisition	435	2.996000	Euronext Lisbon	23,947,793
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,948,793
27-Jun-16	Acquisition	1,000	2.996000	Euronext Lisbon	23,949,793
27-Jun-16	Acquisition	200	2.996000	Euronext Lisbon	23,949,993
27-Jun-16	Acquisition	117	2.996000	Euronext Lisbon	23,950,110
27-Jun-16	Acquisition	617	2.994000	Euronext Lisbon	23,950,727
27-Jun-16	Acquisition	1,600	2.995000	Euronext Lisbon	23,952,327
27-Jun-16	Acquisition	167	2.995000	Euronext Lisbon	23,952,494
27-Jun-16	Acquisition	580	2.995000	Euronext Lisbon	23,953,074
27-Jun-16	Acquisition	600	2.995000	Euronext Lisbon	23,953,674
27-Jun-16	Acquisition	400	2.995000	Euronext Lisbon	23,954,074
27-Jun-16	Acquisition	200	2.995000	Euronext Lisbon	23,954,274
27-Jun-16	Acquisition	800	2.995000	Euronext Lisbon	23,955,074
27-Jun-16	Acquisition	73	2.995000	Euronext Lisbon	23,955,147
27-Jun-16	Acquisition	484	2.995000	Euronext Lisbon	23,955,631
27-Jun-16	Acquisition	139	2.995000	Euronext Lisbon	23,955,770
27-Jun-16	Acquisition	377	2.995000	Euronext Lisbon	23,956,147
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,957,147
27-Jun-16	Acquisition	1,356	2.995000	Euronext Lisbon	23,958,503
27-Jun-16	Acquisition	911	2.995000	Euronext Lisbon	23,959,414
27-Jun-16	Acquisition	89	2.995000	Euronext Lisbon	23,959,503
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,960,503
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,961,503
27-Jun-16	Acquisition	200	2.995000	Euronext Lisbon	23,961,703
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,962,703
27-Jun-16	Acquisition	481	2.995000	Euronext Lisbon	23,963,184
27-Jun-16	Acquisition	300	2.995000	Euronext Lisbon	23,963,484
27-Jun-16	Acquisition	219	2.995000	Euronext Lisbon	23,963,703
27-Jun-16	Acquisition	300	2.995000	Euronext Lisbon	23,964,003
27-Jun-16	Acquisition	303	2.995000	Euronext Lisbon	23,964,306
27-Jun-16	Acquisition	697	2.995000	Euronext Lisbon	23,965,003
27-Jun-16	Acquisition	966	2.995000	Euronext Lisbon	23,965,969
27-Jun-16	Acquisition	34	2.995000	Euronext Lisbon	23,966,003
27-Jun-16	Acquisition	966	2.995000	Euronext Lisbon	23,966,969

Date	Type	Volume	Price (€)	Local	Nr. of shares
27-Jun-16	Acquisition	994	2.995000	Euronext Lisbon	23,967,963
27-Jun-16	Acquisition	6	2.995000	Euronext Lisbon	23,967,969
27-Jun-16	Acquisition	1,960	2.995000	Euronext Lisbon	23,969,929
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,970,929
27-Jun-16	Acquisition	2,000	2.995000	Euronext Lisbon	23,972,929
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,973,929
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,974,929
27-Jun-16	Acquisition	520	2.995000	Euronext Lisbon	23,975,449
27-Jun-16	Acquisition	480	2.995000	Euronext Lisbon	23,975,929
27-Jun-16	Acquisition	600	2.995000	Euronext Lisbon	23,976,529
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,977,529
27-Jun-16	Acquisition	210	2.995000	Euronext Lisbon	23,977,739
27-Jun-16	Acquisition	956	2.995000	Euronext Lisbon	23,978,695
27-Jun-16	Acquisition	44	2.995000	Euronext Lisbon	23,978,739
27-Jun-16	Acquisition	146	2.995000	Euronext Lisbon	23,978,885
27-Jun-16	Acquisition	907	2.995000	Euronext Lisbon	23,979,792
27-Jun-16	Acquisition	93	2.995000	Euronext Lisbon	23,979,885
27-Jun-16	Acquisition	297	2.995000	Euronext Lisbon	23,980,182
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,981,182
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,982,182
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,983,182
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,984,182
27-Jun-16	Acquisition	100	2.995000	Euronext Lisbon	23,984,282
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,985,282
27-Jun-16	Acquisition	968	2.995000	Euronext Lisbon	23,986,250
27-Jun-16	Acquisition	32	2.995000	Euronext Lisbon	23,986,282
27-Jun-16	Acquisition	568	2.995000	Euronext Lisbon	23,986,850
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,987,850
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,988,850
27-Jun-16	Acquisition	100	2.995000	Euronext Lisbon	23,988,950
27-Jun-16	Acquisition	900	2.995000	Euronext Lisbon	23,989,850
27-Jun-16	Acquisition	100	2.995000	Euronext Lisbon	23,989,950
27-Jun-16	Acquisition	300	2.995000	Euronext Lisbon	23,990,250
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,991,250
27-Jun-16	Acquisition	100	2.995000	Euronext Lisbon	23,991,350
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,992,350
27-Jun-16	Acquisition	411	2.995000	Euronext Lisbon	23,992,761
27-Jun-16	Acquisition	462	2.995000	Euronext Lisbon	23,993,223
27-Jun-16	Acquisition	538	2.995000	Euronext Lisbon	23,993,761
27-Jun-16	Acquisition	361	2.995000	Euronext Lisbon	23,994,122
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,995,122
27-Jun-16	Acquisition	7	2.995000	Euronext Lisbon	23,995,129
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,996,129
27-Jun-16	Acquisition	1,310	2.995000	Euronext Lisbon	23,997,439
27-Jun-16	Acquisition	1,000	2.995000	Euronext Lisbon	23,998,439
27-Jun-16	Acquisition	600	2.995000	Euronext Lisbon	23,999,039
27-Jun-16	Acquisition	400	2.995000	Euronext Lisbon	23,999,439
27-Jun-16	Acquisition	523	2.995000	Euronext Lisbon	23,999,962
27-Jun-16	Acquisition	148	2.995000	Euronext Lisbon	24,000,110
27-Jun-16	Acquisition	1,000	2.959000	Euronext Lisbon	24,001,110
27-Jun-16	Acquisition	207	2.959000	Euronext Lisbon	24,001,317
27-Jun-16	Acquisition	1,000	2.959000	Euronext Lisbon	24,002,317
27-Jun-16	Acquisition	516	2.959000	Euronext Lisbon	24,002,833
27-Jun-16	Acquisition	1,000	2.959000	Euronext Lisbon	24,003,833
27-Jun-16	Acquisition	867	2.959000	Euronext Lisbon	24,004,700
27-Jun-16	Acquisition	133	2.959000	Euronext Lisbon	24,004,833
27-Jun-16	Acquisition	133	2.959000	Euronext Lisbon	24,004,966
27-Jun-16	Acquisition	367	2.959000	Euronext Lisbon	24,005,333
27-Jun-16	Acquisition	500	2.959000	Euronext Lisbon	24,005,833
27-Jun-16	Acquisition	347	2.959000	Euronext Lisbon	24,006,180
27-Jun-16	Acquisition	653	2.959000	Euronext Lisbon	24,006,833
27-Jun-16	Acquisition	247	2.959000	Euronext Lisbon	24,007,080
27-Jun-16	Acquisition	217	2.959000	Euronext Lisbon	24,007,297
27-Jun-16	Acquisition	783	2.959000	Euronext Lisbon	24,008,080
27-Jun-16	Acquisition	841	2.959000	Euronext Lisbon	24,008,921

Date	Type	Volume	Price (€)	Local	Nr. of shares
27-Jun-16	Acquisition	159	2.959000	Euronext Lisbon	24,009,080
27-Jun-16	Acquisition	1,000	2.959000	Euronext Lisbon	24,010,080
27-Jun-16	Acquisition	600	2.959000	Euronext Lisbon	24,010,680
27-Jun-16	Acquisition	400	2.959000	Euronext Lisbon	24,011,080
27-Jun-16	Acquisition	854	2.959000	Euronext Lisbon	24,011,934
27-Jun-16	Acquisition	146	2.959000	Euronext Lisbon	24,012,080
27-Jun-16	Acquisition	358	2.959000	Euronext Lisbon	24,012,438
27-Jun-16	Acquisition	642	2.959000	Euronext Lisbon	24,013,080
27-Jun-16	Acquisition	358	2.959000	Euronext Lisbon	24,013,438
27-Jun-16	Acquisition	142	2.959000	Euronext Lisbon	24,013,580
27-Jun-16	Acquisition	361	2.959000	Euronext Lisbon	24,013,941
27-Jun-16	Acquisition	497	2.959000	Euronext Lisbon	24,014,438
27-Jun-16	Acquisition	1,600	2.959000	Euronext Lisbon	24,016,038
27-Jun-16	Acquisition	1,000	2.959000	Euronext Lisbon	24,017,038
27-Jun-16	Acquisition	1,000	2.959000	Euronext Lisbon	24,018,038
27-Jun-16	Acquisition	1,000	2.959000	Euronext Lisbon	24,019,038
27-Jun-16	Acquisition	680	2.959000	Euronext Lisbon	24,019,718
27-Jun-16	Acquisition	612	2.959000	Euronext Lisbon	24,020,330
27-Jun-16	Acquisition	388	2.959000	Euronext Lisbon	24,020,718
27-Jun-16	Acquisition	916	2.959000	Euronext Lisbon	24,021,634
27-Jun-16	Acquisition	84	2.959000	Euronext Lisbon	24,021,718
27-Jun-16	Acquisition	995	2.959000	Euronext Lisbon	24,022,713
27-Jun-16	Acquisition	600	2.959000	Euronext Lisbon	24,023,313
27-Jun-16	Acquisition	360	2.970000	Euronext Lisbon	24,023,673
27-Jun-16	Acquisition	640	2.970000	Euronext Lisbon	24,024,313
27-Jun-16	Acquisition	172	2.970000	Euronext Lisbon	24,024,485
27-Jun-16	Acquisition	640	2.970000	Euronext Lisbon	24,025,125
27-Jun-16	Acquisition	188	2.970000	Euronext Lisbon	24,025,313
27-Jun-16	Acquisition	812	2.970000	Euronext Lisbon	24,026,125
27-Jun-16	Acquisition	656	2.970000	Euronext Lisbon	24,026,781
27-Jun-16	Acquisition	344	2.970000	Euronext Lisbon	24,027,125
27-Jun-16	Acquisition	856	2.970000	Euronext Lisbon	24,027,981
27-Jun-16	Acquisition	857	2.970000	Euronext Lisbon	24,028,838
27-Jun-16	Acquisition	143	2.970000	Euronext Lisbon	24,028,981
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,029,981
27-Jun-16	Acquisition	500	2.970000	Euronext Lisbon	24,030,481
27-Jun-16	Acquisition	389	2.970000	Euronext Lisbon	24,030,870
27-Jun-16	Acquisition	111	2.970000	Euronext Lisbon	24,030,981
27-Jun-16	Acquisition	815	2.970000	Euronext Lisbon	24,031,796
27-Jun-16	Acquisition	185	2.970000	Euronext Lisbon	24,031,981
27-Jun-16	Acquisition	384	2.970000	Euronext Lisbon	24,032,365
27-Jun-16	Acquisition	610	2.970000	Euronext Lisbon	24,032,975
27-Jun-16	Acquisition	6	2.970000	Euronext Lisbon	24,032,981
27-Jun-16	Acquisition	6	2.970000	Euronext Lisbon	24,032,987
27-Jun-16	Acquisition	744	2.970000	Euronext Lisbon	24,033,731
27-Jun-16	Acquisition	250	2.970000	Euronext Lisbon	24,033,981
27-Jun-16	Acquisition	360	2.970000	Euronext Lisbon	24,034,341
27-Jun-16	Acquisition	580	2.970000	Euronext Lisbon	24,034,921
27-Jun-16	Acquisition	420	2.970000	Euronext Lisbon	24,035,341
27-Jun-16	Acquisition	420	2.970000	Euronext Lisbon	24,035,761
27-Jun-16	Acquisition	580	2.970000	Euronext Lisbon	24,036,341
27-Jun-16	Acquisition	351	2.970000	Euronext Lisbon	24,036,692
27-Jun-16	Acquisition	580	2.970000	Euronext Lisbon	24,037,272
27-Jun-16	Acquisition	420	2.970000	Euronext Lisbon	24,037,692
27-Jun-16	Acquisition	610	2.970000	Euronext Lisbon	24,038,302
27-Jun-16	Acquisition	390	2.970000	Euronext Lisbon	24,038,692
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,039,692
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,040,692
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,041,692
27-Jun-16	Acquisition	600	2.970000	Euronext Lisbon	24,042,292
27-Jun-16	Acquisition	400	2.970000	Euronext Lisbon	24,042,692
27-Jun-16	Acquisition	210	2.970000	Euronext Lisbon	24,042,902
27-Jun-16	Acquisition	833	2.970000	Euronext Lisbon	24,043,735
27-Jun-16	Acquisition	167	2.970000	Euronext Lisbon	24,043,902
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,044,902
27-Jun-16	Acquisition	456	2.970000	Euronext Lisbon	24,045,358

Date	Type	Volume	Price (€)	Local	Nr. of shares
27-Jun-16	Acquisition	544	2.970000	Euronext Lisbon	24,045,902
27-Jun-16	Acquisition	156	2.970000	Euronext Lisbon	24,046,058
27-Jun-16	Acquisition	600	2.970000	Euronext Lisbon	24,046,658
27-Jun-16	Acquisition	400	2.970000	Euronext Lisbon	24,047,058
27-Jun-16	Acquisition	100	2.970000	Euronext Lisbon	24,047,158
27-Jun-16	Acquisition	1,000	2.971000	Euronext Lisbon	24,048,158
27-Jun-16	Acquisition	1,000	2.971000	Euronext Lisbon	24,049,158
27-Jun-16	Acquisition	588	2.971000	Euronext Lisbon	24,049,746
27-Jun-16	Acquisition	1,000	2.971000	Euronext Lisbon	24,050,746
27-Jun-16	Acquisition	508	2.971000	Euronext Lisbon	24,051,254
27-Jun-16	Acquisition	250	2.971000	Euronext Lisbon	24,051,504
27-Jun-16	Acquisition	242	2.971000	Euronext Lisbon	24,051,746
27-Jun-16	Acquisition	502	2.971000	Euronext Lisbon	24,052,248
27-Jun-16	Acquisition	492	2.971000	Euronext Lisbon	24,052,740
27-Jun-16	Acquisition	508	2.971000	Euronext Lisbon	24,053,248
27-Jun-16	Acquisition	797	2.972000	Euronext Lisbon	24,054,045
27-Jun-16	Acquisition	24	2.972000	Euronext Lisbon	24,054,069
27-Jun-16	Acquisition	179	2.972000	Euronext Lisbon	24,054,248
27-Jun-16	Acquisition	800	2.972000	Euronext Lisbon	24,055,048
27-Jun-16	Acquisition	150	2.972000	Euronext Lisbon	24,055,198
27-Jun-16	Acquisition	50	2.972000	Euronext Lisbon	24,055,248
27-Jun-16	Acquisition	755	2.972000	Euronext Lisbon	24,056,003
27-Jun-16	Acquisition	610	2.972000	Euronext Lisbon	24,056,613
27-Jun-16	Acquisition	200	2.972000	Euronext Lisbon	24,056,813
27-Jun-16	Acquisition	190	2.972000	Euronext Lisbon	24,057,003
27-Jun-16	Acquisition	200	2.972000	Euronext Lisbon	24,057,203
27-Jun-16	Acquisition	610	2.972000	Euronext Lisbon	24,057,813
27-Jun-16	Acquisition	390	2.972000	Euronext Lisbon	24,058,203
27-Jun-16	Acquisition	1,000	2.972000	Euronext Lisbon	24,059,203
27-Jun-16	Acquisition	245	2.972000	Euronext Lisbon	24,059,448
27-Jun-16	Acquisition	917	2.972000	Euronext Lisbon	24,060,365
27-Jun-16	Acquisition	83	2.972000	Euronext Lisbon	24,060,448
27-Jun-16	Acquisition	527	2.972000	Euronext Lisbon	24,060,975
27-Jun-16	Acquisition	600	2.972000	Euronext Lisbon	24,061,575
27-Jun-16	Acquisition	400	2.972000	Euronext Lisbon	24,061,975
27-Jun-16	Acquisition	600	2.972000	Euronext Lisbon	24,062,575
27-Jun-16	Acquisition	580	2.972000	Euronext Lisbon	24,063,155
27-Jun-16	Acquisition	420	2.972000	Euronext Lisbon	24,063,575
27-Jun-16	Acquisition	1,000	2.972000	Euronext Lisbon	24,064,575
27-Jun-16	Acquisition	1,675	2.972000	Euronext Lisbon	24,066,250
27-Jun-16	Acquisition	108	2.972000	Euronext Lisbon	24,066,358
27-Jun-16	Acquisition	805	2.972000	Euronext Lisbon	24,067,163
27-Jun-16	Acquisition	87	2.972000	Euronext Lisbon	24,067,250
27-Jun-16	Acquisition	513	2.972000	Euronext Lisbon	24,067,763
27-Jun-16	Acquisition	610	2.972000	Euronext Lisbon	24,068,373
27-Jun-16	Acquisition	390	2.972000	Euronext Lisbon	24,068,763
27-Jun-16	Acquisition	799	2.972000	Euronext Lisbon	24,069,562
27-Jun-16	Acquisition	201	2.972000	Euronext Lisbon	24,069,763
27-Jun-16	Acquisition	658	2.972000	Euronext Lisbon	24,070,421
27-Jun-16	Acquisition	870	2.972000	Euronext Lisbon	24,071,291
27-Jun-16	Acquisition	130	2.972000	Euronext Lisbon	24,071,421
27-Jun-16	Acquisition	1,000	2.972000	Euronext Lisbon	24,072,421
27-Jun-16	Acquisition	53	2.972000	Euronext Lisbon	24,072,474
27-Jun-16	Acquisition	213	2.972000	Euronext Lisbon	24,072,687
27-Jun-16	Acquisition	602	2.972000	Euronext Lisbon	24,073,289
27-Jun-16	Acquisition	185	2.972000	Euronext Lisbon	24,073,474
27-Jun-16	Acquisition	481	2.972000	Euronext Lisbon	24,073,955
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,074,955
27-Jun-16	Acquisition	600	2.970000	Euronext Lisbon	24,075,555
27-Jun-16	Acquisition	400	2.970000	Euronext Lisbon	24,075,955
27-Jun-16	Acquisition	1,600	2.970000	Euronext Lisbon	24,077,555
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,078,555
27-Jun-16	Acquisition	440	2.970000	Euronext Lisbon	24,078,995
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,079,995
27-Jun-16	Acquisition	440	2.970000	Euronext Lisbon	24,080,435
27-Jun-16	Acquisition	980	2.970000	Euronext Lisbon	24,081,415

Date	Type	Volume	Price (€)	Local	Nr. of shares
27-Jun-16	Acquisition	20	2.970000	Euronext Lisbon	24,081,435
27-Jun-16	Acquisition	2,000	2.970000	Euronext Lisbon	24,083,435
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,084,435
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,085,435
27-Jun-16	Acquisition	92	2.970000	Euronext Lisbon	24,085,527
27-Jun-16	Acquisition	897	2.970000	Euronext Lisbon	24,086,424
27-Jun-16	Acquisition	103	2.970000	Euronext Lisbon	24,086,527
27-Jun-16	Acquisition	508	2.970000	Euronext Lisbon	24,087,035
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,088,035
27-Jun-16	Acquisition	360	2.970000	Euronext Lisbon	24,088,395
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,089,395
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,090,395
27-Jun-16	Acquisition	676	2.970000	Euronext Lisbon	24,091,071
27-Jun-16	Acquisition	580	2.970000	Euronext Lisbon	24,091,651
27-Jun-16	Acquisition	349	2.971000	Euronext Lisbon	24,092,000
27-Jun-16	Acquisition	500	2.971000	Euronext Lisbon	24,092,500
27-Jun-16	Acquisition	151	2.971000	Euronext Lisbon	24,092,651
27-Jun-16	Acquisition	1,000	2.971000	Euronext Lisbon	24,093,651
27-Jun-16	Acquisition	1,000	2.971000	Euronext Lisbon	24,094,651
27-Jun-16	Acquisition	600	2.971000	Euronext Lisbon	24,095,251
27-Jun-16	Acquisition	400	2.971000	Euronext Lisbon	24,095,651
27-Jun-16	Acquisition	200	2.971000	Euronext Lisbon	24,095,851
27-Jun-16	Acquisition	400	2.971000	Euronext Lisbon	24,096,251
27-Jun-16	Acquisition	600	2.971000	Euronext Lisbon	24,096,851
27-Jun-16	Acquisition	1,000	2.971000	Euronext Lisbon	24,097,851
27-Jun-16	Acquisition	840	2.971000	Euronext Lisbon	24,098,691
27-Jun-16	Acquisition	160	2.971000	Euronext Lisbon	24,098,851
27-Jun-16	Acquisition	840	2.971000	Euronext Lisbon	24,099,691
27-Jun-16	Acquisition	1,000	2.971000	Euronext Lisbon	24,100,691
27-Jun-16	Acquisition	406	2.971000	Euronext Lisbon	24,101,097
27-Jun-16	Acquisition	594	2.971000	Euronext Lisbon	24,101,691
27-Jun-16	Acquisition	406	2.971000	Euronext Lisbon	24,102,097
27-Jun-16	Acquisition	478	2.971000	Euronext Lisbon	24,102,575
27-Jun-16	Acquisition	1,000	2.971000	Euronext Lisbon	24,103,575
27-Jun-16	Acquisition	454	2.971000	Euronext Lisbon	24,104,029
27-Jun-16	Acquisition	546	2.971000	Euronext Lisbon	24,104,575
27-Jun-16	Acquisition	994	2.971000	Euronext Lisbon	24,105,569
27-Jun-16	Acquisition	550	2.970000	Euronext Lisbon	24,106,119
27-Jun-16	Acquisition	450	2.970000	Euronext Lisbon	24,106,569
27-Jun-16	Acquisition	450	2.970000	Euronext Lisbon	24,107,019
27-Jun-16	Acquisition	550	2.970000	Euronext Lisbon	24,107,569
27-Jun-16	Acquisition	61	2.970000	Euronext Lisbon	24,107,630
27-Jun-16	Acquisition	513	2.970000	Euronext Lisbon	24,108,143
27-Jun-16	Acquisition	487	2.970000	Euronext Lisbon	24,108,630
27-Jun-16	Acquisition	611	2.970000	Euronext Lisbon	24,109,241
27-Jun-16	Acquisition	389	2.970000	Euronext Lisbon	24,109,630
27-Jun-16	Acquisition	239	2.970000	Euronext Lisbon	24,109,869
27-Jun-16	Acquisition	761	2.970000	Euronext Lisbon	24,110,630
27-Jun-16	Acquisition	239	2.970000	Euronext Lisbon	24,110,869
27-Jun-16	Acquisition	804	2.970000	Euronext Lisbon	24,111,673
27-Jun-16	Acquisition	196	2.970000	Euronext Lisbon	24,111,869
27-Jun-16	Acquisition	415	2.970000	Euronext Lisbon	24,112,284
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,113,284
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,114,284
27-Jun-16	Acquisition	611	2.970000	Euronext Lisbon	24,114,895
27-Jun-16	Acquisition	389	2.970000	Euronext Lisbon	24,115,284
27-Jun-16	Acquisition	445	2.970000	Euronext Lisbon	24,115,729
27-Jun-16	Acquisition	600	2.970000	Euronext Lisbon	24,116,329
27-Jun-16	Acquisition	400	2.970000	Euronext Lisbon	24,116,729
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,117,729
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,118,729
27-Jun-16	Acquisition	592	2.970000	Euronext Lisbon	24,119,321
27-Jun-16	Acquisition	408	2.970000	Euronext Lisbon	24,119,729
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,120,729
27-Jun-16	Acquisition	240	2.970000	Euronext Lisbon	24,120,969
27-Jun-16	Acquisition	666	2.970000	Euronext Lisbon	24,121,635

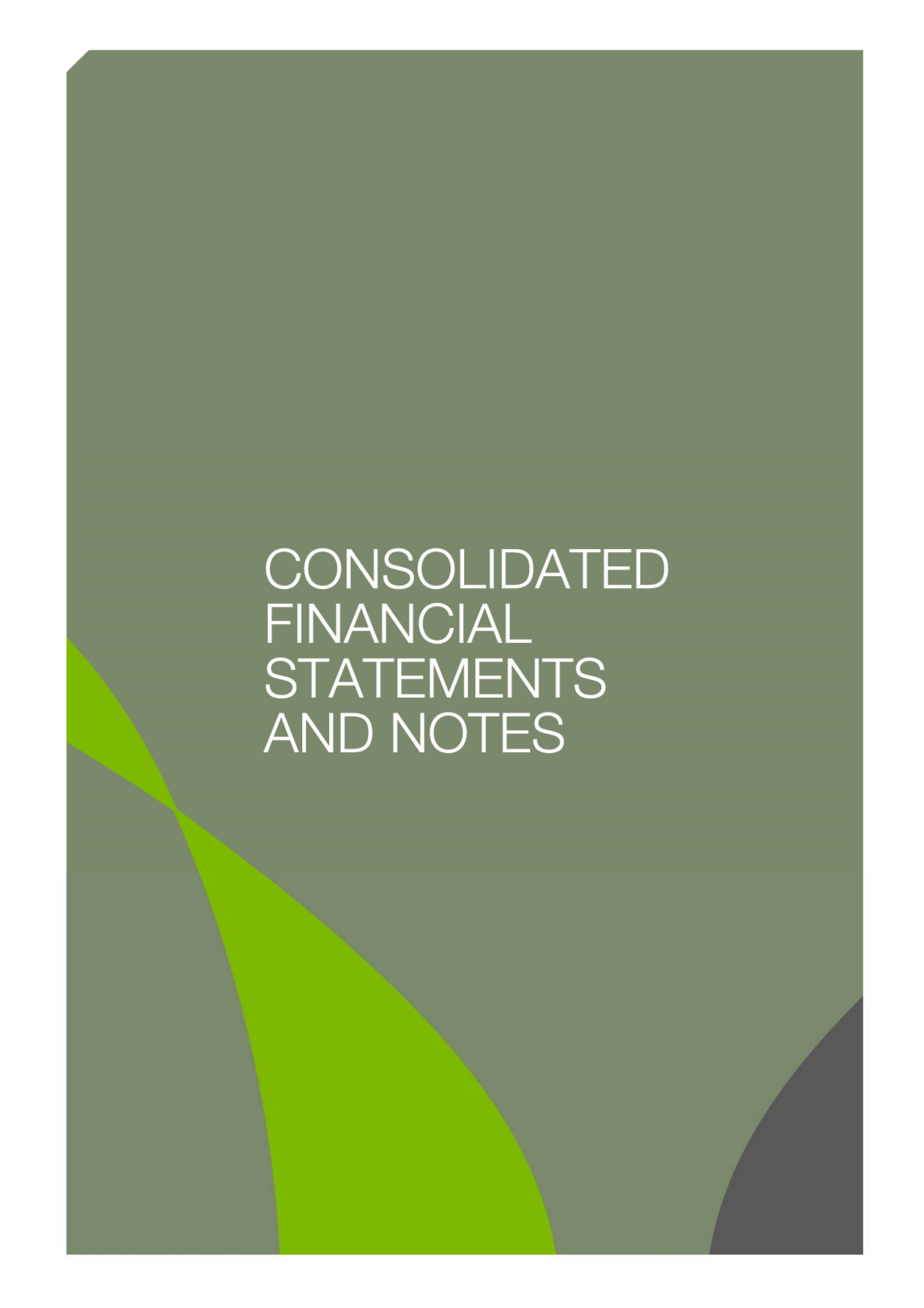
Date	Type	Volume	Price (€)	Local	Nr. of shares
27-Jun-16	Acquisition	94	2.970000	Euronext Lisbon	24,121,729
27-Jun-16	Acquisition	1,388	2.970000	Euronext Lisbon	24,123,117
27-Jun-16	Acquisition	94	2.970000	Euronext Lisbon	24,123,211
27-Jun-16	Acquisition	182	2.970000	Euronext Lisbon	24,123,393
27-Jun-16	Acquisition	724	2.970000	Euronext Lisbon	24,124,117
27-Jun-16	Acquisition	248	2.970000	Euronext Lisbon	24,124,365
27-Jun-16	Acquisition	752	2.970000	Euronext Lisbon	24,125,117
27-Jun-16	Acquisition	248	2.970000	Euronext Lisbon	24,125,365
27-Jun-16	Acquisition	600	2.970000	Euronext Lisbon	24,125,965
27-Jun-16	Acquisition	400	2.970000	Euronext Lisbon	24,126,365
27-Jun-16	Acquisition	600	2.970000	Euronext Lisbon	24,126,965
27-Jun-16	Acquisition	970	2.970000	Euronext Lisbon	24,127,935
27-Jun-16	Acquisition	30	2.970000	Euronext Lisbon	24,127,965
27-Jun-16	Acquisition	1,970	2.970000	Euronext Lisbon	24,129,935
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,130,935
27-Jun-16	Acquisition	26	2.970000	Euronext Lisbon	24,130,961
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,131,961
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,132,961
27-Jun-16	Acquisition	500	2.970000	Euronext Lisbon	24,133,461
27-Jun-16	Acquisition	500	2.970000	Euronext Lisbon	24,133,961
27-Jun-16	Acquisition	167	2.970000	Euronext Lisbon	24,134,128
27-Jun-16	Acquisition	817	2.970000	Euronext Lisbon	24,134,945
27-Jun-16	Acquisition	16	2.970000	Euronext Lisbon	24,134,961
27-Jun-16	Acquisition	274	2.970000	Euronext Lisbon	24,135,235
27-Jun-16	Acquisition	1,000	2.970000	Euronext Lisbon	24,136,235
27-Jun-16	Acquisition	2,000	2.970000	Euronext Lisbon	24,138,235
27-Jun-16	Acquisition	1,000	2.971000	Euronext Lisbon	24,139,235
27-Jun-16	Acquisition	922	2.971000	Euronext Lisbon	24,140,157
27-Jun-16	Acquisition	78	2.971000	Euronext Lisbon	24,140,235
27-Jun-16	Acquisition	202	2.971000	Euronext Lisbon	24,140,437
27-Jun-16	Acquisition	78	2.971000	Euronext Lisbon	24,140,515
27-Jun-16	Acquisition	78	2.971000	Euronext Lisbon	24,140,593
27-Jun-16	Acquisition	500	2.971000	Euronext Lisbon	24,141,093
27-Jun-16	Acquisition	208	2.971000	Euronext Lisbon	24,141,301
27-Jun-16	Acquisition	136	2.971000	Euronext Lisbon	24,141,437
27-Jun-16	Acquisition	531	2.971000	Euronext Lisbon	24,141,968
27-Jun-16	Acquisition	333	2.971000	Euronext Lisbon	24,142,301
27-Jun-16	Acquisition	667	2.971000	Euronext Lisbon	24,142,968
27-Jun-16	Acquisition	487	2.971000	Euronext Lisbon	24,143,455
27-Jun-16	Acquisition	513	2.971000	Euronext Lisbon	24,143,968
27-Jun-16	Acquisition	500	2.971000	Euronext Lisbon	24,144,468
27-Jun-16	Acquisition	880	2.971000	Euronext Lisbon	24,145,348
27-Jun-16	Acquisition	120	2.971000	Euronext Lisbon	24,145,468
27-Jun-16	Acquisition	851	2.971000	Euronext Lisbon	24,146,319
27-Jun-16	Acquisition	903	2.971000	Euronext Lisbon	24,147,222
27-Jun-16	Acquisition	97	2.971000	Euronext Lisbon	24,147,319
27-Jun-16	Acquisition	153	2.971000	Euronext Lisbon	24,147,472
27-Jun-16	Acquisition	146	2.971000	Euronext Lisbon	24,147,618
27-Jun-16	Acquisition	493	2.971000	Euronext Lisbon	24,148,111
27-Jun-16	Acquisition	361	2.971000	Euronext Lisbon	24,148,472
27-Jun-16	Acquisition	1,000	2.971000	Euronext Lisbon	24,149,472
27-Jun-16	Acquisition	100	2.971000	Euronext Lisbon	24,149,572
27-Jun-16	Acquisition	538	2.971000	Euronext Lisbon	24,150,110
31-Dec-16	-	-	-	-	24,150,110

Pedro Miguel Matos Borges de Oliveira

Date	Type	Volume	Price (€)	Local	Nr. of shares
31-Dec-15	-	-	-	-	2,804,708
22-Jul-16	Donation	(2,804,708)	3.327000	Euronext Lisbon	-
31-Dec-16	-	-	-	-	-

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

Date	Type	Volume	Price (€)	Local	Nr. of shares
31-Dec-15	-	-	-	-	41,954,552
5-Jan-16	Acquisition	108,189	4.670000	Euronext Lisbon	42,062,741
5-Jan-16	Acquisition	16,811	4.650000	Euronext Lisbon	42,079,552
6-Jan-16	Acquisition	72,127	4.580000	Euronext Lisbon	42,151,679
6-Jan-16	Acquisition	12,873	4.610000	Euronext Lisbon	42,164,552
6-Jan-16	Acquisition	10,000	4.600000	Euronext Lisbon	42,174,552
7-Jan-16	Acquisition	92,917	4.490000	Euronext Lisbon	42,267,469
7-Jan-16	Acquisition	17,083	4.610000	Euronext Lisbon	42,284,552
7-Jan-16	Acquisition	96,281	4.620000	Euronext Lisbon	42,380,833
8-Jan-16	Acquisition	13,719	4.570000	Euronext Lisbon	42,394,552
11-Jan-16	Acquisition	108,020	4.510000	Euronext Lisbon	42,502,572
11-Jan-16	Acquisition	11,980	4.500000	Euronext Lisbon	42,514,552
12-Jan-16	Acquisition	9,512	4.690000	Euronext Lisbon	42,524,064
12-Jan-16	Acquisition	104,007	4.650000	Euronext Lisbon	42,628,071
12-Jan-16	Acquisition	5,488	4.700000	Euronext Lisbon	42,633,559
12-Jan-16	Acquisition	15,993	4.710000	Euronext Lisbon	42,649,552
13-Jan-16	Acquisition	4,067	4.660000	Euronext Lisbon	42,653,619
13-Jan-16	Acquisition	107,739	4.790000	Euronext Lisbon	42,761,358
13-Jan-16	Acquisition	5,933	4.700000	Euronext Lisbon	42,767,291
13-Jan-16	Acquisition	12,261	4.710000	Euronext Lisbon	42,779,552
14-Jan-16	Acquisition	105,373	4.600000	Euronext Lisbon	42,884,925
14-Jan-16	Acquisition	41,918	4.580000	Euronext Lisbon	42,926,843
14-Jan-16	Acquisition	13,082	4.610000	Euronext Lisbon	42,939,925
14-Jan-16	Acquisition	14,627	4.610000	Euronext Lisbon	42,954,552
31-Dec-16	-	-	-	-	42,954,552

The cover features a dark olive green background with a white, rounded-top-left corner. Abstract shapes in shades of green and grey are positioned at the bottom, creating a modern, geometric design. The text is centered in a clean, white, sans-serif font.

CONSOLIDATED
FINANCIAL
STATEMENTS
AND NOTES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2016 AND 2015

(Translation of financial statements originally issued in Portuguese – Note 46)
(Amounts expressed in Euro)

ASSETS	Notes	31.12.2016	31.12.2015
NON CURRENT ASSETS:			
Biological assets	11	102,302,637	101,472,915
Tangible fixed assets	7	359,638,821	364,119,629
Investment properties	8	113,310	113,310
Goodwill	9	265,531,404	265,531,404
Intangible assets	10	643,354	83,821
Investments in associated companies and joint ventures	4.2	14,983,101	12,008,219
Investments available for sale	4.3 and 6	11,262,914	10,691,097
Other non current assets	18	3,544,289	3,490,469
Deferred tax assets	12	39,508,901	27,060,866
Total non current assets		797,528,731	784,571,730
CURRENT ASSETS:			
Inventories	11	58,890,414	56,396,615
Customers	6, 13 and 31	92,261,372	91,521,269
Other debtors	6, 14 and 31	4,297,543	8,401,481
State and other public entities	15	29,538,312	8,469,842
Other current assets	16	2,455,926	2,726,281
Cash and cash equivalents	6 and 17	300,094,254	243,154,160
Total current assets		487,537,821	410,669,648
Total assets		1,285,066,552	1,195,241,378
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share capital	19	25,641,459	25,641,459
Legal reserve	19	5,128,292	4,336,498
Other reserves	19	235,894,619	225,998,128
Advance on profits		-	(51,282,918)
Consolidated net profit / (loss)		76,977,826	117,656,401
Total shareholders' funds attributable to the parent company's shareholders		343,642,196	322,349,568
Non controlling interests	20	-	-
Total Shareholders' funds		343,642,196	322,349,568
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans	6 and 21	118,000,000	153,587,500
Other loans	6 and 21	462,357,627	413,733,394
Reimbursable subsidies	6 and 21	14,946,631	17,439,139
Other non current creditors	23	19,698,356	23,854,161
Deferred tax liabilities	12	18,731,619	15,871,624
Pension liabilities	29	2,528,818	778,000
Provisions	22	5,064,402	5,062,741
Derivatives	6 and 27	2,428,023	-
Total non current liabilities		643,755,474	630,326,559
CURRENT LIABILITIES:			
Bank loans	6 and 21	38,897,709	10,775,000
Other loans	6 and 21	120,854,418	105,438,128
Reimbursable subsidies	6 and 21	3,115,183	558,872
Suppliers	6, 24 and 31	69,045,134	61,243,404
Other current creditors	6, 25 and 31	14,915,753	3,908,405
State and other public entities	15	14,318,318	26,453,118
Other current liabilities	26	34,099,716	34,051,538
Derivatives	6 and 27	2,422,650	136,786
Total current liabilities		297,668,881	242,565,251
Total shareholders' funds and liabilities		1,285,066,552	1,195,241,378

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

The official chartered accountant

The Board of Directors

**CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015**

(Translation of financial statements originally issued in Portuguese – Note 46)
(Amounts expressed in Euro)

	<u>Notes</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
Sales	31 and 38	593,481,157	646,924,400
Services rendered	38	9,471,672	10,049,985
Other income	33	9,542,906	7,850,855
Cost of sales	11 and 31	(244,831,197)	(237,903,389)
External supplies and services	30 and 31 and 40	(161,135,191)	(162,836,207)
Payroll expenses	29 and 39	(33,836,284)	(35,277,030)
Amortisation and depreciation	36	(51,191,998)	(52,833,682)
Provisions and impairment losses	22	(325,351)	(3,651,900)
Other costs	34	(4,890,251)	(4,049,341)
Gains and losses in associated companies and joint ventures	4.2 and 35	3,024,882	2,950,079
Financial expenses	35	(24,578,351)	(31,945,538)
Financial income	35	5,965,940	8,273,769
	Profit before income tax	<u>100,697,934</u>	<u>147,552,001</u>
Income tax	12	(23,720,108)	(29,878,812)
	Net profit	<u>76,977,826</u>	<u>117,673,189</u>
Consolidated net profit		<u>76,977,826</u>	<u>117,673,189</u>
Attributable to:			
Parent company's shareholders	37	76,977,826	117,656,401
Non controlling interests	20	-	16,788
		<u>76,977,826</u>	<u>117,673,189</u>
Earnings per share:			
Basic	37	0.38	0.57
Diluted	37	0.38	0.57

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

The official chartered accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

(Translation of financial statements originally issued in Portuguese – Note 46)
(Amounts expressed in Euro)

	Notes	31.12.2016	31.12.2015
Net consolidated profit for the period		76,977,826	117,673,189
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Changes in pension funds responsibilities	29	<u>(944,750)</u>	<u>-</u>
Changes in currency translation reserves		<u>(944,750)</u>	<u>-</u>
Items that may be reclassified to profit or loss			
Change in fair value of cash flow hedging derivatives	27	(3,610,634)	73,438
Changes in currency translation reserves		<u>9,491</u>	<u>31,631</u>
		<u>(3,601,143)</u>	<u>105,069</u>
Other comprehensive income		<u>(4,545,893)</u>	<u>105,069</u>
Total comprehensive income for the period		<u><u>72,431,933</u></u>	<u><u>117,778,258</u></u>
Attributable to:			
Shareholders' of the parent company		72,431,933	117,761,470
Non controlling interests	20	<u>-</u>	<u>16,788</u>

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

The official chartered accountant

The Board of Directors

ANNUAL REPORT 2016

IV. Consolidated Financial Statements and notes

(amounts expressed in Euro)



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

(Translation of financial statements originally issued in Portuguese – Note 46)
(Amounts expressed in Euro)

Notes	Attributable to the parent company's shareholders						Total	Non controlling interests	Total shareholder's funds	
	Share capital	Legal reserve	Fair value reserves	Others reserves	Advance on Profits	Net profit				
Balance as of 1 January 2015	19	25,641,459	3,405,143	(219,605)	205,900,192	-	37,381,548	272,108,737	155,240	272,263,977
Appropriation of the consolidated net profit of 2014	41	-	931,355	-	36,450,193	-	(37,381,548)	-	-	-
Dividends distribution	41	-	-	-	(16,410,534)	-	-	(16,410,534)	-	(16,410,534)
Advance on profits	41	-	-	-	-	(51,282,918)	-	(51,282,918)	-	(51,282,918)
Prerogative variations	-	-	-	-	22,341	-	-	22,341	(155,240)	(132,899)
Others	-	-	-	-	150,472	-	-	150,472	-	150,472
Total comprehensive income for the year	-	-	-	62,819	22,250	-	117,656,401	117,761,470	-	117,761,470
Balance as of 31 December 2015	19	25,641,459	4,336,498	(136,789)	228,134,914	(51,282,918)	117,656,401	322,349,568	-	322,349,568
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)
Advance on profits	41	-	-	-	-	-	-	-	-	-
Prerogative variations	-	-	-	-	-	-	-	-	-	-
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	25,641,459	5,128,292	(3,747,420)	229,642,039	-	76,977,826	343,642,196	-	343,642,196

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

The official chartered accountant

The Board of Directors

**CONSOLIDATED CASH-FLOW STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015**

(Translation of financial statements originally issued in Portuguese – Note 46)
(Amounts expressed in Euro)

	Notes	2016	2015	
Operating activities:				
Collections from customers		622,117,746	639,795,135	
Payments to suppliers		(433,533,244)	(392,461,406)	
Payments to personnel		(31,800,925)	(33,601,440)	
Other collections/payments relating to operating activities		11,104,301	(9,249,198)	
Income tax		<u>(66,389,662)</u>	<u>1,566,945</u>	<u>206,050,037</u>
<i>Cash flow from operating activities (1)</i>		<u>101,498,217</u>	<u>1,566,945</u>	<u>206,050,037</u>
Investment activities:				
Collections relating to:				
Investments	17	192,000	-	
Tangible fixed assets		1,564,398	1,125,366	
Intangible assets		-	24,080	
Investment subsidies		524,275	7,435,241	
Interest and similar income		1,300,056	3,241,445	
Dividends	4.2	<u>50,000</u>	<u>-</u>	11,826,131
Payments relating to:				
Investments	5 and 17	(2,438,210)	(149,687)	
Tangible fixed assets		(32,466,771)	(36,661,671)	
Intangible assets		(269,295)	(369,029)	
Investment subsidies		<u>(558,872)</u>	<u>(9,082,810)</u>	<u>(46,263,197)</u>
<i>Cash flow from investment activities (2)</i>		<u>(32,102,418)</u>	<u>(9,082,810)</u>	<u>(34,437,066)</u>
Financing activities:				
Collections relating to:				
Loans obtained		228,152,640	247,271,505	
Other financial operations		<u>-</u>	<u>395,828</u>	247,667,333
Payments relating to:				
Interests and similar costs		(18,704,754)	(22,276,995)	
Distributed dividends		(51,282,918)	(67,693,452)	
Loans obtained		(170,236,383)	(346,933,477)	
Other financial operations		<u>(384,290)</u>	<u>-</u>	<u>(436,903,923)</u>
<i>Cash flow from financing activities (3)</i>		<u>(240,608,345)</u>	<u>(12,455,705)</u>	<u>(189,236,590)</u>
Cash and cash equivalents at the beginning of the year		243,154,160	260,777,779	
Variation of cash and cash equivalents: (1)+(2)+(3)		56,940,094	(17,623,619)	
Cash and cash equivalents at the end of the year	17	<u>300,094,254</u>	<u>243,154,160</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 an open capital company incorporated as of 1 March 2005, as a result of the reorganization process of Cofina, SGPS, S.A., has its head-office 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 listed in Note 4 known as Altri Group. The current activity of Altri Group focuses on the production of bleached pulp of eucalyptus through three mills (Celbi in Figueira da Foz, Caima in Constância do Ribatejo and Celtejo in Vila Velha de Ródão).

Due to this reality of Altri Group, the Board of Directors believes that there is only one business segment (production and commercialization of bleached pulp from eucalyptus) and the management information is also analysed on this basis, for which the segmental information mentioned in Note 38 is limited by this.

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 isn't the 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 PRESENTATION

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 per the International Financial Reporting Standards ("IFRS") as adopted by the European Union and under the historical cost convention, except for 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. Standards and interpretations above mentioned will be generally presented as "IFRS".

The Boarder of Directors evaluated the Company, its subsidiaries, joint ventures and associated companies' ability to operate on a continuous basis, considering all the available facts, circumstances and information (financial, operational, commercial and others), as well as subsequent events after December 31, 2016. The Boarder of Directors concluded that the company can continue with its operations in the future, and thus the preparation of the financial statement on a going concern basis is adequate.

The interim financial statements were presented quarterly, per 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 and with mandatory application in the financial years starting on or after 1 January 2016, were for the first time adopted in the year ended 31 December 2016:

Standard	Applicable in the European Union in the years starting on or after	Observations
Amendment to IAS 19 – Employee benefits – Employee contribution	1-feb-15	Clarifies under which circumstances employees' contributions to post-employment benefit plans consist of a decrease in the cost of short term benefits.
Improvements to international financial statement standards (2010-2012 cycle)	1-feb-15	These improvements involve the clarification of some aspects relating to: IFRS 2 – Share based payments: definition of the vesting condition; IFRS 3 – Concentration of business activities: recording of contingent payments; IFRS 8 – Operating segments: disclosures relating to the aggregation of segments and clarification of the need to reconcile total assets by segment with the amount of the assets in the financial statements; IAS 16 – Tangible fixed assets and IAS 38 – Intangible assets: need to proportionately revalue accumulated amortization in the case of the revaluation of fixed assets; and IAS 24 – Disclosure of related parties: defines that an entity that renders management services to the Company or its parent company is considered a related party; and IFRS 13 – Fair value: clarification relating to the measurement of short term receivables or payables.
Improvements to international financial statement standards (2012-2014 cycle)	1-jan-16	These improvements involve the clarification of some aspects relating to: IFRS 5 – Non-current assets held for sale and discontinued operating units: introduces guidelines on how to proceed in the case of changes as to the expected realization method (sale or distribution to the shareholders); IFRS 7 – Financial instruments: disclosures: clarifies the impact of asset monitoring contracts under the disclosures relating to continued involvement of derecognized investments, and exempts the interim financial statements from the disclosures required relating to the compensation of financial assets and liabilities; IAS 19 – Employee benefits: defines that the rate to be used to discount defined benefits must be determined by reference to high quality bonds of companies issued in the currency that the benefits will be paid; and IAS 34 – Interim financial statements: clarification on the procedures to be used when the information is available in other documents issued together with the interim financial statements.
Amendment to IFRS 11 – Joint Agreements – Recording of acquisitions of interests in joint agreements	1-jan-16	This amendment relates to the acquisition of interests in joint operations. It establishes the requirement to apply IFRS 3 when the joint operation acquired consists of a business activity in accordance with IFRS 3. When the joint operation in question does not consist of a business activity, the transaction must be recorded as the acquisition of assets. This amendment is of prospective application to new acquisitions of interests.
Amendment to IAS 1 – Presentation of Financial Statements – "Disclosure initiative"	1-jan-16	This amendment clarifies some aspects relating to disclosure initiatives, namely: (i) the entity must not make it difficult to understand the financial statements by the aggregation of significant items with insignificant items or the aggregation of significant items of different natures; (ii) the disclosures specifically required by the IFRS need only to be provided if the information in question is significant; (iii) the lines in the financial statements specified by IAS 1 can be aggregated or segregated in accordance with what is significant in relation to the objectives of the financial statement; (iv) the part of other recognized income resulting from the application of the equity method in associates and joint agreements must be presented separately from the remaining elements of other recognized income, also segregating the items that can be reclassified to the statement of profit and loss from those that will not be reclassified; (v) the structure of the notes must be flexible, and should follow the following order: • a declaration of compliance with the IFRS's in the first section of the notes; • a description of the significant accounting policies in the second section; • supporting information for the items on the financial statements in the third section; and • other information in the fourth section.
Amendment to IAS 16 – Tangible fixed assets and IAS 38 – Intangible assets – Acceptable depreciation and amortization methods	1-jan-16	This amendment establishes the presumption (that can be refuted) that income is not an appropriate basis for amortizing an intangible asset and forbids the use of income as a basis for depreciating tangible fixed assets. The presumption established for amortizing intangible assets can only be refuted when the intangible asset is expressed based on the income generated or when utilization of the financial benefits is significantly related to the income generated.
Amendment to IAS 16 – Tangible fixed assets and IAS 41 – Agriculture – Production plants	1-jan-16	This amendment excludes plants that produce fruits or other components used for harvesting and/or removal under the application of IAS 41, becoming covered by IAS 16.
Amendment to IAS 27 – Application of the equity method on separate financial statements	1-jan-16	This amendment introduces the possibility of measuring interests in subsidiaries, joint agreements and associates in separate financial statements in accordance with the equity method, in addition to the measurements methods presently existing. This change applies retrospectively.
Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosures of Interests in Other Entities and IAS 28 – Investments in Associates and Joint Ventures	1-jan-16	These amendments clarify some aspects related to the application of consolidation exception by investment entities.

The effect in the consolidated financial statements of the Group for the year ended as of 31 December 2016, 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	Effective Date (annual periods beginning on or after)	Observations
IFRS 9 – Financial Instruments (2009) and subsequent amendments	01-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 Client Contracts	01-jan-18	This standard introduces a structure for recognizing revenue based on principles and a model to be applied to all contracts entered into with clients, substituting IAS 18 – Revenue, IAS 11 – Construction contracts, IFRIC 13 – Fidelity programs, IFRIC 15 – Agreements to construct real estate, IFRIC 18 – Transfer of assets from clients and SIC 31 – Revenue – Direct exchange contracts involving services and publicity.

(iii) New standards and interpretations, amended or revised not adopted

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

Standard	Observations
IFRS 14 – Regulated assets	This standard establishes the financial statement requirements of entities that adopt for the first time IFRS standards applicable to regulated assets.
IFRS 16 – Leases	This standard introduced the principles for the recognition and measurement of leases, substituting IAS 17 – Leases. The standard defines a single model for recording lease contracts, which results in the recognition by the lessor of assets and liabilities for all lease contracts, except for those for periods of less than twelve months or for leases of assets of reduced value. Lessors will continue to classify leases between operating and finance leases, IFRS 16 not requiring substantial changes for such entities in relation to IAS 17.
Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Jointly Controlled Entities	These amendments eliminate the conflict existing between these standards, relating to the sale or the contribution of assets between the investor and the associate or between the investor and the jointly controlled entity.
Amendments to IAS 12 – Income Taxes	These amendments clarify the conditions for recognition and measurement of tax assets resulting from unrealized losses.
Amendments to IAS 7 – Statement of Cash Flows	These amendments introduce additional disclosures related to the cash flows of financing activities.
Amendments to IFRS 15 – Revenue from Client Contracts	These amendments introduce several clarifications in the standard in order to eliminate the possibility of divergent interpretations of various topics.
Amendments to IFRS 2 – Share-based payment	These amendments introduce a number of clarifications in the standard related to: (i) recording cash-settled share-based payment transactions; recording of modifications in share-based payments transactions (from cash-settled to settled with equity instruments); (ii) the classification of cleared settlement transactions.
Amendments to IFRS 4 – Insurance Contracts	These amendments give some orientations about the application of IFRS 4 in addition with IFRS 9.
Amendment to IAS 40 – Investment properties	These amendments clarify that the change of classification from or to investment property should only be done when there are evidences of changes in the asset use.
Improvements to international financial reporting standards (cycle 2014-2016)	This improvements include the clarification of some aspects related to: IFRS 1 – First Time Adoption of International 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 Associates 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.
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	This interpretation establishes the date of the initial recognition of the advance or deferred income and the date of the transaction for the purpose of determining the exchange rate of the recognition of the revenue.

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 2016. 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 2016 are consistent with those used in the preparation of the consolidated financial statements as of 31 December 2015.

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.

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 CONSOLIDATION POLICIES

The consolidation policies adopted by the Group in the preparation of the consolidated financial statements are as follows:

a) Investments in group companies

Investments in companies in which the Group owns, directly or indirectly, more than 50% of the voting rights at the Shareholders' General Meeting and is able to control the financial and operating policies to benefit from its activities (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 by the full consolidation method 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 acquire a deficit balance at the level of non-controlling interests.

Under concentration processes, occurred after the transition date to International Financial Reporting Standards as adopted by the European Union (1 January 2004) the assets and liabilities of each subsidiary are measured at their fair value at the date of acquisition according to IFRS 3 - "Business Combinations". Any excess on the cost of acquisition over the fair value of the identifiable net assets and liabilities acquired 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. Non-controlling interests are presented according to their share in the fair value of the identifiable assets and liabilities.

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 "Others reserves".

The Group will choose, on an acquisition-by-acquisition basis, 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 shareholders' funds 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.

The Group tests on an annual basis the impairment of goodwill. The recoverable amount of the cash-generating unities is computed based on the value of use. This computation implies the use of assumptions based on estimates of future events which may occur differently from expected.

e) Translation of financial statements of foreign companies

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:

	31.12.2016		31.12.2015	
	Year end	Average	Year end	Average
Swiss franc	1.0739	1.0902	1.0835	1.0679

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 maintenance and development of software 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 likely. Being this 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) Tangible fixed assets

Tangible fixed assets 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.

Tangible assets 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 first used, over the expected useful life for each group of assets.

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

	Years
Land and natural resources	20 to 50
Buildings and other constructions	10 to 50
Plant and machinery	2 to 15
Vehicles	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.

Tangible fixed assets 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 of the Group correspond to the properties (land or building or part of a building or both) that are not use in the Group's activities: in the production or supply of goods or services or for administrative purposes or held for sale in the ordinary course of business.

Initially, investment properties are recorded at acquisition cost (including transaction costs) and, subsequently, are recorded at acquisition or production cost, net of impairment losses.

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, nature of the leased asset and the duration of the contract taking into consideration the possibility of renewal.

Tangible fixed assets 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) Subsidies from government or other public entities

Subsidies for personnel training programmes or production support are recorded in the statement of profit and loss caption "Other income" when attributed, independently of when they are received.

Non-repayable subsidies obtained to finance investment in tangible fixed assets are recorded as "Other non-current liabilities" and "Other current liabilities" corresponding to the instalments repayable in the long and short term, respectively. These subsidies are recognized in the statement of profit and loss in accordance with the depreciation of the related tangible fixed assets.

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 companies record 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 "Tangible assets" of the consolidated financial statements.

Because of the inexistence of an active market of this forestry species in Portugal and given the impossibility of obtaining a reliable estimation of the present value of future cash flows generated by these biological assets, the Board of Directors opted to record biological assets at its historical

cost, net impairment losses. This includes all the expenses incurred with plantation and with its development.

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.

Although it is not possible to estimate a reliable fair value of biological assets because of the reasons described above, an analysis of the recoverable amount was made using the discounted cash flow method, and the results are similar to the values recorded in the consolidated financial statements as at 31st December 2016 and 2015. The Board has this understanding considering the fact that the forest management activity is concentrated in Altri Florestal S.A., which has been generating a recurring current balanced exploitation's activity. The industrial units of the Group purchase their raw material at similar prices to Altri Florestal or to third parties.

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) Pension complements

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 29).

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

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 below 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

Receivables from "customers" and "other debtors" 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 non-current payable accounts

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.

v) Derivatives

Altri Group uses hedge derivatives for the management and hedging of its financial risks not being used for the purpose of 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 and therefore are qualified as perfect hedging. The derivatives most used by the Group are the price indexations of pulp using future contracts.

The Group's criteria for classifying a derivative instrument as a cash flow hedge instrument are:

- the hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured;
- there is adequate documentation of the hedging relationships at the inception of the hedge;
- the forecasted transaction that is being hedged 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.

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 in the profit and loss statement, as financial results.

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) Own shares

Own 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 2016, 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 of 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 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 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) Income 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".

When the actual amount of income or expenses is yet unknown, these are recorded based on the best estimate of the Board of Directors of the Group companies.

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

Post balance sheet date events that provide additional information about conditions that existed at the balance sheet date ("adjusting events"), are reflected in the consolidated financial statements. Post balance sheet date events that provide information about conditions that have only arise 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 analysis of goodwill, biological assets and of other tangible and intangible fixed assets, as well as financial investments;
- c) Recognition of impairment on assets, namely inventory and account receivables, and provisions;
- d) Pension Fund responsibilities calculation;
- e) Fair value of Derivative Financial Instruments; and
- f) 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, 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 ensure 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 base 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
- Since 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.

Since the entire indebtedness of Altri is indexed to floating rates, interest rate swaps are used when it is considered 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 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 are 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 21.

ii) Exchange rates risk

The Group is exposed to exchange rates 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 trough forwards programs or other exchange rates derivatives.

As of 31 December 2016 and 2015 the balances stated in USD are as follows:

	31.12.2016	31.12.2015
Accounts receivable	35,812,876	18,702,921
Accounts payable	157,572	53,202
Bank deposits (Note 17)	7,550,702	7,999,537
Factoring (Note 21)	6,465,255	4,340,785
	<u>49,986,405</u>	<u>31,096,446</u>

Additionally, as of 31 December 2016 and 2015 the balances in currencies different from Euro and USD, namely SEK and GBP, are as follows:

	31.12.2016	31.12.2015
Accounts payable	230,499	17,053
	<u>230,499</u>	<u>17,053</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 2016 would have implied an increase/decrease on operational results¹, approximately of 24.3 million euro, without considering the effects of the pulp's derivatives (Note 27) and keeping everything else constant.

iv) Risks of forest management and eucalyptus production

Altri, through its subsidiary Altri Florestal, has a forest area of about 81,000 hectares under intervention (82,000 in 2015) where 77% are eucalyptus. The forest is certified by FSC © (Forest Stewardship Council ©2) 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 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 through the use of 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 2016 would have implied an increase/decrease on operational results, approximately of 11.3 million euro, keeping everything else constant.

b) Liquidity risk

The purpose of liquidity risk management is to ensure, at all times, 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 financing maturities management.

¹ Operational results = earnings before taxes + financial expenses – financial income – gains/losses in joint ventures and associated companies

² FSC-C004615

The Group prosecutes 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.

c) 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 CORRECTION OF MISTAKES

During the year, there were no changes in accounting policies and were identified no material mistakes 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 2016 and 2015, are as follows:

Company	Head Office	Percentage Held		Main Activity
		2016	2015	
<u>Parent-Company</u>				
Altri, SGPS, S.A.	Porto			Investment management
<u>Subsidiaries</u>				
Altri Abastecimento de Madeira, S.A.	Figueira da Foz	100%	100%	Wood 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.	Madrid, Spain	100%	100%	Commercialization of pulp
Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.	Constância	100%	100%	Production of energy
Caima Indústria de Celulose, S.A.	Constância	100%	100%	Production and commercialization of pulp
Captaraiz Unipessoal, Lda.	Figueira da Foz	100%	100%	Purchase and sale of properties
Celtejo – Empresa de Celulose do Tejo, S.A.	Vila Velha de Ródão	100%	100,00%	Production and commercialization of pulp
Celulose Beira Industrial (Celbi), S.A.	Figueira da Foz	100%	100%	Production and commercialization of pulp
Inflora – Sociedade de Investimentos Florestais, S.A.	Figueira da Foz	100%	100%	Forest management
Pedro Fruticola, Sociedade Fruticola, S.A.	Constância	100%	100%	Agriculture production
Sociedade Imobiliária Porto Seguro - Investimentos Imobiliários, S.A	Porto	100%	0%	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	Head Office	Statement of financial position		Percentage Held		Activity
		2016	2015	2016	2015	
Associated companies:						
Operfoz – Operadores do Porto da Figueira da Foz, Lda.	Figueira da Foz	719,057	697,453	33.33%	33.33%	Harbor operations
Joint ventures:						
EDP – Produção Bioelétrica, S.A.	Lisboa	14,264,044	11,310,766	50%	50%	Energy production
		<u>14,983,101</u>	<u>12,008,219</u>			

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 movements occurred in the balance of this caption in the years ended in 2016 and 2015 were as follows:

	Statement of financial position			
	31.12.2016		31.12.2015	
	Operfoz	EDP Bioelétrica ^(a)	Operfoz	EDP Bioelétrica ^(a)
Opening Balance	697,453	11,310,766	616,581	8,441,559
Reimbursement of supplementary capital	(50,000)	-	-	-
Equity method:				
Effects on gains and losses in associated companies and joint ventures	71,604	2,953,278	80,872	2,869,207
Closing Balance	<u>719,057</u>	<u>14,264,044</u>	<u>697,453</u>	<u>11,310,766</u>

The total amount of the statement of financial position, assets, equity and net profit for the years ended on 31 December 2016 and 2015 for the main joint ventures and associated companies were as follows:

	31.12.2016		31.12.2015	
	Operfoz	EDP Bioelétrica ^(a)	Operfoz	EDP Bioelétrica ^(a)
Non-current assets	4,438,723	119,046,942	4,843,212	126,905,069
Current assets	1,742,114	23,102,698	2,226,561	15,245,714
Non-current liabilities	2,454,894	61,633,836	2,785,492	70,276,436
Current liabilities	1,568,771	47,838,608	2,191,922	44,620,574
Equity attributable to shareholders of the parent company	<u>2,157,172</u>	<u>32,677,196</u>	<u>2,092,359</u>	<u>27,253,773</u>
Turnover	5,650,194	39,115,664	5,199,123	40,049,682
Net profit	214,812	5,423,422	242,617	4,998,523
Total comprehensive income	<u>214,812</u>	<u>5,423,422</u>	<u>242,617</u>	<u>4,998,523</u>

(a) EDP – Produção Bioelétrica, S.A holds shares representing 100% of the share capital of Ródão Power – Energia e Biomassa do Ródão, S.A..
These indicators relate to the separated 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 accounting policies harmonization.

4.3 INVESTMENTS AVAILABLE FOR SALE

As of 31 December 2016 and 2015 the investments available for sale and their book value as of that date, were as follows:

	Statement of financial position	
	2016	2015
Rigor Capital - Produção de Energia, Lda.	10,527,397	10,527,397
Other Investments	735,517	163,700
	<u>11,262,914</u>	<u>10,691,097</u>

Altri Group believes that the book value of investments available for sale, which include financial investments under 20% in companies where Altri Group has no significant influence on its management and that are recorded at cost, net of impairment losses according to the accounting policy of the Note 2.3.I) i), does not differ significantly from their fair value.

5. CHANGES IN THE GROUP COMPANIES

During the year ended December 31, 2015 there were no changes in the consolidation perimeter.

During the year ended December 31, 2016, Altri acquired shares representing 100% of the share capital of Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A., becoming the holder of 100% of its voting rights.

This company owns a property registered under “Inventories” to which was allocated the full value of the business combination. As so, no goodwill was recognized with this transaction.

The acquisition value was fully paid in 2016.

6. FINANCIAL INSTRUMENTS BY CLASS

Financial instruments, according to the policies described in Note 2.3.I), were classified as follows:

31 December 2016	Notes	Loans and receivables	Available for sale	Total
Non-current Assets				
Investments available for sale	4.3	-	11,262,914	11,262,914
		-	11,262,914	11,262,914
Current Assets				
Customers	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 2015	Notes	Loans and receivables	Available for sale	Total
Non-current Assets				
Investments available for sale	4.3	-	10,691,097	10,691,197
		-	10,691,097	10,691,197
Current Assets				
Customers	13	91,521,269	-	91,521,269
Other debtors	14	8,401,481	-	8,401,481
Cash and cash equivalents	17	243,154,160	-	243,154,160
		343,076,910	-	343,076,910
		343,076,910	10,691,097	353,768,107

31 December 2016	Notes	Financial Liabilities	Derivatives	Total
Non-current liabilities				
Bank Loans	21	118.000.000	-	118.000.000
Other Loans	21	462.357.627	-	462.357.627
Reimbursable subsidies	21	14.946.631	-	14.946.631
Outros credores não correntes	23	-	2.428.023	2.428.023
	27			
		<u>595.304.257</u>	<u>2.428.023</u>	<u>597.732.280</u>
Current liabilities				
Bank Loans	21	38.897.709	-	38.897.709
Other Loans - short term	21	120.854.418	-	120.854.418
Reimbursable subsidies	21	3.115.183	-	3.115.183
Suppliers	24	69.045.134	-	69.045.134
Other current creditors	25	14.915.753	-	14.915.753
Derivatives	27	-	2.422.650	2.422.650
		<u>246.828.197</u>	<u>2.422.650</u>	<u>249.250.847</u>
		<u>842.132.455</u>	<u>4.850.673</u>	<u>846.983.127</u>
31 December 2015				
	Notes	Financial Liabilities	Derivatives	Total
Non-current liabilities				
Bank Loans	21	153.587.500	-	153.587.500
Other Loans	21	413.733.394	-	413.733.394
Reimbursable subsidies	21	17.439.139	-	17.439.139
		<u>584.760.033</u>	<u>-</u>	<u>584.760.033</u>
Current liabilities				
Bank Loans	21	10.775.000	-	10.775.000
Other Loans - short term	21	105.438.128	-	105.438.128
Reimbursable subsidies	21	558.872	-	558.872
Suppliers	24	61.243.404	-	61.243.404
Other current creditors	25	3.908.405	-	3.908.405
Derivatives	27	-	141.283	141.283
		<u>181.923.809</u>	<u>141.283</u>	<u>182.065.092</u>
		<u>766.683.842</u>	<u>141.283</u>	<u>766.825.125</u>

Financial instruments recorded 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;

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

	31.12.2016			31.12.2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial liabilities recorded at fair value						
Derivatives (Note 27)	-	4,850,673	-	-	136,786	-

As of 31 December 2016 and 2015 there were no financial assets whose terms have been renegotiated and if they had not been renegotiated they would be overdue or impaired.

7. TANGIBLE FIXED ASSETS

During the years ended 31 December 2016 and 2015 the movement occurred in tangible fixed assets and in the corresponding accumulated depreciation and impairment losses was as follows:

	2016								
	Land	Building and other constructions	Plant and machinery	Vehicles	Office equipment	Other tangible assets	Work in progress	Advances on account of 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
Perimeter Variation	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	28,831,302	99,484,561	1,031,329,073	4,305,668	10,163,038	10,500,125	35,976,766	489,011	1,221,079,545
	2015								
	Land	Building and other constructions	Plant and machinery	Vehicles	Office equipment	Other tangible assets	Work in progress	Advances on account of fixed 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
Disposals	(414,732)	(5,109,719)	(654,561)	(226,818)	(140,758)	(3,537,933)	-	-	(10,084,521)
Transfers and write-offs	-	-	-	-	-	-	-	-	-
Closing balance	7,935,344	87,111,106	743,333,514	3,014,083	9,929,406	10,117,269	-	-	861,440,723
	20,895,958	12,373,455	287,995,559	1,291,585	233,632	382,856	35,976,766	489,011	359,638,821
	2015								
	Land	Building and other constructions	Plant and machinery	Vehicles	Office equipment	Other tangible assets	Work in progress	Advances on account of fixed assets	Total
Opening balance	26,923,633	104,634,114	963,560,240	4,073,810	10,101,282	14,197,956	41,345,338	509,889	1,165,346,262
Additions	17,887	34,937	29,061,346	247,816	188,402	87,124	3,468,969	955	33,107,436
Disposals	(107,910)	-	(13,093,982)	(354,876)	(164,827)	(219,199)	(184,733)	-	(14,125,528)
Transfers and write-offs	-	165,000	40,654,697	-	206,300	-	(40,822,503)	-	203,495
Closing 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
	2015								
	Land	Building and other constructions	Plant and machinery	Vehicles	Office equipment	Other tangible assets	Work in progress	Advances on account of fixed assets	Total
Opening balance	7,733,478	88,047,528	659,207,379	3,123,241	9,621,223	13,327,910	-	-	781,060,759
Additions	308,577	1,439,290	50,346,487	305,471	200,862	145,906	-	-	52,746,593
Disposals	-	-	(12,884,581)	(328,591)	(164,827)	(218,417)	-	-	(13,596,416)
Transfers and write-offs	-	-	-	-	201,101	-	-	-	201,101
Closing balance	8,042,055	89,486,818	696,669,285	3,100,121	9,858,359	13,255,398	-	-	820,412,037
	18,791,554	15,347,233	323,513,017	866,629	472,799	810,482	3,807,072	510,844	364,119,629

During the years ended 31 December 2016 and 2015 amortizations amounted to 51,113,207 Euro and 52,756,593 Euro, respectively, and were recorded in the profit and loss statement in caption "Amortization and depreciation" (Note 36).

The 2016 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 continue in 2017. Caima Indústria de Celulose, S.A. acquired a new turbine for the industrial unit in 2016.

The additions of plant and machinery in 2015 relate mainly with the investment project in Celbi to enhance its productive capacity, initiated in 2013 and concluded in 2015, and with the project of conversion of Caima mill into dissolving pulp production. The disposals correspond to equipment that

has been replaced under the two projects mentioned above. The 2016 disposals relate to assets fully depreciated.

The write-offs of the exercise correspond to fully depreciated assets.

The caption "Work in progress" as of 31 December 2016 and 2015 refers to the following projects:

	31-12-2016	31-12-2015
Industrial optimization	15,135,970	509,667
Recovery boiler	12,309,749	-
Reengineering of the landfill of residual waste	3,868,799	367,658
New Turbine	1,318,128	1,260,643
Packaging Line	660,076	-
Pavements	227,296	157,747
Other projects	2,456,748	1,511,357
	<u>35,976,766</u>	<u>3,807,072</u>

8. INVESTMENT PROPERTIES

The amount recorded in caption "Investment Properties" in December 31, 2016 and 2015 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.

The movements in caption "Investment properties" during the years ended as of 31 December 2016 and 2015 were as follows:

	2016	2015
	Gross assets	Gross assets
Opening balance	502,981	839,227
Additions	-	-
Disposals	-	(336,246)
Closing balance	<u>502,981</u>	<u>502,981</u>
	Accumulated Depreciations	Accumulated Depreciations
Opening balance	389,672	382,291
Additions	-	7,381
Disposals	-	-
Closing balance	<u>389,672</u>	<u>389,672</u>
Net amount	<u>113,310</u>	<u>113,310</u>

During the years ended as of 31 December 2016 and 2015 depreciations amounted to 0 Euro and 7,381 Euro, respectively, and were recorded in caption "Amortization and depreciation" (Note 36).

9. GOODWILL

During 2016 and 2015 there were no movements in goodwill, being its composition as follows:

Celbi	253,391,251
Others	12,140,153
	265,531,404

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 2016 and 2015, there were not recorded or reverted any impairment losses.

During 2016, in order to assess the existence or not of impairment on the main goodwill amount that resulted from Celulose Beira Industrial (Celbi), S.A.'s acquisition, in 2006, amounting to 253,391,251 Euro, the Group evaluated this subsidiary, and concluded that there was no impairment. That evaluation was based on Celbi's historical performance and an estimate of discounted cash flows based on a Celbi's 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 2016 and 2015 in this calculation were:

	2016	2015
Inflation rate	1.00%	1.00%
Discount rate	8.09%	7.35%
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 2016 was 8.09% (7.35% in 2015) and was calculated according to the WACC (Weighted Average Cost of Capital) method, considering the following assumptions:

	2016	2015
Riskfree interest rate	3.15%	2.42%
Equity risk premium	6.00%	6.00%
Debt risk premium	1.87%	1.87%

The Group made a sensitivity analysis of this evaluation to variations in key assumptions, having concluded that if it had been considered a discount rate 1 p.p. higher together with a null perpetual growth rate, the conclusion of no impairment of the affiliate Celbi would remain valid.

Regarding the remaining goodwill amounting to 12,140,153 Euro, in order to analyse the existence or not of impairment losses as of 31 December 2016, the Group made a comparison of 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 was no impairment.

10. INTANGIBLE ASSETS

During 2016 and 2015, the movement in intangible assets, as well as in the corresponding accumulated depreciation and impairment losses, was as follows:

	2016				Total
	Gross assets				
	Industrial property and other rights	Software	Other intangible assets	Intangible assets in course	
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				Total
	Industrial property and other rights	Software	Other intangible assets	Intangible assets in course	
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

	2015				Total
	Gross assets				
	Industrial property and other rights	Software	Other intangible assets		
Opening balance	1,320	8,112,944	25,600	-	8,139,864
Additions	-	24,080	-	-	24,080
Closing balance	1,320	8,137,024	25,600	-	8,163,944

	Accumulated depreciation				Total
	Industrial property and other rights	Software	Other intangible assets		
Opening balance	1,320	7,973,496	25,600	-	8,000,416
Additions	-	79,708	-	-	79,708
Closing balance	1,320	8,053,203	25,600	-	8,080,123
	-	-	-	-	-
	-	83,821	-	-	83,821

In 2016 and 2015 the amortizations amounted to 78,791 Euro and 79,708 Euro, respectively, and were recorded in the profit and loss statement caption "Amortization and depreciation" (Note 36).

11. BIOLOGICAL ASSETS AND INVENTORIES

As of 31 December 2016 and 2015, 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:

	31.12.2016	31.12.2015
Biological Assets - gross value	102,682,643	101,852,921
Accumulated impairment losses in biological assets (Note 22)	(380,006)	(380,006)
	<u>102,302,637</u>	<u>101,472,915</u>

As of 31 December 2016 and 2015, the total area managed by Altri amounted to 81,000 and 82,000 hectares, respectively. The eucalyptus' area had the following age distribution:

	31-12-2016	31-12-2015
0 - 5 anos	30,315	31,748
6 - 10 anos	21,576	20,221
> 10 anos	12,851	13,466
	<u>64,743</u>	<u>65,435</u>

The rest of the area belongs to others residual forest species with minor importance.

As stated in Note 2.3 i) the Board of Directors believes that it is not possible to measure reliably the fair value of biological assets, because of the inexistence of an active market of these forestry species in Portugal and given the impossibility of obtaining a reliable estimation of the present value of future cash flows generated by these biological assets. As so, the Board of Directors opted to record biological assets at its historical cost, net of impairment losses. However, the company performed an analysis of the recoverable amount of these assets, using some available data to estimate present value of future cash flows until the first cut, using a discount rate of 7%. This analysis showed that the recoverable amount value of this assets is similar to the value recorded in the financial statement as at 31 December 2016. If the discount rate was 0.5pp higher, the conclusions would remain.

As of 31 December 2016 and 2015, the caption "Inventories" was made up as follows:

	31.12.2016	31.12.2015
Raw, subsidiary and consumable materials	43,933,573	41,090,037
Work in progress	433,360	594,728
Finished and Intermediate goods	<u>22,463,355</u>	<u>22,096,632</u>
	66,830,288	63,781,397
Accumulated impairment losses (Note 22)	<u>(7,939,874)</u>	<u>(7,384,783)</u>
	<u>58,890,414</u>	<u>56,396,615</u>

The cost of sales for the year ended 31 December 2016 amounted to 244,831,197 Euro and was computed as follows:

	Matérias primas, subsidiárias e de consumo	Produtos acabados e intermédios	Produtos e trabalhos em curso	Activos biológicos	Total
Saldo inicial	41,090,037	22,096,632	594,728	101,852,921	165,634,318
Compras	247,869,000	-	-	-	247,869,000
Capitalizações	-	-	-	12,430,199	12,430,199
Cortes	-	-	-	(11,352,362)	(11,352,362)
Regularização de existências	-	-	-	(237,026)	(237,026)
Existências finais	<u>(43,933,573)</u>	<u>(22,463,355)</u>	<u>(433,360)</u>	<u>(102,682,643)</u>	<u>(169,512,931)</u>
	<u>245,025,464</u>	<u>(366,723)</u>	<u>161,368</u>	<u>11,088</u>	<u>244,831,197</u>

The cost of sales for the year ended 31 December 2015 amounted to 237,903,389 Euro and was computed as follows:

	Matérias primas, subsidiárias e de consumo	Produtos acabados e intermédios	Produtos e trabalhos em curso	Activos biológicos	Total
Saldo inicial	41,019,801	18,016,209	575,585	105,538,783	165,150,378
Compras	237,927,615	-	19,143	-	237,946,758
Capitalizações	-	-	-	10,863,327	10,863,327
Cortes	-	-	-	(10,167,814)	(10,167,814)
Regularização de existências	624,616	-	-	(637,193)	(12,577)
Existências finais	<u>(41,090,037)</u>	<u>(22,096,632)</u>	<u>(594,728)</u>	<u>(102,095,287)</u>	<u>(165,876,684)</u>
	<u>238,481,995</u>	<u>(4,080,423)</u>	<u>-</u>	<u>3,501,817</u>	<u>237,903,389</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, there have been granted 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 subsidiary and associated companies for the years 2013 to 2016 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 2016 and 2015.

The movements occurred in deferred tax assets and liabilities in the years ended in 31 December 2016 and 2015 were as follows:

	2016	
	Deferred tax assets	Deferred tax liabilities
Opening balance as of 1 January 2016	27,060,866	15,871,624
Effects on income statement:		
Increases/(Decreases) in provisions not accepted	786,146	-
Harmonization of depreciation rates	576,729	1,277,096
Tax losses carried forward	(8,175,644)	-
Revaluation of the assets	17,582,852	-
Harmonization of the Goodwill	-	1,555,864
Other effects	316,185	27,035
Total effect on income statement	11,086,268	2,859,995
Effects on shareholders funds:		
Fair value of derivatives (Note 27)	1,087,961	-
Pension fund	273,807	-
Total effect on other comprehensive income	1,361,767	-
Closing balance as of 31 December 2016	39,508,901	18,731,619
	2015	
	Deferred tax assets	Deferred tax liabilities
Opening balance as of 1 January 2015	27,541,201	15,283,810
Effects on income statement:		
Increases/(Decreases) in provisions not accepted	285,947	-
Harmonization of depreciation rates	(13,220)	-
Tax losses carried forward	(736,798)	-
Other effects	45,832	587,814
Total effect on income statement	(418,239)	587,814
Effects on shareholders funds:		
Fair value of derivatives (Note 28)	(62,096)	-
Closing balance as of 31 December 2015	27,060,866	15,871,624

The subsidiary Celulose Beira Industrial (Celbi) applied, in 2016, the option to revalue tangible fixed assets and investment properties, as permitted by Law nº 66/2016 of 3rd November. Consequently, autonomous taxes of 14% over the value of the revaluation reserve are due, one third of it already paid in 2016 and the rest to be paid in two equal instalments until 31 December 2017 and 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 17,600,000 Euro was recorded. This revaluation is only for tax purposes, there were no changes on the assets book value.

As of 31 December 2016 and 2015, the detail of deferred tax assets and liabilities, in accordance with the timing differences that originated them, was as follows:

	31.12.2016		31.12.2015	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Provisions and impairment losses not accepted for tax purposes	4,083,860	-	3,297,714	-
Fair value of derivatives	1,087,961	-	-	-
Pension fund	273,807	-	-	-
Harmonization of accounting principles	10,505,104	1,277,096	9,928,375	-
Tax losses carried forward	5,014,435	-	13,190,079	-
Revaluation of assets	17,582,852	-	-	-
Tax amortization of Goodwill	-	17,114,506	-	15,558,642
Other	960,883	340,017	644,698	312,982
	<u>39,508,901</u>	<u>18,731,619</u>	<u>27,060,866</u>	<u>15,871,624</u>

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, where it is used a rate of 21%. 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 January 1, 2017 onwards.

According to the legislation, for the year ending on December 31, 2016 and 2015 the income tax rate was 21%.

Additionally, according to the legislation, during the year ended on December 31, 2016, 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 December 31, 2016, the Group evaluated 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 December 31, 2016, the deferred tax assets relating to tax losses are from Altri SL. Considering the changes in the Spanish income tax relating with goodwill depreciation for tax purposes, the recoverability of those tax losses was reviewed and adjusted considering recovery period of 10 years. It is conviction of Altri's Board of Directors that the amount of deferred tax assets recorded at 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 and 2015:

	31 December 2016			31 December 2015		
	Tax loss	Deferred tax assets	Limit of utilization date	Tax loss	Deferred tax assets	Limit of utilization date
With limit of utilization date						
Generated in 2006	3,177,427	794,356	2024	-	-	2024
Generated in 2007	12,911,289	3,227,821	2025	18,870,508	4,717,626	2025
Generated in 2008	3,969,034	992,258	2026	16,666,932	4,166,733	2026
Generated in 2009	-	-	2027	12,004,490	3,001,123	2027
Generated in 2010	-	-	2028	5,095,252	1,273,813	2028
Generated in 2011	-	-	2029	123,134	30,784	2029
	<u>20,057,750</u>	<u>5,014,435</u>		<u>52,760,316</u>	<u>13,190,079</u>	

During 2016, the recoverability of the subsidiary Altri S.L.'s tax losses was reviewed leading to an adjustment of the amount of deferred tax assets related with tax losses recognized.

On December 31, 2016, there are tax losses carried forward, whose deferred tax assets are not recognized, detailed as follows:

	31 December 2016		
	Tax loss	Deferred tax assets	Limit of utilization date
With limit of utilization date			
Generated in 2007	11,400,059	2,850,014	2025
Generated in 2008	12,697,898	3,174,473	2026
Generated in 2009	12,004,490	3,001,122	2027
Generated in 2010	5,095,252	1,273,812	2028
Generated in 2011	123,134	30,783	2029
	<u>41,320,832</u>	<u>10,330,204</u>	

Income taxes recorded in the profit and loss statement for the years ended 31 December 2016 and 2015 can be detailed as follows:

	31.12.2016	31.12.2015
Current tax	(31,946,381)	(28,872,759)
Deferred tax	8,226,273	(1,006,053)
	<u>(23,720,108)</u>	<u>(29,878,812)</u>

The reconciliation of the profit before tax to the income tax is as follows:

	31.12.2016	31.12.2015
Profit before tax	100,697,934	147,552,001
Tax rate (including municipal surtax)	22.50%	22.50%
	<u>(22,657,035)</u>	<u>(33,199,200)</u>
Tax Benefits	4,137,267	12,490,236
Deferred taxes	9,674,141	-
Autonomous taxation - Asset Revaluation	(10,940,441)	-
State surtax	(4,343,437)	(7,509,085)
Other effects	409,397	(1,660,763)
Income tax	<u>(23,720,108)</u>	<u>(29,878,812)</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 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 (Note 21). 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 21). 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 21). The Portuguese State 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 December 31, this agreement is still waiting for European Commission approval, and therefore, no tax credit was used.

13. COSTUMERS

As of 31 December 2016 and 2015 this caption can be detailed as follows:

	31.12.2016	31.12.2015
Customers, current accounts	92,525,897	91,785,794
Customers, doubtful debts	40,081	43,116
	<u>92,565,978</u>	<u>91,828,910</u>
Accumulated impairment losses (Note 22)	(304,606)	(307,641)
	<u>92,261,372</u>	<u>91,521,269</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 2016 and 2015, the age of customer's balances can be detailed as follows:

	31.12.2016	31.12.2015
Not due	66,795,078	81,381,124
Due with no impairment losses recorded		
0 - 30 days	20,018,456	9,551,950
30 - 90 days	4,392,502	454,474
+ 90 days	1,055,335	133,721
	<u>92,261,372</u>	<u>91,521,269</u>

The Group contracted credit insurances to cover the recoverability risk from these accounts receivables as follows:

	31.12.2016	31.12.2015
With credit insurance	76,872,180	75,278,254
Without credit insurance	15,693,797	16,550,656
	<u>92,565,978</u>	<u>91,828,910</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 2016 and 2015 this caption can be detailed as follows:

	31.12.2016	31.12.2015
Advances to suppliers	309,473	22,927
Other debtors	7,401,425	11,791,909
	<u>7,710,898</u>	<u>11,814,836</u>
Accumulated impairment losses (Note 22)	(3,413,355)	(3,413,355)
	<u>4,297,543</u>	<u>8,401,481</u>

As of 31 December 2016, caption "Other debtors" 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. Additionally, on December 31, 2016 this caption also includes an amount receivable of 1,023,000 Euro (1,147,450 Euro as of 31 December, 2015) related with the sale of Sócasca – Recolha e Comércio de Recicláveis, S.A..

As of 31 December 2016 and 2015 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 2016 and 2015, the age of the balances in "Other Debtors" can be detailed as follows:

	31.12.2016	31.12.2015
Not due	4,297,543	8,169,934
Due with no impairment losses recorded		
0 - 30 days	-	-
30 - 90 days	-	-
> 90 days	-	231,547
	<u>-</u>	<u>231,547</u>
	<u>4,297,543</u>	<u>8,401,481</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 PUBLIC SECTOR

As of 31 December 2016 and 2015, this caption can be detailed as follows:

Debtor balances:	31.12.2016	31.12.2015
Income tax	21,621,613	-
Value added tax	6,937,340	8,469,842
Other taxes	979,358	-
	<u>29,538,312</u>	<u>8,469,842</u>
Creditors balances:		
Income tax		
Autonomous taxation - Assets Revaluation (Note 12)	(7,293,627)	-
Others	(3,974,814)	(23,490,106)
Withholding taxes - dependent work	(1,412,316)	(1,934,792)
Social Security contributions	(504,751)	(576,766)
Value added tax	(798,830)	(150,315)
Other taxes	(333,980)	(301,139)
	<u>(14,318,318)</u>	<u>(26,453,118)</u>

The balances of the liabilities caption "Income tax" on December 31, 2015 correspond to payments on account and special payments on account made, net of the income tax for the year. On December 31, 2016, includes 7,300,000 Euro of autonomous taxes related with the revaluation of fixed assets option in accordance with Decree-Law 66/2016.

On December 31, 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 made on 2016. In Spain, according to legislation mandatory from the 2nd half of 2016, the amount of these advanced payments is computed considering the book value of earnings before taxes, which for the subsidiary Altri SL includes dividends received, profits that are excluded from the taxable result. In consequence, there is a significant amount receivable. On December 31, 2016, this balance also includes the net amount for Portuguese companies of the year's income tax and the advanced payments made.

16. OTHER CURRENT ASSETS

As of 31 December 2016 and 2015 this caption can be detailed as follows:

Accrued income:	31.12.2016	31.12.2015
Others	82,061	357,494
Deferred costs:		
Rents paid in advance	738,167	1,152,563
Insurances paid in advance	795,374	627,887
Other costs paid in advance	840,324	588,337
	<u>2,455,926</u>	<u>2,726,281</u>

17. CASH AND CASH EQUIVALENTS

As of 31 December 2016 and 2015, the caption “Cash and cash equivalents” can be detailed as follows:

	<u>31.12.2016</u>	<u>31.12.2015</u>
Cash	41,809	356,715
Bank deposits	<u>300,052,445</u>	<u>242,797,445</u>
	<u>300,094,254</u>	<u>243,154,160</u>
Cash and cash equivalents	<u>300,094,254</u>	<u>243,154,160</u>

According to Note 2.4) a) ii), on 31 December 2016 and 2015, the cash and cash equivalents balances in a non-euro currency amounted to 7,550,702 Euro and 7,999,537 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 2016 and 2015 for purposes of the statement of cash flows are immaterial.

During the year ended as of December 31, 2016, the receipts relating with financial investments correspond to the partial payment of the sale value of Sócasca – Recolha e Comércio de Recicláveis, S.A. (disposed in 2011).

During the year ended as of 31 December 2015, the group did not receive any amounts related with financial investments.

During 2016, the payments related to financial investments correspond to the acquisition of a financial participation in the subsidiary Sociedade Imobiliária Porto Seguro, S.A.

For the year ended on 31 December 2015 there was a payment in the amount of 149,687 Euro for the acquisition of the remaining shares of the share capital of Celtejo.

18. OTHER NON-CURRENT ASSETS

As of 31 December 2016 and 2015, this caption can be detailed as follows:

	<u>31.12.2016</u>	<u>31.12.2015</u>
Value added tax	3,210,260	3,210,260
Rents paid in advance	334,029	280,209
	<u>3,544,289</u>	<u>3,490,469</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 22.

19. SHARE CAPITAL AND RESERVES

Share capital

As of 31 December 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 2016 and 2015, 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 2016 and 2015, the Company presented the amount of 5,128,292 Euro and 4,336,498 Euro of legal reserves, respectively, 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

	31.12.2016	31.12.2015
Hedging reserves	(3,747,420)	(136,786)
Other reserves and retained earnings	239,642,039	226,134,914
	<u>235,894,619</u>	<u>225,998,128</u>

The caption "Hedging reserves" reflects the fair value of the derivative financial instruments classified as cash-flows hedging in the effective hedging component, net of the corresponding deferred tax effect (Note 27).

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 2016, distributable reserves amount to 75,310,299 Euro.

20. NON-CONTROLLING INTERESTS

The changes on this caption during the year ended 31 December 2015 are as follows:

	31.12.2015
Opening balance	155,240
Partial acquisitions of subsidiaries	(172,028)
Net profit attributable to non controlling interests	16,788
Closing balance	<u>-</u>

Since 2015, Altri SGPS holds 100% of all its subsidiaries, and as so there aren't any non-controlling interest changes in 2016.

21. BANK LOANS, OTHER LOANS AND REIMBURSABLE SUBSIDIES

As of 31 December 2016 and 2015, the captions “Bank loans”, “Other loans” and “Reimbursable subsidies” can be detailed as follows:

	Nominal value			Book value		
	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
Bonds	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 subsidies	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

	2015			2015		
	Current	Non current	Total	Current	Non current	Total
Bank Loans	11,000,000	154,000,000	165,000,000	10,775,000	153,587,500	164,362,500
Bank Loans	-	154,000,000	165,000,000	10,775,000	153,587,500	164,362,500
Commercial paper	64,000,000	115,500,000	179,500,000	63,519,337	115,500,000	179,019,337
Bonds	-	299,376,900	299,376,900	-	298,233,394	298,233,394
Other loans	41,918,791	-	41,918,791	41,918,791	-	41,918,791
Other loans	105,918,791	414,876,900	520,795,691	105,438,128	413,733,394	519,171,522
Reimbursable subsidies	558,872	17,439,139	17,998,011	558,872	17,439,139	17,998,011
	106,477,663	586,316,039	703,793,702	116,772,000	584,760,033	701,532,033

Bank loans

(i) Bank loans

During 2013, Celbi obtained a bank loan amounting to 75,000,000 Euro, which was renegotiated in June 2014, with an interest rate equal to Euribor 3 months plus a spread, which payment will be in 5 annual instalments of 5,000,000 Euro each, the first of them in June of 2016 and a last instalment amounted to 50 million Euro. During 2016, Celbi anticipated the full reimbursement of this loan.

During the year ended 31 December 2014, Celbi contracted a bank loan of 30 million Euro, which bears 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. Therefore, the amount of 7,500,000 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 (at year-end total debt amounts 24,000,000 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, having 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 bears interest at a rate equal to 3 months Euribor plus a spread. This loan will be repaid in 3 equal consecutive annual instalments, starting in February 2018. Therefore, the total amount of the loan is classified as non-current debt.

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). Therefore, the total amount of the loan is classified as non-current debt.

(ii) Pledged current accounts

As at 31 December 2016, the Group had pledged current accounts amounting to 28 million Euro of which 25 million Euro were being used. In 2015, the Group had pledged current accounts amounting 40.5 million Euro which were not used.

(iii) Bank overdrafts

As of 31 December 2016 and 2015, 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 366,000,000 Euro as of 31 December 2016 (388,500,000 Euro as of 31 December 2015), with guaranteed placement, with interests' payable at a rate equal to Euribor for the issuing period (7 to 364 days) plus spread. As of 31 December 2016, the amount in use was 173,500,000 Euro (179,500,000 Euro as of 31 December 2015).

That programs include an amount of 58.5 million Euro classified as current liability because, according to the contracts, both parties can terminate, on a six month or annual basis, the program with a pre-defined warning of 30 to 60 days, although, if the programs are not terminated before maturity, they will only be repaid between years 2017 and 2022. The Board of Directors believes that there will be no early terminations from any parts to these commercial paper programs, but considering the contracts in place this amount is recorded as current debt.

The remaining 115 million Euro relate to programs where it is not possible to terminate the contract before maturity and have guaranteed placement. In this case, the Board of Directors classified this debt according to the program maturity.

(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 2015, Altri SGPS acquired bonds amounting to 10,623,100 Euro. 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, "Celbi 2014/2019 now comprises 327 bonds, with a nominal value of 32,700,000 Euro. As at December 31, 2016 there was still a debt amounting to 31,600,000 Euro (as Altri SGPS SA holds an amount of 1,100,000 Euro) related with this bond loan. The Board of Directors intends to repay this liability in 2017 by using the call option included on the contract, and classified this amount as a current liability.

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"). As at December 31, 2016, Altri SGPS holds an amount of 13.5 million Euro, therefore total liability amounts to 51.5 million Euro.

In April 2014, Celbi issued a bond loan amounting 50,000,000 Euro with a maturity of 6 years. In February 20, 2015, Altri SGPS took over the contractual position held by its subsidiary Celbi, passing the bond to be called "ALTRI 2014/2020". On its turn, Altri SGPS proceeded to issue a bond loan in the amount of 70,000,000 Euro due in 2018.

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 Euribor 6 months plus a spread.

During the year ended as of 31 December 2016, Altri SGPS issued two bond loans: the first in April 18, 2016, amounting 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 in November 28, 2016 in the amount of 25 million Euro that matures in March 28, 2022, which bears interest at a rate equal to 6 months Euribor plus a spread.

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 35).

(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 Euribor 3 months plus spread or Euribor 12 months plus spread (for contracts in Euro) or equal to Libor 3 months plus a spread (for contracts in USD). As of 31 December 2016, the value used amounted to 29,796,111 Euro (41,918,791 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 2.3l) viii).

Reimbursable subsidies:

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 August 19, 2013, and ran until June 30, 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 Achievement Award that correspond to non-repayment of up to 75% of the refundable incentive amount. Until December 31, 2016 Celbi received the amount of 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 nr. 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, an amount of 558,872 Euro was received, so Caima Indústria on 31 December 2016 had a debt related to this reimbursable incentive of 1,729,914 Euro, classified as current debt.

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 incentive amounts to 10,511,580 Euro, 30% of the eligible expenses. The Company has already received 10,508,314 Euro, to be repaid between 2017 and 2022, and, at 31 December 2016, there was 875,988 Euro, classified as current debt.

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 December 31, 2016, the company haven't received any amount.

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 2016 and 2015, the Group sensitivity to the change of the interest rate index of more or less 1 basis point, measured as variation on net financial losses, not considering the hedging effects of the derivative financial instruments (Note 27), may be analysed as follows:

	<u>31.12.2016</u>	<u>31.12.2015</u>
Interests (Note 35)	13,908,735	15,840,301
Decrease of 1 b.p. in the interest rate applied to the entire debt	(7,387,000)	(6,900,000)
Increase of 1 b.p. in the interest rate applied to the entire debt	7,387,000	6,900,000

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 the structure of financing (remunerated assets and liabilities) has remained stable throughout the year and similar to that presented at the end of each financial year.

The bank loans, other loans and reimbursable subsidies reimbursement plan as well as the associated interests are as follows:

	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
Interests (a)	2,152,055	1,950,260	1,456,990	1,086,795	874,550	7,520,650
Pledged current accounts						
Capital	25,000,000	-	-	-	-	25,000,000
Interests (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
Interests (a)	2,330,000	2,000,000	1,875,000	1,750,000	3,000,000	10,955,000
Bond loans						
Capital	31,600,000	105,000,000	40,000,000	50,000,000	151,500,000	378,100,000
Interests (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
Interests (a)	161,184	-	-	-	-	161,184
Reimbursable subsidies						
Capital	3,115,183	3,121,502	7,468,303	4,356,826	-	18,061,813
Interests (a)	-	-	-	-	-	-
Total						
Capital	162,279,294	149,121,502	80,968,303	90,356,826	274,000,000	756,725,925
Interests	13,390,876	11,363,385	8,559,015	7,551,020	13,442,850	54,307,146
	175,670,171	160,484,887	89,527,318	97,907,846	287,442,850	811,033,071

	31-12-2015					Total
	2016	2017	2018	2019	>2019	
Bank loans						
Capital	11,000,000	18,500,000	36,000,000	28,500,000	71,000,000	165,000,000
Interests (a)	3,646,350	3,403,260	2,994,427	2,198,860	1,569,035	13,811,932
Commercial paper						
Capital	64,000,000	28,000,000	-	-	87,500,000	179,500,000
Interests (a)	5,657,355	3,640,248	2,757,764	2,757,764	2,757,764	17,570,894
Bond loans						
Capital	-	-	105,000,000	109,376,900	85,000,000	299,376,900
Interests (a)	7,574,573	7,574,573	7,574,573	4,917,955	2,150,596	29,792,270
Other loans						
Capital	41,918,791	-	-	-	-	41,918,791
Interests (a)	586,863	-	-	-	-	586,863
Reimbursable subsidies						
Capital	558,872	3,115,183	3,121,502	7,468,303	3,734,151	17,998,011
Interests (a)	-	-	-	-	-	-
Total						
Capital	117,477,663	49,615,183	144,121,502	145,345,203	247,234,151	703,793,702
Interests	17,465,141	14,618,081	13,326,764	9,874,578	6,477,395	61,761,958
	134,942,804	64,233,264	157,448,266	155,219,781	253,711,546	765,555,660

(a) Considering the available information related to the interest rates evolution and that the capital repayment occurs in the end of each year.

22. ACCUMULATED PROVISIONS AND IMPAIRMENT LOSSES

The movements occurred in provisions and impairment losses during the years ended 31 December 2016 and 2015 can be detailed as follows:

	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>

	31-12-2015			Total
	Provisions	Impairment losses in accounts receivable (Notes 13 and 14)	Impairment losses in inventories and biological assets (Note 11)	
Opening balance	5,073,481	2,572,513	5,266,162	12,912,156
Increases	300,000	1,150,000	3,000,000	4,450,000
Utilizations	(14,013)	(1,517)	-	(15,530)
Reversals	(296,727)	-	(501,373)	(798,100)
Closing balance	<u>5,062,741</u>	<u>3,720,996</u>	<u>7,764,789</u>	<u>16,548,526</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 definite, 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 2016 and 2015, 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.

23. OTHER NON-CURRENT LIABILITIES

As on 31 December 2016 and 2015 this caption includes non-reimbursable investment subsidies to be recognized as income in the medium and long term (Notes 21 and 26) which are detailed as follows:

	31-12-2016			31-12-2015		
	Total	Current (Note 26)	Non-Current	Total	Current (Note 26)	Non-Current
Celtejo						
POE	846,045	255,422	590,623	1,101,467	403,476	697,991
PRIME	1,824,596	1,040,272	784,324	2,864,869	1,052,222	1,812,647
	<u>2,670,641</u>	<u>1,295,694</u>	<u>1,374,947</u>	<u>3,966,336</u>	<u>1,455,698</u>	<u>2,510,638</u>
Celbi						
PIN	19,739,397	2,819,811	16,919,586	22,569,645	2,958,170	19,611,475
	<u>19,739,397</u>	<u>2,819,811</u>	<u>16,919,586</u>	<u>22,569,645</u>	<u>2,958,170</u>	<u>19,611,475</u>
Caima Indústria						
SIME	266,747	133,374	133,374	400,121	133,374	266,747
QREN	376,277	62,713	313,564	471,174	94,897	376,277
	<u>643,024</u>	<u>196,086</u>	<u>446,938</u>	<u>871,295</u>	<u>228,271</u>	<u>643,024</u>
Altri Florestal						
Proder	1,091,040	173,931	917,109	1,264,979	175,955	1,089,024
	<u>1,091,040</u>	<u>173,931</u>	<u>917,109</u>	<u>1,264,979</u>	<u>175,955</u>	<u>1,089,024</u>
Viveiros						
Proder	292,744	252,968	39,776	332,520	332,520	-
	<u>24,436,846</u>	<u>4,738,491</u>	<u>19,698,356</u>	<u>29,004,775</u>	<u>5,150,614</u>	<u>23,854,161</u>

During 2006 it was submitted an application 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 26) net of the amount recognized directly as income in the income statement (Note 33) 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 measurement. AICEP agreed with the interruption of repayments, however there are some requirements which can only be evaluated in the measurement date. In 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 26) net of the amount recognized directly as income in the income statement (Note 33) 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 subsidy.

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. If Celbi 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 subsidy.

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 subsidy.

24. SUPPLIERS

As of 31 December 2016 and 2015 this caption was made up as follows:

	31.12.2016	Payable		
		0-90 days	90-180 days	>180 days
Suppliers, current account	49,194,705	49,194,705	-	-
Suppliers, invoices in conference	19,850,428	19,850,428	-	-
	<u>69,045,134</u>	<u>69,045,134</u>	-	-

	31.12.2015	Payable		
		0-90 days	90-180 days	>180 days
Suppliers, current account	41,880,360	41,880,360	-	-
Suppliers, invoices in conference	19,363,044	19,363,044	-	-
	<u>61,243,404</u>	<u>61,243,404</u>	-	-

As of 31 December 2016 and 2015 the caption “Suppliers” 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.

25. OTHER CURRENT CREDITORS

As of 31 December 2016 and 2015, the caption “Other current creditors” can be detailed as follows:

	31.12.2016	Payable		
		0-90 days	90-180 days	>180 days
Suppliers of fixed assets	9,800,083	9,800,083	-	-
Other debts	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>

	31.12.2015	Payable		
		0-90 days	90-180 days	>180 days
Suppliers of fixed assets	1,252,476	1,252,476	-	-
Other debts	2,655,929	2,573,330	9,908	72,691
	<u>3,908,405</u>	<u>3,825,806</u>	<u>9,908</u>	<u>72,691</u>

As of 31 December 2016 and 2015 the caption "Suppliers of fixed assets" includes the amounts of 706,610 Euro and 492,092 Euro, respectively, relating to financial leases (Note 31.2).

26. OTHER CURRENT LIABILITIES

As of 31 December 2016 and 2015, the caption "Other current liabilities" can be detailed as follows:

	<u>31.12.2016</u>	<u>31.12.2015</u>
Accrued expenses:		
Amounts payable to employees	3,576,484	3,690,009
Interest payable	1,274,354	2,700,797
Rents	1,171,694	1,124,673
Costs with energy and gas	4,678,683	5,137,376
Discounts to be paid	3,986,425	1,317,624
Fluid rates to be paid	882,255	843,294
Other accrued expenses	12,689,840	13,973,441
Current deferred income:		
Investment subsidies (Notes 21 and 24)	4,738,491	5,150,614
Others	1,101,490	109,213
	<u>34,099,716</u>	<u>34,047,041</u>

The caption "Other accrued expenses" in 2016 and 2015 corresponds to costs incurred with operational activities not yet settled.

27. DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2016 and 2015 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, which are recorded according to their 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 2016, the fair value of the derivatives is detailed as follows:

	<u>31-12-2016</u>		<u>31-12-2015</u>
	Current	Non-current	Current
Interest rate derivatives	(549,066)	-	(136,786)
Exchange rate derivatives	(1,873,584)	(2,428,023)	-
	<u>(2,422,650)</u>	<u>(2,428,023)</u>	<u>(136,786)</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 2016 and 2015 there were established derivatives contracts which total amounts are as follows:

Type	Amount	Maturity	Rate	Fair value	Fair value
				31.12.2016	31.12.2015
Interest rate sw ap	5,000,000	16/04/2020	Pays fixed interest rate and receives Euribor 6M	(82,619)	(30,594)
Interest rate sw ap	5,000,000	16/04/2020	Pays fixed interest rate and receives Euribor 6M	(84,099)	(32,265)
Interest rate sw ap	5,000,000	16/04/2020	Pays fixed interest rate and receives Euribor 6M	(79,470)	(27,673)
Interest rate sw ap	5,000,000	16/04/2020	Pays fixed interest rate and receives Euribor 6M	(87,442)	(35,581)
Interest rate sw ap	5,000,000	16/04/2020	Pays fixed interest rate and receives Euribor 6M	(63,753)	(13,201)
Interest rate sw ap	10,000,000	16/04/2020	Pays fixed interest rate and receives Euribor 6M	(111,978)	2,528
Interest rate sw ap	15,000,000	16/04/2020	Pays fixed interest rate and receives Euribor 6M	(39,705)	-
				<u>(549,066)</u>	<u>(136,786)</u>

In accordance with the accounting policies adopted, these derivatives fulfil every requirement to be accounted as interest rate hedging instruments (Note 2.31 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 year of 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 the 1st and 2nd half of 2017 and 2018.

As of 31 December 2016 and 2015 there were established derivatives contracts which total amounts are as follows:

Notional USD	Maturity	Fair Value 31.12.2016
10,000,000	January 2017	(55,786)
10,000,000	February 2017	(78,144)
10,000,000	March 2017	(98,709)
10,000,000	April - 2017	(111,762)
10,000,000	May - 2017	(121,354)
10,000,000	June - 2017	(269,537)
10,000,000	July - 2017	(144,950)
10,000,000	August - 2017	(146,862)
10,000,000	September - 2017	(146,190)
10,000,000	October - 2017	(145,156)
10,000,000	November - 2017	(146,945)
10,000,000	December - 2017	(408,189)
10,000,000	January - 2018	(169,140)
10,000,000	February - 2018	(166,754)
10,000,000	March - 2018	(163,298)
10,000,000	April - 2018	(159,339)
10,000,000	May - 2018	(154,798)
10,000,000	June - 2018	(454,408)
10,000,000	July - 2018	(170,343)
10,000,000	August - 2018	(163,993)
10,000,000	September - 2018	(157,402)
10,000,000	October - 2018	(151,033)
10,000,000	November - 2018	(143,864)
10,000,000	December - 2018	(373,651)
		<u>(4,301,607)</u>

The movement occurred in the fair value of the financial instruments during the years ended 31 December 2016 and 2015 can be detailed as follows:

	Pulp price hedging derivatives	Interest rates derivatives	Total
2016			
Opening balance	(136,786)	-	(136,786)
Derivative fair value variation/cessation			
Effects on shareholders funds (Note 19)	(396,988)	(4,301,607)	(4,698,595)
Effects on the profit and loss statement (Note 35)	(15,292)	-	(15,292)
Effects on balance sheet	-	-	-
Closing balance	<u>(549,066)</u>	<u>(4,301,607)</u>	<u>(4,850,673)</u>
2015			
Saldo inicial	(1,902,297)	-	(1,902,297)
Variação do justo valor			
Efeitos em capitais próprios (Nota 19)	134,470	-	134,470
Efeitos na demonstração de resultados (Nota 35)	(268,267)	-	(268,267)
Efeitos no balanço	1,899,308	-	1,899,308
Saldo final	<u>(136,786)</u>	<u>-</u>	<u>(136,786)</u>

During 2016, the gains and losses of the year associated to the fair value variation, in the non-matured part (as described in IAS 39), of the hedging instruments, in the amount of 4,698,595 Euro (134,470

Euro as of 31 December 2015), were directly recorded under equity's captions net of the respective deferred tax, in the amount of (1,087,961) Euro ((62,096) Euro as of 31 December 2015) (Notes 12 and 19).

The gains and losses for the year associated to the fair value variation, during 2016, 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 2016 (Note 35).

28. CONTINGENT LIABILITIES AND GUARANTEES

As of 31 December 2016 and 2015, the bank guarantees provided by Group companies can be detailed as follows:

	31.12.2016	31.12.2015
AICEP/API (Note 21)	4,585,311	7,676,315
Others	1,415,827	1,468,674
	<u>6,001,138</u>	<u>9,144,989</u>

29. FINANCIAL COMMITMENTS NOT INCLUDED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

a) Pension Fund

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 December 31, 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 September 23, 2010 and approved on March 3, 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 February 28, 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 September 1, 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 August 29, 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, it was created a new defined contribution Pension Plan as part of Tejo Pension Fund, designated as Pension Plan CD, applicable to all active workers of Celtejo, Caima and Altri Florestal. To all employees admitted until April 30, 2014 was given the choice 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 on April 30 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.

In 2014 Celbi changed to a defined contribution scheme. Celbi makes a contribution 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.

In accordance 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 2016 and 2015 as well as the funds' patrimonial situation were as follows:

	2016		
	Caima/Celtejo/Altriflorestal	Celbi	Total
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

	2015		
	Caima/Celtejo/Altriflorestal	Celbi	Total
Current responsibilities for past services	12,997,878	n.a.	12,997,878
Assets of pension funds	12,220,331	n.a.	12,220,331

n.a. – not applicable

The movement in the present value of responsibilities for past services during the years ended 31 December 2016 and 2015 is as follows:

31 December 2016	Plans				Total
	Ex - Adminis. (DA)	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
Change to defined contribution	-	-	-	-	-
Benefits paid by the Pension Funds	(34,950)	(476,838)	(48,775)	(318,008)	(878,571)
Current services cost	-	-	15,482	21,263	36,745
Interest costs	25,334	207,894	90,596	148,844	472,668
Actuarial (gains)/losses					
Change of conditions	97,752	630,729	376,831	459,600	1,564,912
Others	(24,455)	21,620	(223,590)	14,771	(211,654)
Responsibilities at the year end	756,395	6,160,463	2,636,697	4,428,426	13,981,980

31 December 2015	Plans				Total
	Ex - Adminis. (DA)	Plan A	Plan B	Plan C	
Responsibilities in the beginning of the year	659,823	5,735,702	3,370,528	5,218,866	14,984,919
Change to defined contribution	-	-	(1,054,049)	(1,212,356)	(2,266,405)
Benefits paid by the Pension Funds	(34,776)	(473,635)	(37,882)	(303,787)	(850,079)
Current services cost	-	-	77,098	27,081	104,179
Interest costs	30,531	261,395	162,887	242,222	697,035
Actuarial (gains)/losses					
Change of conditions	35,434	198,016	172,990	158,735	565,175
Others	1,701	55,578	(265,419)	(28,807)	(236,946)
Responsibilities at the year end	692,713	5,777,058	2,426,153	4,101,955	12,997,878

The change verified on pension funds' patrimonial situation during the years ended 31 December 2016 and 2015 is as follows:

31 december 2016	Ex - Admin. (DA)	Plan A	Plan B	Plan C	Total
Pension funds value at the beginning of the year	623,876	5,401,049	2,313,426	3,881,980	12,220,331
Change to defined contribution	-	-	-	-	-
Pensions paid	(34,950)	(476,838)	(48,775)	(318,008)	(878,571)
Return on fund's assets	-	-	-	-	-
Others	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

31 December 2015	Plans				Total
	Ex - Adminis. (DA)	Plan A	Plan B	Plan C	
Pensions funds value in the beginning of the year	645,895	5,940,968	3,393,066	4,970,973	14,950,902
Change to defined contribution	-	-	(1,041,758)	(913,709)	(1,955,466)
Pensions paid	(34,776)	(473,635)	(37,882)	(303,787)	(850,079)
Return of fund's assets	-	-	-	-	-
Others	12,756	(66,284)	-	128,503	74,974
Pension funds value at the year end	623,876	5,401,049	2,313,426	3,881,980	12,220,331

Considering the difference between the value of responsibilities and the value of the pension funds on 31 December 2016, it was recorded a liability in the caption "Pension liabilities" in the amount of 1,750,818 Euro in order to cover possible liabilities related with to pension plans in effect. As of December 31, 2016 and 2015, changes in this caption can be detailed as follows:

31 december 2016	Plans				Total
	Ex - Admin. (DA)	Plan A	Plan B	Plan C	
Pension liabilities at the begin 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	-
Increase/ (reversal) in income statement	25,334	207,894	104,965	194,068	532,261
Pension liabilities at the end of the year	163,014	1,199,578	354,650	811,576	1,310,261

31 december 2015	Ex - Admin. (DA)	Plans			Total
		Plan A	Plan B	Plan C	
Pension liabilities at the begin of the year	-	-	-	-	-
Increase/ (reversal) in other comprehensive income	-	-	-	-	-
Increase/ (reversal) in income statement	68,837	376,459	112,729	219,975	778,000
Pension liabilities at the end of the year	<u>68,837</u>	<u>376,459</u>	<u>112,729</u>	<u>219,975</u>	<u>778,000</u>

The responsibilities of Celtejo Pension Plan are based, at December 31, 2016, in the following assumptions:

- (i) Calculation method "Projected Unit Credit"
- (ii) Mortality Tables TV 88/90;
- (iii) Income/discount Rate 2.5%;
- (iv) Growth Wage Rate 1%

Characteristics of Celtejo Pension Fund at December 31, 2016:

- (i) Portfolio composition:
 - a. 11.85% shares;
 - b. 65.19% bonds at fixed rates;
 - c. 9.76% bonds at variable rates;
 - d. 13.20% 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 are based, at December 31, 2015, in the following assumptions:

- (i) Calculation method "Projected Unit Credit"
- (ii) Mortality Tables TV 88/90;
- (iii) Income/discount Rate – 3,75%;
- (iv) Growth Wage Rate 1%

Characteristics of Celtejo Pension Fund, at December 31, 2015:

- (i) Portfolio composition:
 - a. 11.20% shares;
 - b. 68.27% bonds at fixed rates;
 - c. 10.30% bonds at variable rates;
 - d. 10.23% liquidity and other assets.
- (ii) Expected return of the assets of the Plan in the long run 3.75%.

According to the sensitivity analysis to discount/income rate variations, changes of 1 p.p. in this rate would have an impact in the net value of past services responsibilities of 1,250 thousand Euro.

b) Other commitments

As of 31 December 2016, the contractual obligations for the acquisitions of fixed assets assumed by the Group companies amounted to, approximately, 63,000,000 Euro (4,311,000 Euro as of 31 December 2015). These obligations relate with the ongoing projects, in Celbi and Celtejo, initiated in 2016 and that will keep going through 2017 (Note 7).

30. LEASE CONTRACTS

30.1 OPERATIONAL LEASES

During the year ended at 31 December 2016 it was recognized in the profit and loss statement an amount of, proximately, 9,990,885 Euro (10,150,000 Euro during the year ended at 31 December 2015) of operational leases rents, essentially, related with lands explored by the Group.

Additionally, at the balance sheet date the Group held as lessee, operational lease contracts, which minimal lease payments present the following maturity:

<u>Year</u>	<u>2016</u>	<u>2015</u>
Until 1 year	10,018,152	9,377,248
Between 1 year and 5 years	36,423,587	35,406,375
More than 5 years	<u>74,485,867</u>	<u>77,802,569</u>
	<u>120,927,606</u>	<u>122,586,192</u>

30.2 FINANCIAL LEASES

As of 31 December 2016 and 2015, the responsibilities reflected in the statement of financial position related to financial leases had the following maturity:

<u>Year</u>	<u>2016</u>	<u>2015</u>
Until 1 year (Note 26)	706,610	492,092
Between 1 year and 5 years	-	-
More than 5 years	-	-
	<u>706,610</u>	<u>492,092</u>

As at December 31, 2016 and 2015, 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.

31. RELATED PARTIES

The subsidiary companies of the Group have between each other transactions that classify as transactions with related parties and which are made at market prices.

In the consolidation procedures, the transactions between the companies included in consolidation by the full consolidation method are eliminated, once the consolidated financial statements present the owner and its subsidiaries information as one single company, therefore they are not disclosed in this note.

As of 31 December 2016 and 2015 the balances and transactions with related parties are as follows:

Transactions	Purchases and services		Sales and services		Interest income	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Associated companies and joint ventures (a)	2,332,922	2,439,999	16,042,281	15,875,568	217,812	239,431
Other related parties (b)	7,193,528	8,286,852	127,982	132,238	-	-
	<u>9,526,450</u>	<u>10,726,851</u>	<u>16,170,263</u>	<u>16,007,806</u>	<u>217,812</u>	<u>239,431</u>

Balances	Accounts payable		Accounts receivable		Loans granted	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Associated companies and joint ventures (a)	268,133	284,249	6,359,604	2,550,399	11,482,905	11,544,780
Other related parties (b)	6,404,548	6,365,430	127,982	2,650,057	-	-
	<u>6,672,681</u>	<u>6,649,680</u>	<u>6,487,586</u>	<u>5,200,456</u>	<u>11,482,905</u>	<u>11,544,780</u>

- (a) All entities consolidated by the equity method at December 31, 2016 and 2015 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 2016 and 2015, 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 2016 can be detailed as follows:

- Actium Capital, SGPS, S.A.
- Adcom Media – Anúncios e Publicidade S.A
- Alteria, SGPS, S.A.
- A Nossa Aposta – Jogos e Apostas On-line, S.A.
- Base Holding, S.G.P.S.
- Base M - Investimentos e serviços S.A.
- Caderno Azul, SGPS, S.A.
- Cofihold, SGPS, 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, SGPS, S.A.
- Expeliarmus – Consultoria, S.A.
- F. Ramada II, Imobiliária, S.A.
- F. Ramada Investimentos, SGPS, S.A.
- Grafedisport – Impressão e Artes Gráficas, S.A
- Livrefluxo, SGPS, 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, SGPS, S.A.
- VASP – Sociedade de Transportes e Distribuições, Lda.
- 1 Thing Investments, SGPS, S.A.

32. 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 2016 and 2015 amounted to 1,467,800 Euro and 1,390,200 Euro, respectively, corresponding only to fixed remuneration and were fully paid by the Company in 2016 and by its subsidiaries in 2015.

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 - 392,000 Euro; João Borges de Oliveira - 392,000 Euro; Domingos Matos - 225,400 Euro; Pedro Borges de Oliveira - 225,400 Euro; Ana Mendonça - 114,000 Euro; Laurentina Martins - 59,500 Euro; José Archer - 59,500 Euro.

On December 31, 2016, there are not: (i) plans or incentive systems related to grant of shares 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 29 a). On that date, the present value of pensions in payment related with this director amounted to 382,443 Euro and no contribution to the fund was made in 2016. The value received by her through the pension fund in 2016 was 33,705 Euro.

Altri, SGPS, SA does not have any plan to grant shares or stock options to the members of the governing boards or to its employees.

33. OTHER INCOME

As of 31 December 2016 and 2015, the caption "Other income" can be detailed as follows:

	31.12.2016	31.12.2015
Subsidies to investments and to exploitation	4,778,755	5,138,483
Gains on disposal or fixed assets	865,825	487,179
Gains on commodities derivate contracts	2,358,050	305,060
Others	1,540,276	1,920,132
	<u>9,542,906</u>	<u>7,850,855</u>

34. OTHER EXPENSES

As of 31 December 2016 and 2015, the caption "Other expenses" can be detailed as follows:

	31.12.2016	31.12.2015
Direct taxes and fees	1,848,198	1,775,215
Losses on commodities derivate contracts (Note 28)	-	28,355
CO2 License	99,663	706,000
Others	2,942,391	1,539,771
	<u>4,890,251</u>	<u>4,049,341</u>

35. NET FINANCIAL LOSSES

Consolidated net financial losses for the years ended 31 December 2016 and 2015 are made up as follows:

	<u>31.12.2016</u>	<u>31.12.2015</u>
Financial expense:		
Interest (Note 21)	(13,908,735)	(15,840,301)
Exchange losses	(3,338,429)	(6,379,199)
Losses in derivatives	(1,003,820)	(3,257,100)
Other financial expenses	(6,327,368)	(6,468,939)
	<u>(24,578,351)</u>	<u>(31,945,538)</u>
Financial income:		
Interest	602,592	2,584,521
Exchange gains	4,739,370	5,129,561
Other financial income	623,978	559,687
	<u>5,965,940</u>	<u>8,273,770</u>

The caption "Losses on derivatives" corresponds to the losses originated by the changes of the derivatives fair value and the loss on interest rate derivatives instruments that matured or were paid until that date (Note 27).

The caption "Other financial expenses and losses" includes, mainly, expenses with loans setup, which are recognized in the profit and loss statement through the duration of those loans (Note 21).

36. AMORTISATION AND DEPRECIATION

As of 31 December 2016 and 2015, the caption "Amortisation and Depreciation" can be detailed as follows:

	<u>31-12-2016</u>	<u>31-12-2015</u>
Tangible fixed assets (Note 7)	51,113,207	52,746,593
Investment properties (Note 8)	-	7,381
Intangible Assets (Note 10)	78,791	79,708
	<u>51,191,998</u>	<u>52,833,682</u>

37. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2016 and 2015 were determined taking into consideration the following amounts:

	31-12-2016	31-12-2015
Number of shares for the computation of basic and diluted earning	205,131,672	205,131,672
Net profit considered for the computation of basic and diluted earning	76,977,826	117,656,401
Earnings per share		
Basic	0.38	0.57
Diluted	0.38	0.57

As of 31 December 2016 and 2015, there are no dilution effects of the number of shares issued.

38. SEGMENTAL INFORMATION

On 16 April 2008, was signed the Altri SGPS, S.A. spin-off public deed. Under the terms of that project, the planned reorganization implies 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 2016 and in 2015 by the Group, according to the geographic segments, were as follows:

	<u>31.12.2016</u>	<u>31.12.2015</u>
Domestic market	116,161,818	123,551,976
International market	486,791,011	533,422,409
	<u>602,952,829</u>	<u>656,974,385</u>

39. PAYROLL EXPENSES

During the years ended 31 December 2016 and 2015, the average number of employees of the companies included in the consolidated financial statements by the full consolidation method was of 682 and 666, respectively.

As of 31 December 2016 and 2015, the caption "Personnel expenses" can be detailed as follows:

	<u>31.12.2016</u>	<u>31.12.2015</u>
Remunerations	24,132,202	24,232,014
Social security contributions	4,565,536	4,735,135
Pension costs	1,642,889	1,110,341
Employee benefits	234,185	1,018,172
Indemnities	435,508	1,707,751
Insurances	720,386	671,754
Others	2,105,578	1,801,863
	<u>33,836,284</u>	<u>35,277,030</u>

40. EXTERNAL SUPPLIES AND SERVICES

As of 31 December 2016 and 2015, the caption "External Supplies and Services" can be detailed as follows:

	<u>31.12.2016</u>	<u>31.12.2015</u>
Energy	36,914,260	40,762,611
Transport of goods	34,534,687	30,612,214
Fuels	15,962,027	20,095,613
Plantations	15,857,077	16,156,437
Maintenance and repair	12,210,386	13,685,738
Rents and leasing	10,786,865	10,722,571
Others	34,869,888	30,801,023
	<u>161,135,191</u>	<u>162,836,207</u>

41. FEES OF STATUTORY AUDITOR

The remuneration paid to auditors of the Group and other individuals or entities belonging to the same network, by all the group companies in 2016 and 2015, were as follows:

	<u>31.12.2016</u>	<u>31.12.2015</u>
Statutory Audit (in Euro)	210,817	253,944
Other assurance services (in Euro)	178,927	198,044
Tax consulting services (in Euro)	77,873	55,453
Other services (in Euro)	73,290	152,155
	<u>540,907</u>	<u>659,596</u>

42. ALLOCATION OF NET PROFIT

As regards the year 2015, the Board of Directors proposed in its annual report that the individual net profit of Altri, SGPS, S.A. amounting to 103,489,990.30 Euro would be transferred to Legal Reserves - 791,793.55 Euro, to Free Reserves - 132,360.75 Euro and the amount of 102,565,836.00 to dividends. These proposals were approved by the General Shareholders' Meeting held on April 21, 2016.

For 2016, the Board of Directors proposes in its annual report the individual net profit of Altri, SGPS, S.A., amounting to 59,541,558.30 Euro, to be allocated as follows:

Free reserves	8,258,640.30
Dividends distribution	51,282,918.00

	59,541,558.30
	=====

43. ENVIRONMENTAL INFORMATION

Following the Kyoto Protocol, the European Union committed herself 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 2016.

As of 31 December 2016, 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.

44. SUBSEQUENT EVENTS

On March 2017, Altri SGPS, S.A. issued a bond loan amounting 70 million Euro with a maturity of 7 years, designated "Altri 2017-2024". In the same date, the company acquired 500 bonds representative of the bond loan "Altri/Novembro 2018", amounting 50 million Euro, having amortised and cancelled them. After these operations, this loan is now represented by 200 bonds with a nominal value of 20 million Euro. These transactions, approved by the Board of Directors in 2017, are in line with the group's financial strategy of extending maturities, reinforcing equity structure and diversifying financing sources.

Additionally, as of March 2017 Celbi used the early redemption clause (exercising the call option of the contract) and reimbursed the remaining amount of bond loan "Celbi 2014/2019", represented by 327 bonds with a nominal value equal to 32,700,000 Euro and that had not been exchanged in November, 2016 private bond exchange offer (Note 21).

45. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors and authorized for issuance on 23 March 2017. The final approval depends on the agreement of the General Shareholders Meeting.

46. 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 chartered accountant

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

STATUTORY AUDIT CERTIFICATION AND AUDIT REPORT

(Translation of a Report and Opinion originally issued in Portuguese.)

In case of discrepancy the Portuguese version prevails)

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and separated financial statements of Altri, SGPS, S.A. ("the Entity") and of its subsidiaries ("the Group"), which comprise the consolidated and separated statement of financial position as at 31 december 2016 (that presents a total of Euro 1,285,066,552 and Euro 295,460,809 respectively, and a total consolidated and separated equity of Euro 343,642,196 and Euro 105,666,374, respectively, including a net consolidated profit of Euro 76,977,826 and a net separated profit of Euro 59,541,558), the consolidated and separated statement of profit and loss by nature, the consolidated and separated statement of comprehensive income, the consolidated and separated statement of changes in equity and the consolidated and separated statement of cash flows for the year then ended, and the accompanying notes to the consolidated and separated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated and separated financial statements present true and fairly, in all material respects, the consolidated and separated financial position of Altri, SGPS, S.A. as at 31 december 2016 and of its financial performance and its consolidated and separated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further standards, technical and ethical directives of the Portuguese 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 from the entities that constitute the Group in the terms of the law and we have fulfilled our other ethical responsibilities arising from the requirements of the ethical code of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas").

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 consolidated and separated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Applicable to the consolidated financial statements:

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
<p>Impairment of Goodwill</p> <p>(Notes 2.2.d), 2.3.s) and 9 of the notes to the consolidated financial statements)</p> <p>As of December 31st 2016, the carrying amount of Goodwill amounted to 265,531 thousand Euro.</p> <p>As required by the International Financial Reporting Standards, management prepares on a yearly basis an impairment test of the Goodwill recognized on consolidated financial statements.</p> <p>The impairment tests performed incorporate significant and complex judgments, the discounted cash flows models are based on several assumptions associated with the operations future profitability, namely, growth rates and discount rates.</p> <p>This model is both used for the impairment test of goodwill on the consolidated financial statements (265,531 thousand Euro) and the impairment analysis of the book value of Investments in group companies on the separated financial statements (143,069 thousand Euro)</p> <p>Considering the amounts, complex nature and significant judgements involved, we understand that this area is subject to significant risks of material misstatement, and thus is a key audit matter.</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> - evaluation of the design and implementation of the relevant control procedures related with evaluation of the recoverability of Goodwill; - obtaining the valuation models approved by the Board of Directors, that were prepared and used by management to determine the recoverable amount of each cash generating unit; - analysing the assumptions made, including discount rates, long term growth rates and estimated cash flows. In order to do so: (i) we involved our internal specialists to challenge the assumptions, discount rates, long term growth, as well as to assess if the computation of the models was made correctly; (ii) assess the reasonableness of the estimated cash flows comparing historical information with the 2017 approved budget. <p>Our work also included the analysis of the accuracy of the associated disclosures, considering the applicable accounting principles.</p>

Impairment of biological assets

(Notes 2.3.i), 2.3.s) and 11 of the consolidated financial statements).

As stated in Note 2.3 i) of the notes to the consolidated financial statements, Altri Group holds forests as biological assets, which uses as raw material in the production process, that are recorded at acquisition cost.

On an annual basis, management prepares an impairment test for its biological assets at year end. The impairment tests performed incorporate significant and complex judgments, the discounted cash flows models are based on several assumptions, namely, expected sale price of wood and allocation by species of the costs to be incurred until the first cut. The present value of these cash flows is computed considering a discount rate.

Considering the amounts, complex nature and significant judgements involved, we understand that this area is subject to significant risks of material misstatement, and thus is a key audit matter.

Our audit procedures in this area included:

- evaluation of the design and implementation of the relevant control procedures related with evaluation of the recoverability of biological assets, as well as relevant control procedures related with maintenance of the forest master file on which the impairment test is based.
- obtaining the impairment test prepared by management in order to determine the recoverable amount of these assets, and assess if the model is appropriate and the computation was done correctly;
- analysing the assumptions made, including discount rates, expected sale price of wood and costs to be incurred until the first cut. In order to do so: (i) we involved our internal specialists to challenge the discount rates used; (ii) assessed the reasonableness of the wood price considering historical data; (iii) analysed the reasonableness of costs to be incurred until the first cut and allocation between species by comparing with costs incurred on the current year and assessing if all relevant costs are being considered.

Our work also included the analysis of the accuracy of the associated disclosures, considering the applicable accounting principles.

Tax contingencies / Provisions and contingent liabilities

(Notes 2.3.j), 2.3.m), 2.3.s) and 22 of the notes to the consolidated financial statements)

As at December 31st 2016 there are some pending litigations with tax authorities, some of which are already being trialled in court. The Group has recorded provisions for all pending litigations for which it is considered probable that a future outflow will occur.

The classification of the pending litigations as contingent liabilities or provisions, and its measurement in accordance with IAS 37 – Provisions, contingent liabilities and contingent assets, are matters that imply a significant amount of judgement and uncertainty. Thus there is a risk that the decisions made and/or the amounts estimated for the future outflows might not be adequate.

Considering the amount of provisions recorded, the amounts of the pending litigations and the complex nature and significant judgements involved, we understand that this area is subject to significant risks of material misstatement, and thus is a key audit matter

Our audit procedures in this area included:

- we obtained from the tax department of the Group, an update of the relevant pending tax litigations, including the assessment of the probability of the future outflow, as required by the applicable accounting principles;
- we obtained confirmations from legal and tax counsellors and advisors of all the pending litigations as well as changes and developments occurred during the year and current situation;
- for a sample of the pending litigations, made through qualitative and quantitative criterions, we involved internal specialists in order to analyse and assess the probability of the future outflow according to the applicable accounting principles;
- discussed with management and external experts the assumptions and statements supporting the classification made, challenging them;
- Additionally, for the selected sample, we also reviewed the correspondence related with those litigations in order to assess the reasonableness of management's assumptions and computations.

Our work also included the analysis of the accuracy and completeness of the associated disclosures, considering the applicable accounting principles.

Applicable to the separated financial statements:

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
Impairment of investments in group companies	
<p>(Notes 2.2.f.i), 2.2.f.ii) and 4 of the notes to the separated financial statements)</p> <p>As stated in Note 2.2.f.i) e 2.2.f.ii) the investments in group companies are classified as held for sale, in accordance with applicable accounting principles. They are recorded at acquisition cost less impairment losses recognized, as management understands it is not possible to reliably measure their fair value.</p> <p>As at December 31st 2016 the Entity held investments in group companies recorded at acquisition cost less impairment losses recognized on its separated financial statements, amounting to 143,069 thousand euro (same amount as of December 31 2015).</p> <p>Considering the relevance of these assets for the separated financial statements as well as the judgements involved, we understand that this is a key audit matter.</p>	<p>Our audit procedures in this area are based on the procedures performed to analyse the impairment tests of goodwill on the consolidated financial statements, as well as on the assessment if the computation of the models was made correctly and analysis of all other assumptions made and models applied.</p> <p>Our work also included the analysis of the accuracy of the associated disclosures, considering the applicable accounting principles.</p>

Responsibilities of Management and Supervisor Body for the consolidated and separated financial statements

Management is responsible for:

- the preparation of consolidated and separated financial statements that present true and fairly, in all material respects, the financial position, the financial performance and the cash flows of the Entity and the Group in accordance with IFRS as adopted by the European Union;
- the preparation of a management report, including a corporate governance report, under the applicable legal and regulatory terms;
- the implementation and maintenance of an appropriate internal control system that allows the preparation of financial statements that are free from material misstatements due to fraud or error;
- the adoption of accounting principles and criteria appropriate in the circumstances; and
- the evaluation of the Group's ability to continue as a going concern, disclosing, whenever applicable, the matters that may cast significant doubt on the continuity of the Entity's operations.

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 responsibility consists in obtaining a reasonable assurance on whether the consolidated and separated financial statements as a whole are free from material misstatements, 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 skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and separated 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 Entity's and 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 report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated and separated financial statements, including the disclosures, and whether the consolidated and separated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- we 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 and separated 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;
- we provide the Supervisory Body with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes also the verification of the agreement between the information included in the Management report with the consolidated and separated financial statements and the verifications required in article 451, numbers 4 and 5, of the Portuguese Commercial Code ("Código das Sociedades Comerciais").

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management report

In compliance with article 451, number 3.e) of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), in our opinion, the Management report was prepared in accordance with the applicable law and regulations and the information included therein is in agreement with the audited consolidated and separated financial statements, and considering our knowledge and appreciation of the Group, we did not identify material misstatements.

About the corporate governance report

In compliance with article 451, number 4, of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we conclude that the corporate governance report includes the elements required to the Entity under the terms of article 245-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material mistakes in the information disclosed in such report, which, accordingly, complies with the requirements of items c), d), f), h), i) and m) of that article.

About the additional elements included in article 10 of Regulation (UE) 537/2014

In compliance with article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of April 16th, 2014, and beyond the key audit matters mentioned above, we further report on the following:

- We have been appointed auditors of Altri, SGPS, S.A. for the first time in the shareholders' general assembly that took place on February 15th 2005 for a mandate covering the period between 2005 and 2007. We have been elected in the shareholders' general assembly that took place on April 24th 2014 for a second mandate covering the period between 2014 and 2016.
- The Supervisory Body confirmed to us that is unaware of the occurrence of any fraud or suspected fraud with a material effect in the financial statements. As part of the planning and execution of our audit in accordance with ISAs, we kept professional scepticism and designed audit procedures to respond to the risk of material misstatements in the consolidated and separated financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the consolidated and separated financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Group's Supervisory Body as at March 31st 2017.

- We declare that we have not rendered any prohibited services under the terms of article 77, number 8, of the Legal Regime of the Portuguese Statutory Auditors and that we kept our independence from the Group during the execution of the audit.
- We inform (I) that, beyond the audit, we rendered to the Group the following services allowed by the law and regulations applicable:

Other assurance services	178 927
Tax consulting services	77 873
Other services	<u>73 290</u>
	<u>330 090</u>

Porto, March 31st 2017

Deloitte & Associados, SROC S.A.
Represented by António Manuel Martins Amaral, ROC



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 2016, 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 2016, 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 analyzed 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 2016, which comprehends the consolidated and separated statement of financial position for the year ended as of December 31, 2016, 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 analyzed the Additional Report to the Statutory Audit Board and other documentation issued by the representative of Deloitte & Associados, SROC SA, 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 2016;
2. Nothing prevents the approval of the separated and consolidated Financial Statements for the year 2016;
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.

Porto, March 31, 2017

The Statutory Audit Board

Pedro Pessanha
Statutory Audit Board President

André Pinto
Statutory Audit Board Member

José Guilherme Silva
Statutory Audit Board Member



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