1ST HALF REPORT 2017

The Navigator Company, S.A.
Public Limited Company

Share Capital: 717 500 000 Euros
Corporate Entity: 503 025 798
Registered at the Commercial
Register of Setúbal
Headquarters: Península de Mitrena
Freguesia do Sado · Setúbal

THE NAVIGATOR COMPANY

DIRECTORS´ REPORT ON THE FIRST HALF OF 2017

CONTENT

SUMMARY OF LEADING INDICATORS – IFRS

(Quarter figures unaudited)

in million euros	H1 2017	H1 2016	% Change H1 17 / H1 16
Total sales	812.6	778.6	4.4%
EBITDA (1)	**198.4**	**195.3**	**1.6%**
Operating profits	123.4	107.9	14.4%
Financial results	- 8.3	- 13.5	-38.3%
Net earnings	**96.0**	**85.5**	**12.4%**
Cash flow	171.0	172.8	-1.8
Free Cash Flow (2)	72.8	31.3	41.5
Capex	35.2	75.3	-40.1
Net debt (3)	737.9	793.2	-55.3
EBITDA / Sales (%)	**24.4%**	**25.1%**	**-0.7 pp**
ROS	11.8%	11.0%	0.8 pp
ROE	16.6%	14.6%	1.9 pp
ROCE	13.4%	11.4%	1.9 pp
Equity ratio	44.9%	46.2%	-1.3 pp
Net Debt / EBITDA (4)	1.8	2.0	-0.1

in million euros	Q2 2017	Q1 2017	% Change Q2 /Q1
Total sales	420.0	392.7	7.0%
EBITDA (1)	**108.2**	**90.2**	**20.0%**
Operating profits	71.4	52.0	37.2%
Financial results	- 4.4	- 3.9	11.0%
Net earnings	**60.5**	**35.6**	**70.0%**
Cash flow	97.3	73.7	23.6
Free Cash Flow (2)	48.7	24.2	24.5
Capex	20.9	14.3	6.6
Net debt (3)	737.9	616.6	121.3
EBITDA / Sales (%)	**25.8%**	**23.0%**	**2.8 pp**
ROS	14.4%	9.1%	5.3 pp
ROE	20.5%	11.4%	9.2 pp
ROCE	15.4%	11.1%	4.3 pp
Equity ratio	44.9%	51.8%	-6.8 pp
Net Debt / EBITDA (4)	1.8	1.6	0.28

(1) Operating profits + depreciation + provisions
(2) Var. Net debt + dividends + purchase of own shares
(3) Interest-bearing net debt – liquid assets
(4) EBITDA corresponding to last 12 months
(5) Variation in figures not rounded up/down

Note on the fires in June in Pedrógão Grande

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

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

1. ANALYSIS OF RESULTS

1st Half 2017 vs. 1st Half 2016

Turnover increased by 4.4%, to € 812.6 million, sustained essentially by strong performance in sales of pulp, power and tissue.

Pulp sales grew by roughly 41%, to more than 182 thousand tons, driven by the strong demand recorded over the period and the increased availability of market pulp at the Cacia mill in relation to the 1st Half of 2016. Throughout the semester, pulp prices evolved positively and the benchmark PIX - BHKP index in euros averaged 682 €/ton, as compared to 649 €/ton in the same period in the previous year. In spite of a positive evolution over the first half of 2017, the Group´s average price in this period remained slightly below the first half of 2016 and pulp sales in value totalled € 92 million, representing a growth of 40%.

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

Tissue sales recorded growth, up by 15.6% in volume, to approximately 37 thousand tons, taking full advantage of the expansion in production and converting capacity over the course of 2015. The increase in quantities sold, combined with a slight decline in the average sales price, resulted in tissue sales worth € 37.1 million (up 13.0%).

In the first half of 2017, the value of power sales increased by 23% in relation to the first half of 2016, reflecting the normal operation of the renewable cogeneration facilities in Cacia and Setúbal. It should be recalled that power sales in the first half of 2016 were adversely affected by (i) the stoppage of TG3 at the renewable cogeneration plant at the Setúbal pulp mill; (ii) the breakdown in TG4 at the cogeneration plant at the Cacia pulp mill. Power sales also benefited from rising Brent prices in relation to the same period in the previous year, which has a direct influence on the relevant index.

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

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

In this context, EBITDA totalled € 198.4 million, 1.6% up on the figure recorded in the previous year, and reflecting an EBITDA/Sales margin of 24.4%.

Throughout the first half, the Group continued to work on the global reduction of costs and on improving productivity. Therefore, the number of initiatives under the M2 program recorded an increase, which translated into significant cost reduction estimated at € 10 million.

In terms of raw materials, the Group recorded an overall improvement in average costs thanks to the reduction achieved in average wood purchasing prices, which offset the increase in specific consumption, resulting from the use of wood from sources offering poorer industrial performance.

In terms of the forest fires which occurred in June in the municipalities of Pedrógão Grande, Góis and Sertã, estimates point to a burned area of around 50 thousand hectares, with roughly

800 hectares of Navigator forests affected. Although the direct impact of this fire on the Group's forest holdings was not significant, several Portuguese suppliers have been affected, and it is still too early to evaluate the possible impact of these fires on future years. In any case, no risks are currently anticipated to the supply of wood to the Group's industrial plants.

In terms of financial results for the first half, the Group recorded costs of € 8.3 million euros, as compared with costs of € 13.5 million recorded in the first half of 2016. This improvement was due essentially to the significant reduction in borrowing costs, with interest expense down by approximately € 4.0 million, thanks to the restructuring of debt and contracting of new borrowing. When compared YoY, financial results were also positively impacted by non-recurring impacts in 2016, namely the premium paid for the call exercise on the high yield bond and the reversal of costs associated with tax contingencies.

Net income totalled € 96.0 million, as compared € 85.5 million recorded in the first half of 2016.

2nd Quarter 2017 vs 1st Quarter 2017

Second quarter performance reflected improving market conditions over the first months of the year. Turnover grew by 7.0% in comparison with the previous quarter, due essentially to the increased volume of paper sales (+7.9%), and strong performance in pulp business, where the sales volume was up by 1.8%, accompanied by a rise of 11.5% in the BHKP benchmark price index (in euros).

As a result, 2nd quarter EBITDA stood at € 108.2 million, representing an increase of 20%, whilst the EBITDA/Sales margin improved by 2.8 pp, to 25.8%. EBIT totalled € 71.4 million, as against € 52 million in the first half.

Net income of € 70 million recorded in the 2nd quarter compares very favourably with € 35.6 million in the 1st quarter, benefiting from a lower effective tax rate, due to adjustments made related to overestimated taxes in 2016.

2. MARKET ANALYSIS

2.1 UWF Paper

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

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

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

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

Significantly, the sector was faced with a sharp increase in pulp prices, one of the main cost items in paper manufacture. This and other cost factors, combined with the pressure of supply and demand, led to price increases across Europe (in February and April), and also in the Middle East and North Africa (in January and April), led by The Navigator Company, which implemented further price increases in Europe in July.

In this context, The Navigator Company recorded turnover in line with the previous year, as its product mix improved and premium products represented a larger proportion of total sales (up 0.5 p.p. YoY). Sales of the Company's own brands also grew and the second quarter was the best for two years in terms of the market share enjoyed by its Cutsize and Folio brands. Own brand sales also improved as a proportion of total sales in European markets in relation to the first half of 2016 (up 0.3 p.p. YoY).

2.2 Tissue Paper

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

In this setting, tissue business performed well during the first half of 2017, with sales in volume growing by 15.6%, made possible, as reported above, by the expansion in production and converting capacity over the course of 2015. Sales increased in value by 13.1%, to € 37.1 million, whilst the sales price fell by 2.2%. The Group recorded healthy operating rates, both for production of reels and in converting. Tissue sales were made mostly in Portugal (63%) and Spain (34%), with the Away-from-Home segment representing 50% of sales and the At-Home segment 26%. The Group has succeeded in growing its sales of kitchen and handtowel products (including napkins and facial tissues), products which traditionally offer better margins than toilet paper.

2.3 BEKP Pulp

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

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

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

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

In this context, The Navigator Company's sales totalled more than 180 thousand tons in the first half, up by 40% on the same period in 2016, benefiting from the positive market environment. Sales were carefully targeted over the period at different geographical regions, in order to benefit from the significant price differentials in different parts of the world, thereby maximizing our business profitability.

2.4 Operating indicators

Pulp and Paper

(in 000 tons)	1T 2016	2T 2016	3T2016	4T2016	1T2017	2T 2017
BEKP Output	370.2	373.4	367.8	359.0	382.4	377.4
BEKP Sales	64.6	65.1	71.2	89.8	90.4	92.0
UWF Output	397.7	397.0	399.9	392.4	396.4	383.4
UWF Sales	377.8	397.7	380.0	431.3	371.3	400.6
FOEX – BHKP Euros/ton	687	613	600	607	645	719
FOEX – BHKP USD/ton	757	694	670	654	686	792
FOEX – A4- BCopy Euros/ton	836	830	820	807	803	808

Tissue

(in 000 tons)	1T 2016	2T 2016	3T2016	4T2016	1T2017	2T 2017
Reels Output	11.2	7.9	13.1	14.7	14.7	13.6
Output of finished products	10.1	10.0	10.9	10.8	11.7	12.6
Sales of reels and goods	1.7	2.2	2.4	2.7	2.7	1.7
Sales of finished products	9.7	10.7	10.7	10.8	11.3	12.3
Total sales of tissue	11.4	12.9	13.2	13.5	14.0	14.0

Energy

(in 000 tons)	1T 2016	2T 2016	3T2016	4T2016	1T2017	2T 2017
Production (GWh)	508.1	519.7	537.2	549.4	561.3	556.4
Sales (GWh)	389.5	385.8	425.3	440.7	449.4	446.8

3. STRATEGIC DEVELOPMENT

The Group has pressed ahead with its development projects as announced, in particular the construction of a tissue mill in Cacia and expansion of pulp capacity at the Figueira da Foz mill. As a result, capital expenditure in the first half totalled € 35.2 million, divided essentially between the project in Figueira da Foz (€ 19.7 million), pulp and paper business (€ 8.8 million), tissue in Cacia (€ 2.5 million) and tissue Vila Velha de Rodão (€ 2.1 million).

Tissue project in Cacia

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

Expansion of Pulp Capacity in Figueira da Foz

The project at the Figueira da Foz site is designed to improve production efficiency and environmental performance, whilst at the same time increasing annual capacity by 70 thousand tons, to a total of 650 thousand tons of BEKP pulp. Overall investment is estimated at around € 85 million euros and includes important environmental improvements, namely in terms of reduction of odour, residues, air and liquid emissions. Significant progress was made in starting up construction work on piles and adjudication of the civil construction contract. Installation of the main plant is planned for September 2017; the company estimates that the first production tests will start after the maintenance stoppage programmed for March 2018.

Mozambique

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

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

4. COST CUTTING MEASURES

The Navigator Company's cost cutting programme (M2) has continued to outperform the previous year's results, with an impact of € 10 million on EBITDA (YoY) in the first half of 2017. Of a total of 64 projects successfully launched during the period, the positive impact of this programme was felt most clearly in energy purchasing (1.9 M€), packaging purchases (1.5 M€) and in dispatch logistics (0.8M€). A range of initiatives are still being implemented in our manufacturing facilities to improve efficiency in plant and processes. These include projects to cut production of waste and to control consumption of raw materials/chemicals at Figueira da Foz and to cut maintenance costs in Setúbal, helping to boost Group profits by 0.9 million euros.

Another significant contribution to cost savings is being made by the Lean System, which is being rolled out across the Group. Preparations are under way for launching the system at the Cacia site, in the 2 paper mills at the Figueira da Foz site, at mills 1 and 3 at the Setúbal site and in the Supply Chain and Production Planning Department.

5. FINANCIAL

At the end of the 2nd Quarter, the Group's gross debt stood at € 823.8 million euros, with net debt at € 737.9 million, representing an increase of € 97.2 million in relation to year-end 2016, essentially as a result of paying dividends of € 170 million in June. Cash flow generation over the period was also constrained by the following factors:

(i) the capex programme under way, with investment of € 35.2 million in the period;
(ii) increased stocks, resulting above all from increased stocks of wood, caused by brisk pace of purchasing in the Iberian peninsula, on competitive terms;
(iii) a reduction in payables, in particular to suppliers of fixed assets (adjustment of prior period balances) and significant payments to the State (IRC - corporation tax).

As a result the Net Debt / EBITDA ratio edged up from the figure of 1.61 recorded at the end of 2016, to 1.84 at the end of June.

In 2016, Navigator completed a radical restructuring of its debt, which had started in 2015. This consisted of extending debt maturities and reducing costs, and the effects continued to be felt in the first half of 2017. At the end of June, the average maturity of Navigator's debt was 3.9 years and the average cost (all-in) was 1.6%.

At the end of the first half the Group had € 105.0 million in commercial paper programmes contracted but not used, with maturities of more than one year, and liquid assets of € 85.9 million, showing that it continues to enjoy a comfortable of liquidity which allows it to meet its commitments, including distribution in July of reserves of € 80 million.

The Group continues to present a robust financial profile, and this was underlined over the period when the rating agencies S&P and Moody's confirmed the Group's long term ratings of “BB” and “Ba2” respectively, both with a “stable” outlook.

6. CAPITAL MARKETS

Performance in equity markets was positive throughout the first half, both in Europe and the United States. The Portuguese market was no exception and recorded gains of 10%.

The upturn in the pulp and paper market was reflected in general by strong performance on the stock exchanges. Significant gains were recorded by Iberian pulp and paper manufacturers, and Navigator in particular, whose shares accumulated gains from year-end 2016 to 30 June 2017 of 15.8%, outperforming the PSI20 and in line with the average for companies in the sector.

Navigator shares reached a high for the period of 4.072€/share on 1 June, up from a low of 3.264€/share on 23 January. The daily trading volume grew over the period, and averaged at around 820 thousand shares traded daily. At the end of June, stock market capitalisation totalled € 2.7 billion. Also in June, Navigator paid a first dividend tranche, totalling € 170 million, corresponding to a gross dividend per share of € 0.23710.

7. OUTLOOK

At the close of the first half of 2017, expectations continue to point to a gradual upturn in the world economy, with favourable performance in the developed and also the emerging markets. Particularly positive signs can be observed in the Economic and Monetary Union countries, where various indicators have returned to their highest levels prior to the international financial crisis, confirming the scenario of robust growth in the second quarter. In the emerging markets, China leads the way in economic performance, with the full range of indicators pointing towards sustained growth.

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

Tissue business in 2017 is feeling the effects of the stronger economy in general, and of rising employment and income levels in particular, although it has also reflected a sharp rise in competition in Iberia. The Group will continue to work on developing its sales, although it expects increased pressure on its margin due to the sharp rise in pulp prices and new capacity coming on to the market.

In the paper market, the Group has felt the benefit of improving market conditions as from the end of 2016, in a trend which continued throughout the first half. Significantly, global figures from PPPC/Eurograph point to growth in UWF demand of 1.1% (YTD May 2017), making this the only segment in printing papers to record growth in the last two years. After implementing two price rises during the first half, the Group has announced a further price increase for its products to be implemented from July onwards, in Europe and in markets in the Middle East and Northern Africa. Navigator's 60-day order book is currently at an all-time high, allowing it to anticipate a fairly robust third quarter.

Setúbal, 27 July 2017

Subsequent Events

Payment of Dividends

On 5 July, The Navigator Company paid the second tranche of dividends, corresponding to distribution of reserves, approved at the General Meeting of 24 May 2017. This involved an overall sum of approximately € 80 million, equivalent to a gross dividend per share of € 0.1116. Therefore, total amount paid in dividends relating to 2016 was € 250 million.

Proposed legislation altering the legal rules on forestation and reforestation

Navigator views with great concern the new draft legislation approved by the Portuguese Parliament on 19 July 2017, prohibiting new eucalyptus plantations and introducing arrangements that will result in constraints on renewal of existing plantations of this species. This legislative package only allows new plantations which replace existing plantations and requires a gradual reduction in new areas, so that, after five years, the ratio of new eucalyptus areas will corresponding to half of each hectare of reduced eucalyptus.

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

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

Implementation of this legislation will of course add to the already heavy burden of paying for expensive imports of raw material for the eucalyptus pulp industry. The losers are the pulp manufacturers, who are less able to compete internationally, and the country as a whole, which loses foreign revenues and sees jobs disappear.

8. MANDATORY INFORMATION

DECLARATION REFERRED TO IN ARTICLE 246.1 C) OF THE SECURITIES CODE

Article 246.1 c) of the Securities Code requires that each of the persons responsible for issuers should make a number of declarations as established in the Code. For this purpose, The Navigator Company has adopted a standard declaration, which reads as follows:

I hereby declare, under the terms and for the purposes of Article 246.1 c) of the Securities Code, that, to the best of my knowledge, the condensed financial statements of The Navigator Company, S.A., for the first half of 2017, were drawn up in accordance with the applicable accounting rules, and provide a true and fair view of the assets and liabilities and the state of affairs of the said company and the companies included in the consolidated accounts, and that the interim management report faithfully sets out the information required by Article 246.2 of the Securities Code.

As required by the same provision, we list below the persons subscribing the declaration and the office they hold:

Name	Office
Pedro Mendonça de Queiroz Pereira	Chairman of the Board of Directors
Diogo António Rodrigues da Silveira	Deputy Chairman of the Board of Directors and Chief Executive Officer
Luis Alberto Caldeira Deslandes	Deputy Chairman of the Board of Directors
João Nuno de Sottomayor P. de Castello Branco	Deputy Chairman of the Board of Directors
António José Pereira Redondo	Executive Director
João Paulo Oliveira	Executive Director
José Fernando Morais Carreira Araújo	Executive Director
Manuel Soares Ferreira Regalado	Executive Director
Nuno Miguel Moreira de Araújo dos Santos	Executive Director

Adriano Augusto da Silva Silveira	Director
José Miguel Pereira Gens Paredes	Director
Manuel Soares Ferreira Regalado	Director
Paulo Miguel Garcês Ventura	Director
Ricardo Miguel dos Santos Pacheco Pires	Director
Vitor Manuel Galvão Rocha Novais Gonçalves	Director
Miguel Camargo de Sousa Eiró	Chairman of the Audit board
Gonçalo Nuno Palha Picão Caldeira	Audit board member
Jose Manuel Oliveira Vitorino	Audit board member

DISCLOSURE REQUIRED BY ARTICLE 9.1 a) AND c) AND ARTICLE 14.7 OF CMVM REGULATIONS 5/2008

(With reference to the first half of 2017)

1. INFORMATION ON SECURITIES HELD BY COMPANY OFFICERS

a) Securities issued by the company and held by company officers:

António José Pereira Redondo: 6 000 shares

Adriano Augusto da Silva Silveira: 2 000 shares

b) Securities issued by companies controlled by or controlling Portucel, held by company officers (*):

José Miguel Pereira Gens Paredes: 70 bonds "Obrigações SEMAPA 2014/2019"

José Fernando Morais Carreira de Araújo: 100 bonds "Obrigações SEMAPA 2014/2019"

c) Acquisition, disposal, encumbrance or pledge of securities (*)issued by the company, controlled or controlling companies by company officers and the companies referred to in b) and c):

There were no transactions during the period.

(*) The bonds with the name "Obrigações SEMAPA 2014/2019" correspond to bonds issued by Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. with a variable rate corresponding to the 6 months EURIBOR rate, listed on the following working day TARGET immediately prior to the date of beginning of each interest period, added 3.25% per annum and maturity in 2019.

2. LIST OF HOLDERS OF QUALIFYING HOLDINGS, CALCULATED UNDER THE TERMS OF ARTICLE 20 OF THE SECURITIES CODE ON JUNE 30TH 2017:

Entity	Attributed	Number of shares	% capital	% of non-suspended voting rights
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	Directly	256,033,284	35.68%	35.71%
Seinpar Investments B.V.	Indirectly through Company controlled by the shareholder Semapa	241,583,015	33.67%	33.69%
Seminv - Investimentos, SGPS, SA	Indirectly through Company controlled by the shareholder Semapa	1,000	0.00%	0.00%
	Total attributable to Semapa	**497,617,299**	**69.35%**	**69.40%**
Fundo de Pensões do Banco BPI	Directly	30,412,133	4.24%	4.24%
	Total attributable to Banco BPI	**30,412,133**	**4.24%**	**4.24%**
Norges Bank (the Central Bank of Norway)	Directly	13,238,747	1.85%	1.85%
	Indrectly through shares on loan (right to recall)	881,149	0.12%	0.12%
	Total attributable to Norges Bank	**14,119,896**	**1.97%**	**1.97%**
Zoom Lux S.à.r.l	Directly	15,349,972	2.14%	2.14%
	Total attributable to Zoom Investment SGPS	**15,349,972**	**2.14%**	**2.14%**

3. INFORMATION ON TRANSACTIONS IN OWN SHARES
(under d) of number 5 of Article 66 from the Companies Code)

Under the terms of d) of number 5 of Article 66 from the Companies Code, The Navigator Company S.A. informs that during the first half of 2017 there were no acquisition of own shares. As of Jun 30th 2017, the Company held 489 973 own shares representing 0.683% of its share capital.

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2017 AND 2016

Amounts in Euro	Notes	6 months 30-06-2017	6 months 30-06-2016	2nd Quarter 2017 (unaudited)	2nd Quarter 2016 (unaudited)
Revenue	4				
Sales		810,175,169	776,642,255	418,920,304	393,038,275
Services rendered		2,467,376	1,927,941	1,065,267	964,785
Other operating income	5				
Gains on the sale of non-current assets		342,006	424,963	340,579	329,901
Other operating income		6,138,999	16,083,486	1,888,346	9,908,185
Change in the fair value of biological assets	18	3,210,175	6,938,246	3,712,757	7,210,135
Costs	6				
Cost of inventories sold and consumed		(330,348,337)	(341,691,740)	(148,616,656)	(159,053,924)
Variation in production		(5,188,158)	2,269,842	(20,953,034)	(14,617,228)
Cost of materials and services consumed		(201,300,731)	(184,862,994)	(103,438,676)	(92,565,056)
Payroll costs		(75,634,979)	(74,412,043)	(38,550,004)	(39,048,824)
Other costs and losses		(11,484,551)	(8,045,392)	(6,160,643)	(4,395,044)
Provisions		(189,617)	(1,398,423)	(187,881)	(280,559)
Depreciation, amortization and impairment losses	8	(74,766,617)	(85,955,527)	(36,623,299)	(49,975,413)
Operating results		**123,420,733**	**107,920,613**	**71,397,059**	**51,515,234**
Net financial results	10	(8,305,941)	(13,462,204)	(4,369,277)	(10,746,575)
Profit before tax		**115,114,793**	**94,458,409**	**67,027,782**	**40,768,659**
Income tax	11	(19,068,699)	(9,209,390)	(5,824,278)	(142,814)
Net Income		**96,046,094**	**85,249,019**	**61,203,504**	**40,625,844**
Attributable to:					
Navigator Company's Shareholders		96,043,464	85,466,548	60,470,058	39,860,468
Non-controlling interests	13	2,630	(217,529)	733,446	765,376
Earnings per share					
Basic earnings per share, Euro	12	0.134	0.124	0.084	0.057
Diluted earnings per share, Euro	12	0.134	0.124	0.084	0.057

The notes on pages 33 to 112 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017 AND FOR THE YEAR ENDED 31 DECEMBER 2016

Amounts in Euro	Notes	30-06-3017	31-12-2016
ASSETS			
Non-Current Assets			
Goodwill	15	377,339,466	377,339,466
Other intangible assets	16	3,876,612	4,300,642
Plant, property and equipment	17	1,254,227,317	1,294,978,932
Investment properties		424,369	426,838
Biological assets	18	128,823,123	125,612,948
Other financial assets	19	260,486	260,486
Available-for-sale financial assets		117,958	81,636
Deferred tax assets	26	40,644,762	44,198,753
		1,805,714,093	**1,847,199,702**
Current Assets			
Inventories	20	228,838,367	208,888,472
Receivable and other current assets	21	226,336,057	215,877,823
State and other public entities	22	66,589,568	69,619,349
Cash and cash equivalents	29	85,900,284	67,541,588
		607,664,276	**561,927,232**
Total Assets		**2,413,378,369**	**2,409,126,934**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	24	717,500,000	717,500,000
Treasury shares	24	(1,002,084)	(1,002,084)
Fair value reserves	25	(1,856,023)	(7,571,781)
Other reserves	25	109,790,475	99,709,036
Currency translation reserves	25	(1,705,814)	(779,369)
Retained earnings	25	163,033,431	205,639,863
Net profit for the period		96,043,464	217,501,437
Early earnings		-	-
		1,081,803,449	**1,230,997,102**
Non-controlling interests	13	2,334,218	2,272,606
		1,084,137,667	**1,233,269,708**
Non-current liabilities			
Deferred taxes liabilities	26	66,031,451	59,859,532
Liability for defined benefits	27	7,199,646	6,457,116
Provisions	28	26,923,794	31,048,808
Interest-bearing liabilities	29	747,883,381	638,558,905
Other non-current liabilities	29	28,397,507	33,301,140
		876,435,779	**769,225,503**
Current liabilities			
Interest-bearing liabilities	29	75,911,224	69,702,381
Payables and other current liabilities	30	310,093,802	255,831,284
State and other public entities	22	66,799,896	81,098,059
		452,804,923	406,631,724
Total liabilities		**1,329,240,702**	**1,175,857,227**
Total equity and liabilities		**2,413,378,369**	**2,409,126,934**

The notes on pages 33 to 112 are an integral part of these financial statements

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2017 AND 2016

Amounts in Euro	6 months 30-06-2017	6 months 30-06-2016	2nd Quarter 2017 (unaudited)	2nd Quarter 2016 (unaudited)
Net profit for the period	**96,046,094**	**85,249,019**	**61,203,505**	**40,625,843**
Itens that can be reclassified subsequently to profit or loss				
Fair value in derivative financial instruments	7,525,356	(8,957,293)	5,846,161	(5,099,475)
Currency translation differences	(926,444)	3,087,516	(3,543,474)	1,378,882
Tax on items above w hen applicable	(1,809,598)	2,463,257	(1,607,694)	1,402,357
	4,789,314	**(3,406,520)**	**694,993**	**(2,318,236)**
Itens that will not be reclassified subsequently to profit or loss				
Share of other comprehensive income of associates	16 471	(2 194 734)	28,207	(4,651,989)
Actuarial gains / (losses)	7 876	(3 013 160)	(1,358,714)	(3,380,220)
Tax on items above w hen applicable	15 261	(424 502)	15,320	(238,072)
	39,608	**(5,632,396)**	**(1,315,187)**	**(8,270,281)**
	4,828,922	**(9,038,916)**	**(620,195)**	**(10,588,517)**
Total recognized income and expense for the period	**100,875,016**	**76,210,103**	**60,583,310**	**30,037,326**
Attributable to:				
Navigator Company's Shareholders	100,813,404	196,633,049	59,394,908	72,831,321
Non-controlling interests	61,612	276,595	1,188,402	(6,239,965)
	100,875,016	**196,909,644**	**60,583,310**	**66,591,357**

The notes on pages 33 to 112 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2017 AND 2016

Amounts in Euro	1 January 2017	Gains/losses recognized in the period	Dividends paid and reserves distributed (Note 25)	Early earnings	Treasury shares (Note 14)	Application of prior year's net profit (Note 25)	Performance Bonus	30 June 2017
Share capital	717,500,000	-	-	-	-	-	-	717,500,000
Treasury shares	(1,002,084)	-	-	-	-	-	-	(1,002,084)
Fair value reserves	(7,571,781)	5,715,758	-	-	-	-	-	(1,856,023)
Other reserves	99,709,036		-	-	-	10,081,439	-	109,790,475
Currency translation reserves	(779,369)	(926,444)	-	-	-	-	-	(1,705,813)
Retained earnings	205,639,863	(19,374)	(250,007,056)	-	-	214,419,998	(7,000,000)	163,033,431
Net profit for the period	217,501,437	96,043,464	-	-	-	(217,501,437)	-	96,043,464
Early earnings	-	-	-	-	-	-	-	-
Total	**1,230,997,101**	**100,813,404**	**(250,007,056)**	**-**	**-**	**7,000,000**	**(7,000,000)**	**1,081,803,449**
Non-controlling interests	2,272,606	61,612	-	-	-	-	-	2,334,218
Total	**1,233,269,707**	**100,875,016**	**(250,007,056)**	**-**	**-**	**7,000,000**	**(7,000,000)**	**1,084,137,667**

Amounts in Euro	1 January 2016	Gains/losses recognized in the period	Dividends paid and reserves distributed (Note 25)	Early earnings	Treasury shares (Note 14)	Application of prior year's net profit (Note 25)	Performance Bonus	30 June 2016
Share capital	767,500,000	-	-	-	(50,000,000)	-	-	717,500,000
Treasury shares	(96,974,466)	-	-	-	95,972,382	-	-	(1,002,084)
Fair value reserves	(1,869,064)	(6,494,036)	-	-	-	-	-	(8,363,100)
Other reserves	91,781,112	-	-	-	-	7,927,924	-	99,709,036
Currency translation reserves	5,688,140	3,087,516	-	-	-	-	-	8,775,656
Retained earnings	273,081,975	(6,126,520)	(170,004,594)	(29,971,019)	(45,972,382)	194,476,296	(6,000,000)	209,483,756
Net profit for the period	196,404,220	85,466,548	-	-	-	(196,404,220)	-	85,466,548
Early earnings	(29,971,019)	-	-	29,971,019	-	-	-	-
Total	**1,205,640,898**	**75,933,508**	**(170,004,594)**	**-**	**-**	**6,000,000**	**(6,000,000)**	**1,111,569,812**
Non-controlling interests	8,622,303	276,595	-	-	-	-	-	8,898,898
Total	**1,214,263,201**	**76,210,103**	**(170,004,594)**	**-**	**-**	**6,000,000**	**(6,000,000)**	**1,120,468,710**

The notes on pages 33 to 112 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2017 AND 2016

Amounts in Euro	Notes	6 months 30-06-2017	6 months 30-06-2016	2nd Quarter 2017 (unaudited)	2nd Quarter 2016 (unaudited)
OPERATING ACTIVITIES					
Payments from customers		849,097,161	826 567 560	425,435,586	419,090,801
Payments to suppliers		667,702,891	684 774 841	322,707,340	339,666,679
Payments to employees		62,005,885	57 534 390	37,938,308	35,471,564
Cash flow from operations		119,388,385	84 258 328	64,789,937	43,952,558
Income tax received / (paid)		(21,518,567)	-	(6,382,161)	-
Other receipts / (payments) relating to operating activities		27,630,690	23,649,570	28,765,296	17,327,100
Cash flow from operating activities (1)		**125,500,508**	**107 907 899**	**87,173,072**	**61,279,658**
INVESTMENT ACTIVITIES					
Inflows					
Financial Investments		-	-	-	-
Government grants	21	-	-	-	-
Interest and similar income		1,516,869	1 380 972	507 254	729 497
Inflows from investment activities (A)		1,516,869	1 380 972	507 254	729 497
Outflows					
Financial investments	19		-	-	-
Tangible assets		42,585,563	48,214,720	17,726,729	21,973,752
Outflows from investment activities (B)		42,585,563	48,214,720	17,726,729	21,973,752
Cash flows from investment activities (2 = A - B)		**(41,068,694)**	**(46,833,748)**	**(17,219,475)**	**(21,244,255)**
FINANCING ACTIVITIES					
Inflows					
Borrowings		315,000,000	607,500,000	303,000,000	472,500,000
Inflows from financing activities **(C)**		315,000,000	607,500,000	303,000,000	472,500,000
Outflows					
Borrowings		204,851,190	507,324,306	204,851,190	338,651,190
Interest and similar costs		6,218,851	15,587,633	2,707,465	12,144,579
Acquisition of treasury shares	24	-	-	0	0
Dividends paid and distibuted reserves	14	170,003,077	170,004,583	170,003,077	170,004,583
Outflows from financing activities (D)		381,073,118	692,916,523	377,561,732	520,800,353
Cash flows from financing activities (3 = C - D)		**(66,073,118)**	**(85,416,523)**	**(74,561,732)**	**(48,300,353)**
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		18,358,696	(24,342,372)	(4,608,136)	(8,264,950)
CHANGES IN CASH AND CASH EQUIVALENTS in the other quarters		-	-	22,966,831	(16,077,422)
CHANGE IN CONSOLIDATION SCOPE		-	-	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		67,541,588	72,657,585	67,541,588	72,657,585
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	29	**85,900,284**	**48,315,213**	**85,900,284**	**48,315,213**

The notes on pages 33 to 112 are an integral part of these financial statements

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2017 AND 2016

Amounts in Euro	Notes	6 months 30-06-2017	6 months 30-06-2016	2nd Quarter 2017	2nd Quarter 2016
				(unaudited)	(unaudited)
Revenue	4				
Sales		810,175,169	776,642,255	418,920,304	393,038,275
Services rendered		2,467,376	1,927,941	1,065,267	964,785
Other operating income	5				
Gains on the sale of non-current assets		342,006	424,963	340,579	329,901
Other operating income		6,138,999	16,083,486	1,888,346	9,908,185
Change in the fair value of biological assets	18	3,210,175	6,938,246	3,712,757	7,210,135
Costs	6				
Cost of inventories sold and consumed		(330,348,337)	(341,691,740)	(148,616,656)	(159,053,924)
Variation in production		(5,188,158)	2,269,842	(20,953,034)	(14,617,228)
Cost of materials and services consumed		(201,300,731)	(184,862,994)	(103,438,676)	(92,565,056)
Payroll costs		(75,634,979)	(74,412,043)	(38,550,004)	(39,048,824)
Other costs and losses		(11,484,551)	(8,045,392)	(6,160,643)	(4,395,044)
Provisions		(189,617)	(1,398,423)	(187,881)	(280,559)
Depreciation, amortization and impairment losses	8	(74,766,617)	(85,955,527)	(36,623,299)	(49,975,413)
Operating results		**123,420,733**	**107,920,613**	**71,397,059**	**51,515,234**
Net financial results	10	(8,305,941)	(13,462,204)	(4,369,277)	(10,746,575)
Profit before tax		**115,114,793**	**94,458,409**	**67,027,782**	**40,768,659**
Income tax	11	(19,068,699)	(9,209,390)	(5,824,278)	(142,814)
Net Income		**96,046,094**	**85,249,019**	**61,203,504**	**40,625,844**
Attributable to:					
Navigator Company's Shareholders		96,043,464	85,466,548	60,470,058	39,860,468
Non-controlling interests	13	2,630	(217,529)	733,446	765,376
Earnings per share					
Basic earnings per share, Euro	12	0.134	0.124	0.084	0.057
Diluted earnings per share, Euro	12	0.134	0.124	0.084	0.057

The notes on pages 33 to 112 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017 AND FOR THE YEAR ENDED 31 DECEMBER 2016

Amounts in Euro	Notes	30-06-3017	31-12-2016
ASSETS			
Non-Current Assets			
Goodwill	15	377,339,466	377,339,466
Other intangible assets	16	3,876,612	4,300,642
Plant, property and equipment	17	1,254,227,317	1,294,978,932
Investment properties		424,369	426,838
Biological assets	18	128,823,123	125,612,948
Other financial assets	19	260,486	260,486
Available-for-sale financial assets		117,958	81,636
Deferred tax assets	26	40,644,762	44,198,753
		1,805,714,093	**1,847,199,702**
Current Assets			
Inventories	20	228,838,367	208,888,472
Receivable and other current assets	21	226,336,057	215,877,823
State and other public entities	22	66,589,568	69,619,349
Cash and cash equivalents	29	85,900,284	67,541,588
		607,664,276	**561,927,232**
Total Assets		**2,413,378,369**	**2,409,126,934**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	24	717,500,000	717,500,000
Treasury shares	24	(1,002,084)	(1,002,084)
Fair value reserves	25	(1,856,023)	(7,571,781)
Other reserves	25	109,790,475	99,709,036
Currency translation reserves	25	(1,705,814)	(779,369)
Retained earnings	25	163,033,431	205,639,863
Net profit for the period		96,043,464	217,501,437
Early earnings		-	-
		1,081,803,449	**1,230,997,102**
Non-controlling interests	13	2,334,218	2,272,606
		1,084,137,667	**1,233,269,708**
Non-current liabilities			
Deferred taxes liabilities	26	66,031,451	59,859,532
Liability for defined benefits	27	7,199,646	6,457,116
Provisions	28	26,923,794	31,048,808
Interest-bearing liabilities	29	747,883,381	638,558,905
Other non-current liabilities	29	28,397,507	33,301,140
		876,435,779	**769,225,503**
Current liabilities			
Interest-bearing liabilities	29	75,911,224	69,702,381
Payables and other current liabilities	30	310,093,802	255,831,284
State and other public entities	22	66,799,896	81,098,059
		452,804,923	406,631,724
Total liabilities		**1,329,240,702**	**1,175,857,227**
Total equity and liabilities		**2,413,378,369**	**2,409,126,934**

The notes on pages 33 to 112 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2017 AND 2016

Amounts in Euro	6 months 30-06-2017	6 months 30-06-2016	2nd Quarter 2017 (unaudited)	2nd Quarter 2016 (unaudited)
Net profit for the period	**96,046,094**	**85,249,019**	**61,203,505**	**40,625,843**
Itens that can be reclassified subsequently to profit or loss				
Fair value in derivative financial instruments	7,525,356	(8,957,293)	5,846,161	(5,099,475)
Currency translation differences	(926,444)	3,087,516	(3,543,474)	1,378,882
Tax on items above w hen applicable	(1,809,598)	2,463,257	(1,607,694)	1,402,357
	4,789,314	**(3,406,520)**	**694,993**	**(2,318,236)**
Itens that will not be reclassified subsequently to profit or loss				
Share of other comprehensive income of associates	16 471	(2 194 734)	28,207	(4,651,989)
Actuarial gains / (losses)	7 876	(3 013 160)	(1,358,714)	(3,380,220)
Tax on items above w hen applicable	15 261	(424 502)	15,320	(238,072)
	39,608	**(5,632,396)**	**(1,315,187)**	**(8,270,281)**
	4,828,922	**(9,038,916)**	**(620,195)**	**(10,588,517)**
Total recognized income and expense for the period	**100,875,016**	**76,210,103**	**60,583,310**	**30,037,326**
Attributable to:				
Navigator Company's Shareholders	100,813,404	196,633,049	59,394,908	72,831,321
Non-controlling interests	61,612	276,595	1,188,402	(6,239,965)
	100,875,016	**196,909,644**	**60,583,310**	**66,591,357**

The notes on pages 33 to 112 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2017 AND 2016

Amounts in Euro	1 January 2017	Gains/losses recognized in the period	Dividends paid and reserves distributed (Note 25)	Early earnings	Treasury shares (Note 14)	Application of prior year's net profit (Note 25)	Performance Bonus	30 June 2017
Share capital	717,500,000	-	-	-	-	-	-	717,500,000
Treasury shares	(1,002,084)	-	-	-	-	-	-	(1,002,084)
Fair value reserves	(7,571,781)	5,715,758	-	-	-	-	-	(1,856,023)
Other reserves	99,709,036		-	-	-	10,081,439	-	109,790,475
Currency translation reserves	(779,369)	(926,444)	-	-	-	-	-	(1,705,813)
Retained earnings	205,639,863	(19,374)	(250,007,056)	-	-	214,419,998	(7,000,000)	163,033,431
Net profit for the period	217,501,437	96,043,464	-	-	-	(217,501,437)	-	96,043,464
Early earnings	-	-	-	-	-	-	-	-
Total	**1,230,997,101**	**100,813,404**	**(250,007,056)**	**-**	**-**	**7,000,000**	**(7,000,000)**	**1,081,803,449**
Non-controlling interests	2,272,606	61,612	-	-	-	-	-	2,334,218
Total	**1,233,269,707**	**100,875,016**	**(250,007,056)**	**-**	**-**	**7,000,000**	**(7,000,000)**	**1,084,137,667**

Amounts in Euro	1 January 2016	Gains/losses recognized in the period	Dividends paid and reserves distributed (Note 25)	Early earnings	Treasury shares (Note 14)	Application of prior year's net profit (Note 25)	Performance Bonus	30 June 2016
Share capital	767,500,000	-	-	-	(50,000,000)	-	-	717,500,000
Treasury shares	(96,974,466)	-	-	-	95,972,382	-	-	(1,002,084)
Fair value reserves	(1,869,064)	(6,494,036)	-	-	-	-	-	(8,363,100)
Other reserves	91,781,112	-	-	-	-	7,927,924	-	99,709,036
Currency translation reserves	5,688,140	3,087,516	-	-	-	-	-	8,775,656
Retained earnings	273,081,975	(6,126,520)	(170,004,594)	(29,971,019)	(45,972,382)	194,476,296	(6,000,000)	209,483,756
Net profit for the period	196,404,220	85,466,548	-	-	-	(196,404,220)	-	85,466,548
Early earnings	(29,971,019)	-	-	29,971,019	-	-	-	-
Total	**1,205,640,898**	**75,933,508**	**(170,004,594)**	**-**	**-**	**6,000,000**	**(6,000,000)**	**1,111,569,812**
Non-controlling interests	8,622,303	276,595	-	-	-	-	-	8,898,898
Total	**1,214,263,201**	**76,210,103**	**(170,004,594)**	**-**	**-**	**6,000,000**	**(6,000,000)**	**1,120,468,710**

The notes on pages 33 to 112 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2017 AND 2016

Amounts in Euro	Notes	6 months 30-06-2017	6 months 30-06-2016	2nd Quarter 2017 (unaudited)	2nd Quarter 2016 (unaudited)
OPERATING ACTIVITIES					
Payments from customers		849,097,161	826 567 560	425,435,586	419,090,801
Payments to suppliers		667,702,891	684 774 841	322,707,340	339,666,679
Payments to employees		62,005,885	57 534 390	37,938,308	35,471,564
Cash flow from operations		119,388,385	84 258 328	64,789,937	43,952,558
Income tax received / (paid)		(21,518,567)	-	(6,382,161)	-
Other receipts / (payments) relating to operating activities		27,630,690	23,649,570	28,765,296	17,327,100
Cash flow from operating activities (1)		**125,500,508**	**107 907 899**	**87,173,072**	**61,279,658**
INVESTMENT ACTIVITIES					
Inflows					
Financial Investments		-	-	-	-
Government grants	21	-	-	-	-
Interest and similar income		1,516,869	1 380 972	507 254	729 497
Inflows from investment activities (A)		1,516,869	1 380 972	507 254	729 497
Outflows					
Financial investments	19		-	-	-
Tangible assets		42,585,563	48,214,720	17,726,729	21,973,752
Outflows from investment activities (B)		42,585,563	48,214,720	17,726,729	21,973,752
Cash flows from investment activities (2 = A - B)		**(41,068,694)**	**(46,833,748)**	**(17,219,475)**	**(21,244,255)**
FINANCING ACTIVITIES					
Inflows					
Borrowings		315,000,000	607,500,000	303,000,000	472,500,000
Inflows from financing activities **(C)**		315,000,000	607,500,000	303,000,000	472,500,000
Outflows					
Borrowings		204,851,190	507,324,306	204,851,190	338,651,190
Interest and similar costs		6,218,851	15,587,633	2,707,465	12,144,579
Acquisition of treasury shares	24	-	-	0	0
Dividends paid and distibuted reserves	14	170,003,077	170,004,583	170,003,077	170,004,583
Outflows from financing activities (D)		381,073,118	692,916,523	377,561,732	520,800,353
Cash flows from financing activities (3 = C - D)		**(66,073,118)**	**(85,416,523)**	**(74,561,732)**	**(48,300,353)**
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		18,358,696	(24,342,372)	(4,608,136)	(8,264,950)
CHANGES IN CASH AND CASH EQUIVALENTS in the other quarters		-	-	22,966,831	(16,077,422)
CHANGE IN CONSOLIDATION SCOPE		-	-	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		67,541,588	72,657,585	67,541,588	72,657,585
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	29	**85,900,284**	**48,315,213**	**85,900,284**	**48,315,213**

The notes on pages 33 to 112 are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of 30 June 2017 and 2016

(In these notes, unless indicated otherwise, all amounts are expressed in Euro)

Company identification

The Navigator group ("Group") comprises The Navigator Company, S.A. (previously designated as Portucel, S.A.) and its subsidiaries.

The Navigator group was created in the mid 1950's, when a group of technicians from "Companhia Portuguesa de Celulose de Cacia" made this company the first in the world to produce bleached eucalyptus sulphate pulp.

In 1976 Portucel EP was created as a result of the nationalization of all of Portugal's cellulose industry. As such, Portucel – Empresa de Celulose e Papel de Portugal, E.P. resulted from the merger with CPC – Companhia de Celulose, S.A.R.L. (Cacia), Socel – Sociedade Industrial de Celulose, S.A.R.L. (Setúbal), Celtejo – Celulose do Tejo, S.A.R.L. (Vila Velha de Ródão), Celnorte – Celulose do Norte, S.A.R.L. (Viana do Castelo) and Celuloses do Guadiana, S.A.R.L. (Mourão), being converted into a mainly public anonymous society by Decree- Law No. 405/90, of 21st December.

Years after, as a result of the restructuring of Portucel – Empresa de Celulose e Papel de Portugal, S.A., which was redenominated to Portucel, SGPS, S.A., towards to its privatization, Portucel S.A. was created, on 31st May 1993, through Decree-law 39/93, with the former assets of the two main companies, based in Cacia and Setúbal.

In 1995, the company was reprivatized, and became a publicly traded company.

Aiming to restructure the paper industry in Portugal, Portucel, S.A. acquired Papeis Inapa, S.A. (Setúbal) in 2000 and Soporcel – Sociedade Portuguesa de Papel, S.A. (Figueira da Foz) in 2001. Those key strategic decisions resulted in the PortucelSoporcel Group (currently The Navigator Company Group), which is the largest European and one of the world's largest producers of bleached pulp. It is also the biggest European producer of uncoated wood-free paper.

In June 2003, the Portuguese State sold a 30% stake of Portucel's equity, which was acquired by Semapa Group. In September 2003, Semapa launched a public acquisition offer tending to assure the Group's control, which was accomplished by guaranteeing a 67.1% stake of Portucel's equity.

In November 2006, the Portuguese State concluded the third and final stage of the sale of Portucel, S.A., by moving Parpublica SGPS, S.A. (formerly Portucel SGPS, S.A.) sell the remaining 25.72% it still held.

From 2009 to July 2015, more than 75% of the company's share equity was held directly and indirectly by Semapa - Sociedade de Investimento e Gestão SGPS, S.A. (excluding treasury shares) having the percentage of voting rights been reduced to 70% following the conclusion of the offer for the acquisition, in the form of an exchange offer, of the ordinary shares of Semapa, SGPS, S.A., in July 2015.

In February 2015, Portucel group started its activity in the Tissue segment with the acquisition of AMS- BR Star Paper, SA (currently denominated Navigator Tissue Ródão, SA), a company that holds and explores a tissue paper mill, located in Vila Velha de Ródão.

In July 2016, the Navigator group expanded its activity to the pellets business with the construction of a plant in Greenwood, state of South Carolina, United States of America.

The Navigator group's main business is the production and sale of writing and printing paper and related products, and it is present in the whole value added chain, from research and development of forestry and agricultural production, to the purchase of wood and the production and sale of bleached *eucalyptus* kraft pulp – BEKP and electric and thermal energy, as well as its commercialization.

On February 6th 2016, the Portucel Group changed its corporate brand to The Navigator Company. This new corporate identity represents the union of companies with a history of more than 60 years, aiming to give the Group a more appealing and modern image.

Following this event, and after approval in the General Shareholder's Meeting, held on April 19th 2016, Portucel S.A. changed its designation to The Navigator Company, S.A..

The Navigator Company, S.A. (hereafter referred to as the Company or Navigator) is a publicly traded company with its share capital represented by nominal shares.

Head Office: Mitrena, 2901-861 Setúbal

Share Capital: Euros 717,500,000

Registration No: 503 025 798

These consolidated financial statements were approved by the Board of Directors on 26 July 2017.

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

1. Summary of the principal accounting policies

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

The accounting policies related to brands and financial instruments classified as held to maturity are not applicable to the financial statements presented below. However, they are included to ensure completeness comparison to the accounting policies applied by its parent company – the Semapa group, which is also the ultimate parent company.

1.1 Basis of preparation

The Navigator group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS – formerly referred to as the International Accounting Standards - IAS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC) in force on the date of preparation of the mentioned financial statements.

The accompanying consolidated financial statements were prepared on a going concern basis from the accounting books and records of the companies included in the consolidation (Note 39), and under the historic cost convention, except for biological assets, available for sale financial assets and derivative financial instruments, which are recorded at fair value (Notes 31.2, 31.3 and 18).

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

1.2 Basis of Consolidation

1.2.1. Subsidiaries

Subsidiaries are all the entities in which the Navigator group has control, which happens when Navigator group is exposed, or have rights, to the variable returns resulting from their involvement with such entities and has an ability to affect the return through the exercise of power over the entities.

The existence and the effect of potential voting rights which are currently exercisable or convertible are taken into account when the Navigator group assesses whether it has control over another entity.

Subsidiaries are consolidated using the full consolidation method from the date on which control is transferred to the Navigator group until such date where control ceases.

These companies shareholders' equity and net income/loss corresponding to the third-party investment in such companies are presented under the caption of non-controlling interests in the consolidated statement of the financial position (in a separate component of shareholders' equity) and in the consolidated income statement, respectively. The companies included in the consolidated financial statements are disclosed in Note 39.

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

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

If the acquisition cost is less than the fair value of the net assets of the acquired subsidiary (negative goodwill), the difference is recognized directly in the income statement in the period when it takes place.

Transaction costs directly attributable to the acquisition are immediately expensed.

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

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

When The Navigator Company acquires control over a subsidiary with less than 100%, the purchase method considers non-controlling interests either at their fair value or in the proportion of the fair value of the assets and liabilities acquired. This decision is made for each individual transaction.

When the Navigator group trades shares of a subsidiary with non- controlling interests with no impact in control, no gain, loss or goodwill is determined, and the differences between the transaction cost and the book value of the share acquired are recognized in equity.

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

In the case of disposals resulting in a loss of control over a subsidiary, any remaining interest is revalued to its market value at the date of disposal. Gains or losses resulting from such revaluations as well as gains or losses resulting from the disposal are recorded in the income statement.

The subsidiaries' accounting policies have been adjusted whenever necessary so as to ensure consistency with the policies adopted by the Navigator group.

1.2.2. Associates

Associates are all the entities in which the Navigator group exercises significant influence but do not have control, which is generally the case with investments representing between 20% and 50% of the voting rights. Investments in associates are accounted under the equity method.

In conformity with the equity method, financial investments are recorded at their acquisition cost, adjusted by the amount corresponding to the Navigator group's share of changes in the associates' shareholders' equity (including net income/loss) with a corresponding gain or loss recognized for the period on earnings or on changes in capital, and by dividends received.

The difference between the acquisition cost and the fair value of the assets and liabilities attributable to the affiliated company on the acquisition date is, if positive, recognized as Goodwill and recorded as investments in affiliated companies. If negative, goodwill is recorded as income for the period under the caption "Navigator group share of (loss) / gains of associated companies and joint ventures".

Costs directly attributable to the transaction are immediately expensed.

In the event that impairment loss indicators arise on investments in associates, an evaluation of the potential impairment is made, and if deemed necessary, a loss is recognized in the consolidated income statement.

When the Navigator group's share of losses in associate companies exceeds its investment in that associate, the Navigator group ceases the recognition of additional losses, unless it has incurred in liabilities or has made payments on behalf of that associate.

Unrealized gains on transactions with associates are eliminated to the extent of the Navigator group's investment in the associates. Unrealized losses are also eliminated, except where the transaction reveals evidence of impairments on the transferred assets.

The associates' accounting policies used in the preparation of the individual financial statements are adjusted, whenever necessary, so as to ensure consistency with the policies adopted by the Navigator group.

1.3 Segmental Reporting

Operating segment is a group of assets and operations of the Navigator group whose financial information is used in the decision making process developed by the Navigator group's management.

The operating segments are presented on these financial statements in the same way as internally used for the Navigator group's performance evaluation.

Four operating segments have been identified by the Navigator group: uncoated printing and writing paper (UWF), bleached eucalyptus kraft pulp – BEKP, tissue paper and others which includes energy, forestry and pellets business.

BEKP, energy and UWF paper are produced by the Navigator group in two plants located in Figueira da Foz and Setúbal. BEKP and energy are also produced in a plant located in Cacia and tissue paper is produced in another plant located in Vila Velha de Ródão. Pellets are produced, since July 2016, in a fifth site in Greewood (USA).

Wood and cork are produced from woodlands owned or leased by the Navigator group in Portugal, and also form granted lands in Mozambique. The production of cork and pinewood are sold to third parties while the eucalyptus wood is mainly consumed in the production of BEKP.

A significant portion of the Navigator group's own BEKP pulp production is consumed in the production of UWF paper. Sales of BEKP pulp, UWF paper and tissue paper are made to more than 120 countries and territories throughout the world.

Energy, heat and electricity are mainly produced from bio fuels in cogeneration. Heat production is used for internal consumption while electricity is sold to the national energy grid. The Navigator group also owns another two cogeneration units using natural gas and two separate units using bio fuel.

The accounting policies used in segmental reporting are those consistently used in the Navigator group. All inter-segmental sales and services rendered are made at market prices and eliminated on consolidation.

Segmental information is disclosed in Note 4.

1.4 Foreign Currency Translation

1.4.1. Functional and reporting currency

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

The consolidated financial statements are presented in Euro, which is the Navigator group's functional and presentation currency.

1.4.2. Balances and transactions expressed in foreign currencies

All of the Navigator group's assets and liabilities denominated in foreign currencies are translated into Euro using the exchange rates prevailing at the date of the statement of financial position.

Currency adjustments, favorable and unfavorable, arising from differences between the exchange rates prevailing at the date of the transaction and those at the date of collection, payment or statement of financial position, are recorded as income and costs in the consolidated income statement for the year.

1.4.3. Group companies

The results and the financial position of the Navigator group's entities which have a different functional currency from the Navigator group's reporting currency are translated into the reporting currency as follows:

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

(ii) Equity balances are translated at the historical exchange rate;

(iii) The income and costs are converted at the exchange rate prevailing at the dates of the transactions. Otherwise, income and expenses for each income statement are translated at the average exchange rate of the months of the reporting period.

All resulting exchange differences are recognized in other comprehensive income.

1.5 Intangibles Assets

Intangible assets are booked at acquisition cost less accumulated impairment losses.

1.5.1. CO2 Emission Rights

The CO2 emission rights attributed to the Group within the National Plan for the assignment of CO2 emission licenses at no cost, gives rise to an intangible asset for the allowances, a government grant and a liability for the obligation to deliver allowances equal to the emissions that have been made during the compliance period.

Emission allowances recorded as intangible assets are recognized when the group is able to exercise control and are measured at level 1 fair value at the date of initial recognition. If the market value of emission allowances falls significantly below the carrying amount, and the decrease is considered permanent, then an impairment charge is booked for allowances which the group will not use internally.

The liability to deliver allowances is recognized based on actual emissions; this liability will be settled using allowances on hand, measured at the carrying amount of those allowances, with any excess emissions being measured at the market value of the allowances at the period end.

In the Consolidated Income Statement, the group will expense, under the cost of materials and services consumed, emissions made at the fair value of the rights at their grant date, together with purchased emission rights at their purchase price.

Such costs will be offset under other operating income by the income from the original grant of the rights used at their fair value at the grant date, together with income from the release or sale of surplus rights.

The Consolidated Income Statement will thus be neutral in respect of all rights consumed that were within the original grant. Any net effect represents the costs of purchasing additional rights to cover excess emissions, the sale of unused rights, in the case realized emission are under allowances received free of charge or the impairment of allowances not required for internal use.

1.5.2. Brands

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

On subsequent valuation exercises, brands are recognized in the Navigator group's consolidated financial statements at cost. They are not subject to amortization, but instead tested for impairment at each reporting date.

Own brands are not recognized in the Navigator group's financial statements, as they represent internally generated intangible assets.

1.5.3. Intangible assets developed internally

Development expenses are only recognized as intangible assets to the extent that the technical capacity to complete the development of the asset is demonstrated and that it is available for own use or commercialization. Expenses that do not meet these requirements, namely research expenses, are recorded as costs when incurred.

1.6 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Navigator group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary/associate at the date of acquisition by the Navigator group. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill on acquisitions of subsidiaries and associates is not amortized and is tested annually for impairment and more frequently if events or changes in circumstances indicate a potential impairment. Impairment losses on goodwill cannot be reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to that entity.

1.7 Investment Properties

The Navigator group classifies the assets held for the purpose of capital appreciation and/or the generation of rental income as investments properties.

Properties recognized as investment properties in the individual financial statements are not recognized as such in the consolidated financial statements when leased to the parent-company or to another subsidiary of the Navigator group.

An investment property is initially measured by its acquisition or production cost, including the transaction costs that are directly attributable to it. After the initial recognition, investment properties are measured at cost less amortization and impairment losses.

Subsequent expenditure is capitalized only when it is probable that it will result in future economic benefits to the entity comparing to those considered in initial recognition.

1.8 Property, Plant & Equipment

Property, plant and equipment that were acquired prior to January 1st 2004 are recorded at their deemed cost, which is the book value under the accounting principles generally accepted in Portugal until 1 January 2004 (transition date to IFRS), including revaluations made in accordance with the prevailing legislation, deducted of depreciation and impairment losses.

Property, plant and equipment acquired after the transition date are shown at cost, less accumulated depreciation and impairment losses. The acquisition cost includes all expenditure directly attributable to the acquisition of the assets, their transport to the place where they are to be used and the costs incurred to put them in the desired operating conditions.

Subsequent costs are included in asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Navigator group and the respective cost can be reliably measured.

Planned maintenance costs are considered part of the assets' acquisition cost and are therefore entirely depreciated until the date of the next forecasted maintenance event.

All other repairs and maintenance costs, other than the planned maintenance, are charged to the income statement in the financial period in which they are incurred.

Depreciation is calculated with regard to the acquisition cost, mainly using the straight line method from the date the assets are ready to enter into service, at the depreciation rates that best reflect their estimated useful lives, as follows:

	Average useful life (in years)
Land (site preparation for forestry)	50
Buildings and other constructions:	
Equipment	12 - 30
Machinery and equipment	6 - 25
Transportation equipment	4 - 9
Tools	2 - 8
Administrative equipment	4 - 8
Returnable containers	6
Other property, plant and equipment	4 - 10

The residual values of the assets and respective useful lives are reviewed and adjusted when necessary at the date of the statement of financial position.

If the book value of the asset is higher than the asset's realizable value, then it is written down to the estimated recoverable amount by recognizing an impairment loss (Note 1.9).

Gains or losses arising from wright-downs or disposal are calculated as the difference between the proceeds received on the disposal and the asset's book value, and are recognized in the income statement as other operating income or costs.

1.9 Impairment of non-current assets

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

An impairment loss is recognized as the amount of the excess of the asset's book value over its recoverable amount. The recoverable amount is the higher of the net sale price and its value in use. For the purpose of conducting impairment tests, the assets are grouped at the lowest level for which cash flows can be identified separately (cash generating units which belong to the asset), when it is not possible to do so individually for each asset.

The reversal of impairment losses recognized in previous periods is recorded when it can be concluded that the recognized impairment losses no longer exist or have decreased (with the exception of impairment losses relating to Goodwill – see Note 1.6). This analysis is made whenever there are indications that the impairment loss formerly recognized has been reversed or reduced.

The reversal of impairment losses is recognized in the income statement as other operating income, except for the available-for-sale financial assets (Note 1.11.4), unless the asset has been revalued, in which case the reversal will represent a portion of the total of the revaluation reserve. However, an impairment loss is reversed only up to the limit of the amount that would be recognized (net of amortization or depreciation) if it had not been recognized in prior years.

1.10 Biological Assets

Biological assets are measured at fair value, less estimated costs to sell at the time of harvesting. The Navigator group's biological assets comprise the forests held for the production of timber, suitable for incorporating in the production of BEKP, but also include other species like pine or cork oak.

When calculating the fair value of the forests, the Navigator group uses the discounted cash flows method, based on a model developed in house, regularly tested by independent external assessments, which considers assumptions about the nature of the assets being valued, namely, the expected yield of the forests, the timber selling price net of costs related with harvest and transportation, the rents of the woodlands and also plantation costs, maintenance costs and a discount rate.

The costs incurred with the site preparation before the first forestation are recognized as a tangible asset and depreciated in line with its expected useful lives.

The discount rate corresponds to a market rate without inflation and was determined on the basis of the Navigator group's expected rate of return on its forests.

Fair value adjustments resulting from changes in estimates of growth, growth period, price, cost and other assumptions are recognized as operating income/ costs in the caption “Change in the fair value of biological assets”.

At the time of harvest, wood is recognized at fair value less estimated costs at point of sale, in this case, the pulp mills.

1.11 Financial Instruments

The Navigator group classifies its financial instruments in the following categories: loans granted and receivables, financial assets at fair value through profit and loss, held-to-maturity investments, and available-for-sale financial assets.

The classification depends on the intention motivating the acquisition of the instruments. Management determines the classification at the moment of initial recognition of the instruments and reassesses this classification on each reporting date.

All acquisitions and disposals of these instruments are recognized on the date of the respective purchase and sale contracts, irrespective of the financial settlement date.

Financial instruments are initially recorded at the acquisition cost, when their fair value equals the price paid, including transaction expenses (except financial assets at fair value through profit or loss). The subsequent measurement depends on the category the instrument falls under, as follows:

1.11.1 Loans granted and receivables

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments and which are not quoted in an active market. They are originated when the Navigator group advances money, goods or services directly to a debtor without any intention of negotiating the debt.

These loans are included in current assets, except when their maturity exceeds 12 months after the date of the statement of financial position, in which case they are classified as non-current assets.

These are initially recognized at fair value and subsequently measured by its amortized cost, adjusted of any potential expected losses on collection, required to present them at their net realizable value.

These losses are recognized when there is objective evidence that the Navigator group will not receive the total amounts due, in accordance with the original terms of the debt and considering the credit risk control mechanisms in place.

Loans granted and receivables are included in “Receivables and other current assets” in the statement of financial position (Note 21).

1.11.2 Financial Assets at fair value through profit or loss

This category comprises two sub-categories: (i) financial assets held for trading, and (ii) assets designated at fair value through profit or loss at initial recognition. A financial asset is classified under this category if acquired primarily for the purpose of selling in the short-term, if it is part of a managed portfolio at fair value or if its measurement through fair value allows the company to eliminate inconsistencies in the measurement of related assets and liabilities.

Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months of the date of the statement of financial position. These investments are measured at fair value through the income statement.

1.11.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets, with fixed or determinable payments and fixed maturities that the Navigator group’s management has the positive intention and ability to hold to maturity. Investments in this category are recorded at amortized cost using the effective interest rate method.

1.11.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that: (i) the Navigator group has the intention of holding for an undefined period of time, (ii) are designated as available-for-sale at initial recognition or (iii) do not meet the conditions to be classified in any of the remaining categories, as described above.

These financial instruments are recognized at market value, as quoted at the date of the statement of financial position.

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

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

Regarding equity instruments, if there is no market value or if it is not possible to determine one, these investments are recognized at their acquisition cost.

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

An impairment loss recognized on available-for-sale financial assets is reversed if the loss was caused by specific external events of an exceptional nature that are not expected to recur but which subsequent external events have reversed; under these circumstances and for equity instruments, the reversal does not affect the income statement and the asset's subsequent increase in value is thus taken to the fair value reserve.

1.12 Derivative Financial Instruments and hedging account

1.12.1 Derivative Financial Instruments

The Navigator group uses derivative financial instruments aimed at managing the financial risks to which it is exposed.

Although the derivatives contracted by Navigator group represent effective economic hedges of risks, not all of them qualify as hedging instruments in accounting terms to satisfy the rules and requirements of IAS 39. Instruments that do not qualify as hedging instruments in accounting terms are stated on the statement of financial position at fair value and any changes in that value are recognized as financial income or cost in the consolidated income statement.

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

Derivative financial instruments used for hedging purposes may be recognized as hedging instruments if they meet the following characteristics:

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

Whenever expectations of changes in interest or exchange rates so justify, the Navigator group hedges these risks through derivative financial instruments, such as interest rate swaps (IRS), caps and floors, forwards, calls, collars, etc.

In the selection of the derivative financial instruments, are essentially valued the characteristics, regarding the coverage of economic risks. Management also evaluates the impact of each additional derivative financial instrument to its portfolio, namely in the volatility of earnings.

1.12.2 Cash Flow Hedging (risk of interest rate, price and exchange rates)

In order to manage its exposure to interest rate risk, price risk and exchange rate risk, the Navigator group enters into cash flow hedges.

Those transactions are recorded in the consolidated statement of financial position at their fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Accumulated amounts in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the income statement within 'net financial results'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recycled to the income statement, unless the hedged item is a forecast transaction, in which case any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

1.12.3 Net investment hedging (Exchange rate risk)

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

Those exchange rate forwards are recorded at their fair value in the consolidated statement of financial position.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

1.13 Corporate Income Tax

1.13.1 Current and deferred income tax

Corporate income tax includes current and deferred tax. Current income tax is calculated based on net income, adjusted in conformity with tax legislation in place at the date of the statement of financial position. For interim financial statements, the Navigator group uses management's best expectation for the year end effective tax rate.

Deferred taxes are calculated using the liability method, based on the temporary differences between the book values of the assets and liabilities and their respective tax base. The income tax rate expected to be in force in the period in which the temporary differences will reverse is used in calculating deferred tax. If there is no reliable information about those rates, deferred taxes are calculated using the tax rate in place at each reporting date.

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

Deferred taxes are recorded as a cost or income for the year, except where they result from amounts recorded directly under shareholders' equity, in which case deferred tax is also recorded under the same caption.

Tax benefits granted under contractual investment projects to be developed by the Navigator group are treated as government grants. When there is a reasonable assurance that the Navigator group will comply with all required conditions, it recognizes (i) a deferred tax asset and (ii) a liability for the investment grant. In this recognition model, the deferred tax assets are realized whenever there are taxable profits against which they can be offset, while the liability will be recognized as an income over the estimated useful life of the asset, as a deduction to depreciation expenses.

The amounts to be included in the current tax and in the deferred tax, resulting from transactions and events recognized in reserves, are recorded directly in these same headings, not affecting the net profit for the period.

1.13.2 Taxation Group

On 1 July 2015, a taxation group led by The Navigator Company, S.A. arose, comprising all the companies located in Portugal in which the Group holds an interest or voting right of at least 75%, for more than a year.

These companies calculate income taxes as if they were taxed independently. However, the determined liabilities are recognized as due to the leader of the taxation group (The Navigator Company, S.A.), who will proceed with the overall computation and the settlement of the income tax.

1.14 Inventories

Inventories are valued in accordance with the following criteria:

i. *Good and raw materials*

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

ii. *Finished products and work in progress*

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

The net realizable value corresponds to the estimated selling price after deducting estimated completion and selling costs. The difference between production cost and net realizable value, if lower, are recorded as an operational cost.

1.15 Receivables and other current assets

Debtors' balances and other current assets are initially recorded at fair value and are subsequently recognized at their amortized cost, net of impairment losses, in order to present those balances at their net realizable amount.

Impairment losses are recognized when there is objective evidence that the Navigator group will not receive the full amount outstanding in accordance with the original conditions of the accounts receivable and despite of the credit risk management policies and tools.

1.16 Cash and cash equivalents

Cash and cash equivalents includes cash, bank accounts and other short-term investments with an initial maturity of up to 3 months which can be mobilized immediately without any significant risk of fluctuations in value.

1.17 Share Capital and treasury shares

Ordinary shares are classified in shareholders' equity.

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

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

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

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

1.18 Interest-bearing liabilities

Interest-bearing liabilities are initially recognized at fair value, net of the transaction costs incurred.

Interest-bearing liabilities are subsequently stated at their amortized cost. Any difference between the amounts received (net of transaction costs) and the amount to be repaid is recognized in the income statement over the term of the debt, using the effective interest rate method.

Interest-bearing debt is classified as a current liability, except when the Navigator group has an unconditional right to defer the settlement of the liability for at least 12 months after the date of the statement of financial position.

1.19 Borrowing Costs

Financial costs on loans directly related to acquisition of the fixed assets, construction or production, are capitalized as part of the asset's cost. Capitalization of these charges begins once preparations are started for the construction or development of the asset and is suspended after its utilization begins or when the respective project is suspended.

Other borrowing costs relating to loans are usually recognized as financial costs.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

1.20 Provisions

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

Provisions for future operating losses are not recognized. Provisions are reviewed on the date of the statement of financial position and are adjusted to reflect the best estimate at that date.

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

1.21 Pensions and other employment benefits

1.21.1 Defined benefit pension plans and retirement bonus

In the past, some of the Navigator group's companies have assumed the commitment to make payments to their employees in the form of complementary retirement pensions, disability, early retirement and survivors' pensions, having constituted defined-benefit plans attributable to active employees until 31 December 2010 or 31 December 2013, as applicable.

As referred in Note 27, the Navigator group set up autonomous Pension Funds as a means of funding most of the commitments for such payments.

As such, the total liability is estimated separately for each plan at least once every six months, on the date of closing of the interim and annual accounts, by a specialized and independent entity in accordance with the projected unit credit method.

Past service costs resulting from the implementation of a new plan, or increases in the benefits awarded are recognized immediately in earnings.

The liability thus determined is stated in the statement of financial position, less the market value of the funds set up, as a liability, under Post-employment benefit liabilities, when underfunded, and as an asset in situations of over-funding.

Remeasurements resulting from differences between the assumptions used for purposes of calculating the liabilities and what effectively occurred (as well as from changes made thereto and from the difference between the expected amount of the return on the funds' assets and the actual return) are recognized when incurred directly in shareholders' equity.

Gains and losses generated on a curtailment or settlement of a defined benefit pension plan are recognized in the income statement when the curtailment or settlement occurs.

A curtailment occurs when there is a material reduction in the number of employees or the plan is altered in such a way that the benefits awarded are reduced with a material impact.

1.21.2 Defined Contribution Plans

From 2014, all of the Navigator group subsidiaries that had defined benefit plans (2010 for The Navigator Company), assumed commitments, regarding payments to a defined contribution plan in a percentage of the beneficiaries' salary, in order to provide retirement, disability, early retirement and survivors' pensions.

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

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

1.21.3 Holiday Pay, Allowances and bonuses

Under the terms of the collective labor agreement applicable to The Navigator Company, S.A. as well as under the agreement celebrated with the Labor Unions, most of the companies' employees are entitled to a 25 working days leave (except for Raíz and Viveiros Aliança employees with 22 days) as well as to a month's holiday allowance.

According to the current Performance Management System ("Sistema de Gestão de Desempenho"), employees and statutory bodies may become eligible for a bonus based on annually-defined objectives, subsequently approved in the annual general assembly held to approve the accounts.

Accordingly, these liabilities are recorded in the period in which all the employees, including the Board members, acquire the expectation of receiving the share in results, irrespective of the date of payment, whilst the balance payable at the date of the statement of financial position is shown under "Payables and other current liabilities".

1.22 Payables and other current liabilities

Trade creditors and current accounts payable are initially recorded at their fair value and subsequently at amortized cost.

1.23 Governments Grants

Government grants are recognized at their fair value when there is a reasonable assurance that the grant will be received and the Navigator group will comply with all required conditions, namely, the Navigator group makes the eligible investments and grants will be received.

Government grants received to compensate capital expenditure are reported under “Payables and other current liabilities” and are recognized in the income statement during the useful life of the tangible fixed asset being financed, by deducting the value of its amortization.

Government grants related to operating costs, are systematically recognized in the income statement over the period that matches the costs with the compensating grants, as well as the accumulated amounts prior to the initial recognition.

Grants related to the attribution of C02 emission rights (Note 1.5), are recognized in the income statement to the extent of the actual emissions.

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

1.24 Leases

Fixed assets acquired under leasing contracts, as well as the corresponding liabilities, are recorded using the finance method.

According to this method, the asset’s cost is recorded in property, plant and equipment and the corresponding liability is recorded under liabilities as loans, while the interest included in the instalments and the asset’s depreciation, calculated as described in Note 1.8, are recorded as costs in the income statement of the period to which they relate.

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

1.24.1 Leases included in contracts according to IFRIC 4

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

1.25 Dividends distribution

The distribution of dividends to shareholders is recognized as a liability in the Navigator group’s financial statements in the period in which the dividends are approved by the shareholders and up until the time of their payment or, in the case of anticipated distributions, when approved by the Board of Directors.

1.26 Accrual basis

Navigator group companies record their costs and income according to the accrual basis of accounting, so that costs and income are recognized as they are generated, irrespective of the time at which they are paid or received.

The differences between the amounts received and paid and the respective costs and income are recognized as “Receivables and other current assets” and “Payables and other current liabilities” (Notes 21 and 30, respectively).

1.27 Revenue

Income from sales is recognized in the consolidated income statement when the risks and benefits inherent in the ownership of the respective assets are transferred to the purchaser and the income can be reasonably quantified. Thus, sales of products (BEKP and paper) are recognized only when they are dispatched to the clients, and no more costs with transportation or insurance are to be held by the Navigator group.

Sales are recognized net of taxes, discounts and other costs inherent to their completion, at the fair value of the amount received or receivable.

Income from services rendered is recognized in the consolidated income statement by reference to the stage of completion of the service contracts at the date of the statement of financial position.

1.28 Contingent Assets and liabilities

Contingent liabilities in which the probability of an outflow of funds affecting future economic benefits is not likely, are not recognized in the consolidated financial statements, and are disclosed in the notes, unless the probability of the outflow of funds affecting future economic benefits is remote, in which case they are not disclosed. Provisions are recognized for liabilities which meet the conditions described in note 1.20.

Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes when it is probable that a future economic benefit will arise from them (Note 37).

1.29 Subsequent Events

Events after the date of the statement of financial position which provide additional information about the conditions prevailing at the date of the statement of financial position are reflected in the consolidated financial statements.

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

1.30 New standards, changes and interpretations of existing standard

The application of the interpretations and amendments to the standards mentioned below, are mandatory by the European Union, for the financial years beginning on or after 1 January 2017:

Standards and effective changes, on or after 1 January 2017, endorsed by EU	Effective Date *
IFRS 9 – Financial instruments	1 January 2018
IFRS 15 – Revenue from contracts with customers	1 January 2018

** Periods beginning on or after*

The introduction of the revision to this standard did not have any significant impact on the consolidated financial statements of the Group.

New standards and interpretations of non-mandatory application in European Union

There are new standards, interpretations and amendments of existing standards that, despite having already been published, are only mandatory for the periods starting after 1 January 2017 and which the Group decided not to early-adopt in the current period, as follows:

Standards and effective changes, on or after 1 January 2017, not yet endorsed by EU	Effective Date *
IAS 7 - Statement of Cash Flows	1 January 2017
IAS 12 - Income Taxes	1 January 2017
IAS 40 - Investment Property	1 January 2018
IFRS 2 – Share-based Payment	1 January 2018
IFRS 4 - Insurance Contracts	1 January 2018
Amendments to IFRS 15 – Revenue from contracts with customers	1 January 2018
IFRS 16 - Leases	1 January 2019
IFRS 17 - Insurance Contracts	1 January 2021
Annual improvements to IFRSs 2014 - 2016	1 January 2017 or 1 January 2018
IFRIC 22 – Foreign Currency Transactions and Advanced Consideration	1 January 2018
IFRIC 23 – Uncertainty over income tax treatments	1 January 2019

** Periods beginning on or after*

Up to the date of issuing this report, the Group had not yet concluded the estimate of the effects of changes arising from the adoption of these standards, for which it decided not to early-adopt them. However, no material effect is expected in the financial statements as a result of their adoption.

2. RISK MANAGEMENT

The Navigator group operates in the forestry sectors, in the production of eucalyptus for use in the production of BEKP (bleached eucalyptus kraft pulp), which is essentially incorporated in the production of UWF (uncoated wood free) paper and tissue paper but is also sold in the market, and in energy production, essentially through the forest biomass that is generated in the BEKP production process, as well as the production of pellets.

All the activities in which the Navigator group is involved are subject to risks which could have a significant impact on its operations, its operating results, the cash flow generated and in its financial position.

The risk factors analyzed in this chapter can be structured as follows:

i. Specif risks inherent to the sectors of activity in which the Navigator group operates:
   - ✓ Risks associated with the forestry sector
   - ✓ Risks associated with the production and sale of BEKP, UWF paper, tissue paper and pellets.
   - ✓ Risks associated with the energy generation and pellets.
   - ✓ Human Resources
   - ✓ Information systems
   - ✓ General context risks

ii. Navigator group risks and the manner in which it carries out its activities.

The Navigator group has a risk-management programme in place which is focused on the analysis of the financial markets in order to minimize the potential adverse effects on its financial performance. Risk management is conducted by the Finance Division in accordance with policies approved by the Board of Directors. The Finance Division evaluates and undertakes the hedging of financial risks in strict coordination with the Navigator group's operating units.

The Board of Directors provides the principles of risk management as a whole and policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk, the use of derivatives and other non-derivate financial instruments and the investment of excess liquidity. The Internal Audit department follows the implementation of the risk management principles defined by the Board of Directors.

2.1 Specific Risks in sectors where the group acts

2.1.1. Significant risks from the forestry

By the end of first half of 2017, Navigator group was carrying out the management of woodland covering an area of 118 thousand hectares, from north to south of the country, including Azores, through 1,400 units located in 168 municipalities, in accordance with the principles laid down in its Forest Policy. Eucalyptus trees occupy 74% of this area, namely the *Eucalyptus globulus*, the species that is universally acknowledged as the tree with the ideal fiber for producing high quality paper. In the remaining areas, cork and oak are highlighted, being the Navigator group the major private national producer of pine and one of the largest producer of coark oak.

The Navigator group is also managing, in a development stage, the forestation of 356,210 hectares in Mozambique, which were prepared to plant 42 thousands of hectares and planted 13.1 thousand hectares in the provinces of Manica and Zambezia, under a concession agreement reached with de Mozambique government. The mentioned agreement also provides the construction of an industrial BEKP production unit, together with the construction of an electricity production unit.

In April 2017, the Navigator Group initiated contacts with the Government of Mozambique to revise the protocol, particularly to reschedule the investment, given the changes to the initial context resulting from the political, social and economic situation of the country. In this context, the project is expected to be developed in two sequential phases, with the first phase aimed at implementing a production and export operation of eucalyptus wood chips, essentially oriented to the Asian market. Only after the successful completion of this first phase will the Navigator Group be able to evaluate and decide on the transition to the second phase, which will include the construction of the pulp mill and the associated thermoelectric power plant.

The main forestry areas under Navigator group's management are certified by FSC (Forest Stewardship Council) and by PEFC (Programme for the Endorsement of Forest Certification schemes), ensuring an environmental, economic and socially responsible forestry management that follows a strict and internationally recognized criteria.

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

In order to address these issues, the Group initiated in 2016 a project aiming to promote forest certification in areas owned by private owners, seeking to guarantee that, in 2020, all the eucalyptus wood processed by the Group will come from partners with a certified activity. Currently, about 21.9% of this processed eucalyptus wood already comes from partners with certified activity. Adding these figures to the remaining certified volumes, in June 2017, the Group was for the first time able to guarantee that 50% of its whole processed wood was certified.

In addition, the Group is working to proactively promote good forest management practices to help improve the productivity of third-party forest areas. This effort, which has been developed through CELPA (Association of the Paper Industry, representing the main industrial groups in the sector) with the "Best Eucalyptus" Program, may still be reinforced with additional support measures, in addition to the technical support already provided.

The main risks associated with the sector are the ones related to the productive capacity of the plantations, the risk of wildfires as well as the regulatory risk, given the review announced by the Government of the legal regime applicable to forestation and reforestation with resort to forestry species, as established in Decree-Law No. 96/2013, of 19 July. Combining all these factors with the absence of strategic measures from the Government in this sector, has led to import additional raw materials, limiting the sector's profitability.

The Navigator group's activity is exposed to risks related to forest fires, including:

i. destruction of actual and future wood inventory, belonging to the Navigator group as well as to third parties;
ii. increasing costs of forestry and subsequent land preparation for plantation.

Regarding the risk of wild fires, the manner in which the Navigator group manages its woodlands constitutes the front line for mitigating this risk.

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

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

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

i) Increase the productivity of its woodlands through the use of the best agro-forestry practices adapted to local conditions and compatible with the environment and the demand for biodiversity.

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

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

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

i) To improve the productivity of the eucalyptus forests

ii) To enhance the quality of the fiber produced from that wood

iii) To implement a sustained forestry management program from an economic, environmental and social perspectives

iv) To lower the cost of wood production

2.1.2. Risks associated to producing and selling BEKP, UWF paper, Tissue paper and *pellets*

Supply of raw materials

The wood supplied by the Group's forestry's represents less than 20% of the Group's needs, meaning the Group needs to buy wood in Iberian market and outside that.

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

The planting of new areas of eucalyptus and pine is subject to the authorization of the relevant entities, and the legislative changes may limit the national productive potential, although there are initiatives to increment the productivity of existed areas and consequently the availability of raw materials.

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

On 30 June of 2017, a increase of 10% in the cost per m^3 of eucalyptus wood consumed in BEKP pulp production would have had a negative impact in operational results of Navigator group of approximately Euro 15,830,000 (30 June of 2016: Euro 16,140,000).

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

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

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

Market Price for UWF paper, BEKP, Tissue paper and *pellets*

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

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

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

Demand for the Group's products

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

The demand for printing and writing paper has been historically related with macroeconomic factors and the increasing use of copy and print material. A breakdown of the global economy and the increase of unemployment can cause a slowdown or decline in demand for printing and writing paper, thus affecting the performance of the Navigator group.

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

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

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

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

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

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

Due to the evolution of the global energy market, the search for alternative and renewable energy sources has been constant, making the forest biomass and its derivative products an extremely important alternative. One of those products are pellets, a type of wood generally made from refined and dried sawdust or wood flour that is then compressed.

Its main applications are:

- on the one hand, at the industrial segment level, in its use as fuel for the generation of electric power in thermoelectric power stations (reducing or replacing, for example, the consumption of coal or fuel in such plants);
- on the other hand, in the residential segment, in domestic heating, but also in the heating of commercial or public spaces.

New uses have also been given to this product (such as animal bedding).

Currently, in the world scenario, the greatest demand and production of pellets are located in the Northern Hemisphere, namely in Europe and USA.

The European Union is the driving force behind the market for wood pellets, where the continued growth of this market is expected. Estimates point to a consumption of 24 million tons of wood pellets by 2020, of which 11 million tons imported.

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

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

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

It is estimated that production of pellets will continue to grow despite of the availability of oil and gas at cheaper prices. To reach continuous growth will be determinant the requirements of United Kingdom and European Union for sustainable biomass and actions to meet the greenhouse gas emissions reductions.

Energy

The process is dependent on the constant supply of electricity and steam energy. Responding to that, Navigator group has several cogeneration units, which provide this supply, and redundancies were planned between the generating units in order to mitigate the risk of any unplanned stops of those units to pulp and paper mills. The excess production from the consumption needs is sold in the market at regulated tariffs. After this period (2025 in Cacia and 2026 in Setúbal), the defined tariffs do not compensate market production as they are lower than the ones in which the Navigator group incurs for acquiring electricity, which can be proven by the reduction shown in the revenues arising from this segment as well as in consumptions of electricity and natural gas.

Country risk – Mozambique

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

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

The Navigator group is currently developing a reflection process regarding the pace the project in Mozambique is progressing, mainly dictated by the evolution of the current political and social context that, being unstable, brings additional challenges to the project concerning the security of all those involved and the assurance of the supply of products, materials and services needed. At this moment, the project in Mozambique is a forest project, aiming in a first stage the creation of a forest base with 39 thousand hectares to export eucalyptus wood chips, and in a second stage, develop the industrial project including the construction of large scale pulp mill. The pressure on the Metical is felt in price inflation, which has been clear since 2015 and continues to increase.

In the 6 month period ended 30 June 2017, the expenditure with this project amounted to Euro 82,000,000 (31 December 2016: Euro 76,000,000), being capitalized Euro 63,800,000, mainly related to plantation, land preparation and the identification of eucalyptus species with adequate industrial use to be planted in the areas awarded by the Mozambique State.

However, as a result of the above, the Group prudently revalued the assessment over the recoverability of the assets held in Mozambique, having recognized an impairment loss of Euro 51 million, of which Euro 48 million in fixed assets and Euro 3 million in biological assets.

Country Risk – USA

The Colombo Energy Inc. project related to the new pellet plant in the USA (in Greenwood, South Carolina) has been launched on 18 July 2016, starting its production from September 2016.

The investment amount was USD 121 million, subject to the specific country risk.

The Group is evaluating the residential market in the USA, aiming to redirect around 10 to 20% of its capacity to this market.

Besides this project, the US market has a significant weight in the total sales of UWF paper, increasing the exposure to the country's specific risk.

This exposure requires a careful evaluation of the impacts resulting, for example, from changes in regulations and taxes, or even from their application and interpretation by governmental entities and tax authorities.

Concerning UWF paper imports, together with producers from other countries (Australia, Brazil, China and Indonesia), the Group has been subject to anti-dumping measures imposed by the Department of Commerce since 2015. Although the applied rate has been revised downwards during 2016 to 7.8%, the Group considers that no anti-dumping margin should be applied (Note 21).

Competition

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

As paper and pulp markets are highly competitive, new capacities may have a relevant impact in prices worldwide.

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

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

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

Concentration of the customer portfolio

As at 30 June 2017, the Navigator group's 10 main BEKP customer groups accounted for 15% of the period's production of BEKP (2016: 17%) and 61% of external sales of BEKP (2016: 76%). This asymmetry is a result of the strategy pursued by the Navigator group, consisting of a growing integration of the BEKP produced into the UWF paper produced and sold.

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

As at 30 June 2017, the Navigator group's 10 main customer groups for UWF paper represented 50% of this product's sales during the period (2016: 51%), although the group's 10 main individual customers did not exceed 24% of the UWF paper sales (2016: 23%). Also regarding UWF paper, the Navigator group follows a strategy of mitigating the risk of customer concentration. The Navigator group sells UWF paper to about 117 countries (2016:113 countries) and to more than 988 individual customers (2016: 996 customers), thereby allowing a dispersion of the risk of sales concentration in a reduced number of markets and/or customers.

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

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

The Colombo Energy Inc. project related to the new pellet plant in the USA (in Greenwood, South Carolina) has been launched on 18 July 2016 and produced its first pellets on 21 July 2016, starting its production from September 2016.

The commercial activity started on December 2016. The Navigator group as recorded sales of 65 thousand tons, corresponding to the amount of Euro 7.4 million. So far, only one contract was signed with a single customer, guaranteeing the placement of 40% of the plant's production for a period of 10 years.

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

Environmental legislation

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

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

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

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

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

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

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

With a view to prospecting the future developments in the area of the environment associated with energy, the Navigator group began to develop a broader plan where it is intended to bring together the challenges that will be put to the horizon of 2030.

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

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

2.1.3. Risks associated with the production of energy and *pellets*

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

Considering the increasing integration of the Navigator group's mills dedicated to the production of BEKP and UWF paper and as a means of increasing the use of the biomass gathered in the woodlands, the Navigator group built new biomass power-generating units, to produce electrical power trough biomass.

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

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

In addition, and despite the legal provisions,

i. Decree-Law 23/2010 and Act 140/2012, revised by Act 325-A/2012, applicable to the ERP system - Special Regime in cogeneration;
ii. For units powered through residual forestry biomass, dedicated to the production of electricity, the legal framework is provided by Decree-Law 33-A/2005, revised by Decree-Law 225/2007, that extends from 15 to 25 years the guaranteed tariffs under the PRE, which enables some revenue stability to be planned for the near future;
iii. Change in energy prices for sale of energy produced from renewable resources will penalize the products produced by the Navigator group (already occurring, with specific measures over the energy price and the introduction of an Extraordinary Contribution to the Energy Sector affecting cogenerating units with a capacity of more than 20MW). The constant search for the optimization of production costs and efficiency of the generating units is the way the Navigator group seeks to mitigate this risk.

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

The Navigator group represents a relevant part of the energy produced in Portugal. The units owned and operated by the Navigator group have been watching a review of electricity prices over a transitory period initiated in 2012, through 2020 and ending in 2025. As a consequence, operation will become economically unfeasible. Over the aforementioned period, the energy generated by these units will no longer be sold to the national grid (already the case in the gas cogeneration unit in Figueira da Foz since 2016 and will start in Cacia and Setúbal in 2025 and 2026, respectively), as it will no longer be economically feasible. These units will be converted into auto consumption units after the transitory period applicable to each installation.

2.1.4. Human Resources

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

The Navigator group's ability to successfully implement the outlined strategies will therefore depend on its capacity to recruit and retain key talents for each role. This risk is increased by the high average age of the Navigator group's employees.

Although the Navigator group's human resources policy seeks to achieve these goals, there might be some limitations to achieving them in the future, or that significant training costs need to be supported. In 2015 several actions were put in place in order to spread the new values and culture of the Navigator group. We are integrating values, bringing them to life, developing systems and policies so to transform the organization, developing skills and holding the leadership responsible.

During 2017, the Navigator group continued with the rejuvenation program initiated in 2014. As of the date of this report, 176 employees had accepted its terms (in 2017: 28 employees, in 2016: 28 employees, in 2015: 100 and in 2014: 14).

In association with the rejuvenation program, there was a need to retain and manage the knowledge of these employees. The Navigator group is reinforcing its commitment to create a learning center, focusing the training and development of technical and management areas.

It should be noted that in the end of the first half of 2017 the Navigator group's headcount increased in 449 employers as a result of the new businesses and of the insourcing of certain activities that were previously outsourced.

The focus on the continuous development of its employees together with the attraction of promising talents is considered strategic to the Organization as a way to introduce new skills and new ways of thinking the business.

2.1.5. Information Systems

The Group's information systems, some of which rely on services provided by third parties, have a key role in the operation of its business. Given the strong reliance placed on information technologies in the several geographies and business areas in which the Group operates, it is important to highlight the risk inherent to systems failures, resulting either from intentional actions such as computer attacks or from accidental actions.

Despite the procedures designed and implemented to mitigate the mentioned risks, the Group is aware that, in the absence of inviolable information systems, it cannot be guaranteed that these efforts will be sufficient to prevent such system failures, as well as the related repercussion on reputation, litigation, inefficiencies or even in allocating operating margins.

2.1.6. Other risks associated with the group’s activity

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

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

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

2.1.7. Context Risks

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

- i) Ports and railroads;
- ii) Roads, particularly those providing access to the Navigator group’s production units;
- iii) Rules regarding territory management and forest fires;
- iv) Low productivity of the country’s forests;
- v) The lack of certification of the vast majority of the Portuguese forest;
- vi) Volatility of fiscal policy and no reduction of the corporate tax rate.

2.2 Group’s risks and the way it develops its activities

2.2.1. Risks associated with debt and liquidity levels

Given the medium / long term nature of investments, the Group has sought to set up a debt structure that follows the maturity of the associated assets, thus seeking to contract long-term debt, and refinance its short-term debt.

Considering the structure of the debt contracted, which has an average maturity matching the assets it finances, the Navigator group believes it will have the ability to generate future cash flows that will enable it to fulfil its responsibilities, to ensure a level of investment in accordance with the provisions in its medium / long term plans and to maintain an adequate remuneration to its shareholders.

The interest and principal payments of financial liabilities will result in the following undiscounted cash flows, including interest at current prevailing interest rates, based on the residual maturity as at the date of the statement of financial position:

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
As of 30 June 2017						
Liabilities						
Interest-bearing liabilities						
Bond loans	-	3,018,875	4,589,000	173,564,000	208,159,625	389,331,500
Commercial paper	-	-	54,147,758	325,353,966	-	379,501,724
Bank loans	-	-	27,094,007	54,070,632	5,126,429	86,291,068
Accounts payable and other liabilities	160,585,580	72,620,938	6,381,384	1,407,214	-	240,995,116
Derivative financial instruments	-	-	-	-	-	-
Other liabilities	108,935	-	-	-	-	108,935
Total liabilities	**160,694,515**	**75,639,813**	**92,212,149**	**554,395,812**	**213,286,054**	**1,096,228,343**

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
As of 31 December 2016						
Liabilities						
Interest-bearing liabilities						
Bond loans	-	2,970,562	4,550,437	179,651,000	205,352,875	392,524,874
Commercial paper	-	-	53,629,976	204,378,900	-	258,008,876
Bank loans	-	-	20,850,186	69,559,913	30,167,081	120,577,180
Accounts payable and other liabilities	138,968,317	22,854,069	-	14,919,576	-	176,741,962
Derivative financial instruments	-	-	-	-	-	-
Other liabilities	227,825	683,472	1,187,462	-	-	2,098,759
Total liabilities	**139,196,142**	**26,508,103**	**80,218,061**	**468,509,389**	**235,519,956**	**949,951,650**

On 30 June 2017 the value of interest-bearing liabilities shown in the table above includes interest to be paid in the amount of Euro 63,579,160 (31 December 2016: Euro 65,904,390).

The above mentioned presumption is based on the Group's medium/long term plans, which consider the following main assumptions:

i. A price level for eucalyptus wood between 90% and 110% of that recorded during the period ended 31 December 2016;
ii. A market selling price of BEKP between 80% and 115% of that recorded during the period ended 31 December 2016;
iii. A market selling price of UWF and tissue paper between 90% and 120% of that during the period ended 31 December 2016;
iv. A net-debt cost between 80% and 115% of that recorded during the period ended 31 December 2016;
v. A production level of eucalyptus in the woodlands owned or operated by the group, of BEKP, of UWF paper and power within the existing installed capacities.

Certain loans contracted by the Group are subject to financial covenants which, if not met, could entail their early repayment.

The following covenants are currently in force:

Loan	Ratio	Limit
BEI	Interest Coverage = EBITDA 12M / Annualized net interest	**>= 4,5 X**
	Indebtedness = Interest bearing liabilities / EBITDA 12 M	**<= 4,5 X**
Commercial Paper 125M	Net Debt / EBITDA = (interest bearing debt - cash and cash equivalents) / EBITDA 12M	**<= 5,0 X**
Commercial Paper 75M	Net Debt / EBITDA = (interest bearing debt - cash and cash equivalents) / EBITDA 12M	**<= 4,0 X**
Commercial Paper 50M	Net Debt / EBITDA = (interest bearing debt - cash and cash equivalents) / EBITDA 12M	**<= 5,0 X**
Commercial Paper 100M	Net Debt / EBITDA = (interest bearing debt - cash and cash equivalents) / EBITDA 12M	**<= 4,0 X**
Commercial Paper 70M	Net Debt / EBITDA = (interest bearing debt - cash and cash equivalents) / EBITDA 12M	**<= 5,0 X**
Bonds Navigator 2015-2023	Net Debt / EBITDA = (interest bearing debt - cash and cash equivalents) / EBITDA 12M	**<= 4,0 X**
Bonds 1,575% 2016-2021	Net Debt / EBITDA = (interest bearing debt - cash and cash equivalents) / EBITDA 12M	**<= 4,0 X**
Bonds Navigator 2016-2021	Net Debt / EBITDA = (interest bearing debt - cash and cash equivalents) / EBITDA 12M	**<= 4,0 X**

Based on the financial statements presented in this report, these ratios were as follows as at 30 June 2017 and 31 December 2016:

Ratio	30-06-2017	31-12-2016
Interest Coverage	43.22	33.43
Indebtedness	2.06	1.78
Net Debt / EBITDA	1.84	1.61

Considering the contracted limits, the group was comfortably complying with the limits imposed under the financing contracts. As at 30 June 2017 the Group presents a buffer of over 100% on the fulfilment of its covenants.

The group's objectives regarding capital management, which is a wider concept than the capital shown in the statement of financial position are:

i. To safeguard its ability to continue in business and thus provide returns for shareholders and benefits for its remaining stakeholders;
ii. To maintain a solid capital structure to support the growth of its business; and
iii. To maintain an optimal capital structure that enables it to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Navigator group can alter the amount of dividends payable to its shareholders, return capital to its shareholders, issue new shares or sell assets to lower its borrowings.

In line with the sector, the Navigator group monitors its capital based on its gearing ratio. This ratio represents net interest-bearing debt as a percentage of the total capital employed. Net interest-bearing debt is calculated by adding the total amount of loans (including the current and non-current portions as disclosed in the statement of financial position) and deducting all cash and cash equivalents. Total capital employed is calculated by adding shareholders' equity (as shown in the statement of financial position, excluding treasury shares) and net interest-bearing debt.

The gearing ratios as at 30 June 2017 and 31 December 2016 were as follows:

Amounts in Euro	30-06-2017	31-12-2016
Total Loans (Note 29)	823,794,605	708,261,286
Cash and cash equivalents (Note 29)	(85,900,284)	(67,541,588)
Net debt	**737,894,321**	**640,719,698**
Equity, excluding treasury shares	1,082,805,533	1,231,999,186
Equity	**1,820,699,854**	**1,872,718,884**
Gearing	40.53%	34.21%

2.2.2. Interest Rate Risk

As at 30 June 2017, near 37% of the Navigator group's financial liabilities are indexed to short-term reference interest rates, revised in periods shorter than one year (usually 6 month rates for long term debt), plus duly negotiated risk spreads. Hence, changes in interest rates can impact the Company's earnings.

The Navigator Group resorted to derivative financial instruments to cover its interest rate risk, namely interest-rate swaps, with the purpose of fixing the interest rate on the Navigator group's borrowings within certain limits.

On 30 June 2017 and 31 December 2016, the detail of the financial assets and liabilities with interest rate exposure, considering the maturity or the next reprising date was as follows:

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 30 June 2017						
Assets						
Current						
Cash and cash equivalents	85,900,284	-	-	-	-	85,900,284
Total Financial Assets	**85,900,284**	**-**	**-**	**-**	**-**	**85,900,284**
Liabilities						
Non-current						
Bearing Liabilities	-	-	-	512 698 411	232 986 112	745,684,523
Current						
Other bearing liabilities	-	-	75 911 224	-	-	75,911,224
Total Financial Liabilities	**-**	**-**	**75,911,224**	**512,698,411**	**232,986,112**	**821,595,747**
Accumulated differencial	**85,900,284**	**85,900,284**	**9,989,059**	**(502,709,352)**	**(735,695,464)**	

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 31 December 2016						
Assets						
Current						
Cash and cash equivalents	67,541,588	-	-	-	-	67,541,588
Total Financial Assets	**67,541,588**	**-**	**-**	**-**	**-**	**67,541,588**
Liabilities						
Non-current						
Bearing Liabilities	-	-	-	396,230,161	239,305,554	635,535,715
Current						
Other bearing liabilities	-	-	69,702,381	-	-	69,702,381
Total Financial Liabilities	**-**	**-**	**69,702,381**	**396,230,161**	**239,305,554**	**705,238,096**
Accumulated differencial	**67,541,588**	**67,541,588**	**(2,160,793)**	**(398,390,954)**	**(637,696,507)**	

The Navigator carries out sensitivity analysis in order to assess the impact in the consolidated income statement and equity caused by an increase or decrease in market interest rates, considering all other factors unchanged. This is an illustrative analysis only, since changes in market rates rarely occur in isolation from changes in other market factors.

The sensitivity analysis exercise carried out is based on the following assumptions:

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

An increase of about 0.50% in interest rate from which interest on loans are calculated would have an impact in its earnings before taxes, for the period ended in 30 June 2017 in about Euros 516,373 (31 December 2016: Euro 916,800).

2.2.3. Currency Risk

Variations in the euro’s exchange rate against other currencies can affect the Navigator group’s revenue in a number of ways.

On one hand, a significant portion of the Navigator group’s sales is priced in currencies other than the Euro, which evolution can have a significant impact in future sales of the company, being the currency with major focus, the USD. Also sales in GBP, PLN and CHF have some weight, having sales in other currencies less expression.

Furthermore, purchases of certain raw materials are also made in USD, namely some of the wood and long fiber pulp imports. Therefore, changes in EUR vis–à-vis the USD may have an impact on acquisition values.

Additionally, once a sale or purchase is made in a currency other than the Euro, the Navigator group becomes exposed to exchange rate risk up to the moment it receives or pays the proceeds of that sale or purchase, if no hedging instruments are in place. Therefore, Navigator’s statement of financial position generally includes a significant amount of receivables and, albeit with a lesser significance, payables, exposed to currency risk.

The Navigator group holds an affiliated company in the USA, Navigator North America, whose share capital amounts to around USD 25 million and is exposed to foreign exchange risk. It also owns a subsidiary in the state of South Carolina, in the USA, for pellets production, equally exposed to foreign exchange risk. Navigator group also holds an affiliated in Poland (Navigator Finance Zoo) whose share capital amounts to PLN 208 million exposed to foreign exchange risk. Additionally, the Navigator group holds an affiliated company in Mozambique (Portucel Moçambique), whose share capital amounts to MZM 1,380 million, equally exposed to foreign exchange risk. Besides those operations, the Navigator group does not hold materially relevant investments in foreign operations, the net assets of which are exposed to foreign exchange risk.

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

The table below shows the Navigator group's exposure to foreign exchange rate risk as of 30 June 2017, based on the financial assets and liabilities that amounted to a net asset of Euro 55,081,788 converted at the exchange rates as of that date (31 December 2016: Euro 78,928,837) as follows:

Amounts in Foreign Currency	United States Dolar	British Pound	Polish Zloty	Swedish Krone	Swiss Franc	Danish Krone	Australian Dolar	Norwish Krone	Mozambique Metical	Moroccan Dirhams	Turkish Lira
As of 30 June 2017											
Assets											
Cash and cash equivalents	5,801,981	134,777	123,689	334	59,173	1,081	-	579	22,866,007	184,335	(13,345)
Accounts receivable	45,520,004	10,850,354	5,720,381	515,424	1,392,082	141,351	92,858	484,999	942,464	-	-
Available for sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	**51,321,985**	**10,985,131**	**5,844,070**	**515,757**	**1,451,255**	**142,432**	**92,858**	**485,578**	**23,808,471**	**184,335**	**(13,345)**
Counter value in Euros	44,971,946	12,493,041	1,382,917	53,503	1,327,772	19,153	62,526	50,733	341,732	16,733	(3,325)
Liabilities											
Bearing liabilities	-	-	-	-	-	-	-	-	-	-	-
Payables	(7,191,351)	(63,027)	(2,044)	130,821	5,477	-	-	-	50,921,262	(117,715)	-
Total Financial Liabilities	**(7,191,351)**	**(63,027)**	**(2,044)**	**130,821**	**5,477**	**-**	**-**	**-**	**50,921,262**	**(117,715)**	**-**
Counter value in Euros	(6,301,570)	(71,678)	(484)	13,571	5,011	-	-	-	730,892	(10,686)	-
Derivative Financial Instruments	**(299,250,000)**	**(51,245,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net financial position	**44,130,633**	**10,922,104**	**5,842,025**	**646,578**	**1,456,732**	**142,432**	**92,858**	**485,578**	**74,729,733**	**66,620**	**(13,345)**
As of 31 December 2016											
Total Financial Assets	50,252,114	12,667,352	4,669,702	686,298	1,101,834	383,097	58,572	1,141,964	98,524,614	55,223	46,752
Total Financial Liabilities	(19,297,167)	16,293	(2,044)	16,516	5,290	-	(3,000)	-	(48,760,249)	(88,539)	-
Derivative financial instruments	**(304,950,000)**	**(8,700,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Financial Position	**30,954,947**	**12,683,645**	**4,667,658**	**702,814**	**1,107,124**	**383,097**	**55,572**	**1,141,964**	**49,764,365**	**(33,316)**	**46,752**

The Navigator group has entered into foreign exchange derivatives in order to hedge its exposure to exchange rate risk regarding future transactions in foreign currency.

As of 30 June 2017, a (positive or negative) variation of 10% of all currency rates relative to the Euro would have an impact in the years's pre-tax results of Euro 5,704,557 and Euro (6,972,236) respectively (31 December 2016: Euro 6,731,850 and (8,105,300) respectively), and in shareholders' equity of Euro 1,981,443 e Euros (2,421,764) (2016: Euro 2,147,276 and Euro (2,624,449)), considering the effect of the exchange rate hedging contracts in place.

2.2.4. Credit Risk

The Navigator group is exposed to credit risk in the credit it grants to its customers and, accordingly, it has adopted a policy of managing such risk within preset limits, by securing credit insurance policies with a specialized independent company.

The vast majority of sales that are not covered by credit insurance are covered by bank guarantees and documentary credits, and any exposure that is not covered remains within the limits previously approved by the Executive Committee.

However, the worsening of global economic conditions or adversities affecting the economy at a local scale can lead to deterioration in the ability of the Navigator group's customers to pay their obligations, which may lead entities providing credit insurance to significantly decrease the amount of the credit insurance lines that are available to those customers. This is the scenario the Navigator group currently faces (although with some improvement when compared with recent periods) which results in serious limitations on the amounts it can sell to certain customers, without incurring in direct credit risk levels that are not commensurate with Navigator group credit risk policy.

As a result of the strict credit control policy followed by the Navigator group, bad debts during last few years were virtually non-existent, framework that will be extended to tissue segment.

As at 30 June 2017 and 31 December 2016, accounts receivable from costumers showed the following ageing structure, considering the due dates for the open balances:

Amounts in Euro	30-06-2017	31-12-2016
Not overdue	153,997,450	168,235,087
1 to 90 days	5,589,759	12,874,055
91 to 180 days	24,668	80,375
181 to 360 days	5,126	408,779
361 to 540 days	605	37,158
541 to 720 days	445	170,667
more than 721 days	50,091	99,565
	159,668,144	**181,905,685**
Litigation - doubtful debts	2,904,050	2,395,281
Impairments	(2,904,050)	(2,395,281)
Net receivables balance (Note 21)	**159,668,144**	**181,905,685**
Limit of the negotiated credit insurance	105,672,548	122,274,574

The amounts shown above correspond to the open items according to the contracted due dates. Despite some delays in the liquidation of those amounts, that does not result, in accordance with the available information, in the identification of impairment losses other than the ones considered through the respective losses. These are identified using the information periodically collected about the financial behavior of the Navigator group's customers, which allow, in conjunction with the experience obtained in the client portfolio analysis and with the history of credit defaults, in the share not attributable to the insurance company, to define the amount of losses to be recognized in the period. The guarantees in place for a significant part of the open and old balances, justify the fact that no impairment loss has been recorded for those balances. The rules defined by the credit risk insurance policy applied by the Navigator group, ensure a significant coverage of all open balances.

Accounts receivable outstanding by business area was analyzed as follows:

As of 30 June 2017

Amounts in Euro	PULP MARKET	UWF PAPER	TISSUE PAPER	OTHERS	Total
Not overdue	14,969,435	120,480,957	17,622,841	924,217	153,997,450
1 to 90 days	1,324,040	1,619,845	1,621,480	1,024,394	5,589,759
91 to 180 days	-	-	17,343	7,325	24,668
181 to 360 days	-	-	-	5,126	5,126
361 to 540 days	-	-	-	605	605
541 to 720 days	-	-	-	445	445
more than 721 days	-	-	-	50,091	50,091
	16,293,475	**122,100,802**	**19,261,664**	**2,012,202**	**159,668,144**

As of 31 December 2016

Amounts in Euro	PULP MARKET	UWF PAPER	TISSUE PAPER	OTHERS	Total
Not overdue	11,823,660	121,466,401	16,905,693	18,039,333	168,235,087
1 to 90 days	1,275,139	9,931,071	1,545,267	122,578	12,874,055
91 to 180 days	-	-	42,626	37,749	80,375
181 to 360 days	-	-	58,019	350,760	408,779
361 to 540 days	-	-	35,987	1,171	37,158
541 to 720 days	-	-	122,976	47,691	170,667
more than 721 days	-	-	45,056	54,509	99,565
	13,098,799	**131,397,471**	**18,755,624**	**18,653,791**	**181,905,686**

As at 30 June 2017, the available credit insurance lines amounted to Euro 369,319,333 (31 December 2016: Euro 369,878,794) from which Euro 105,672,548 (31 December 2016: Euro 122,274,574) were in use.

The table below represents the quality of the Navigator group's credit risk, as at 30 June 2017 and 31 December 2016, for financial assets (cash and cash equivalents), (Credit rating by standard & Poor's, Fitch or Moody's):

	Financial Institutions	
Amounts in Euro	30-06-2017	31-12-2016
Rating		
AA	-	-
AA-	13,233,038	13,134,247
A+	-	-
A	48,921	26,837,653
A-	830,358	101,500
BBB+	34,104,098	2,627,962
BBB	76,795	-
BBB-	32,673,144	-
BB+	-	-
BB	-	-
BB-	1,035,122	21,814,827
B+	1,468,551	1,033,721
B	-	-
B-	-	-
Outros	2,430,256	1,991,680
	85,900,284	**67,541,589**

The value stated as "Other" includes bank deposits at banks or entities with no credit rate issued.

The Navigator group adopts strict policies in approving its financial counterparties, limiting its exposure in accordance with an individual risk analysis and within previously approved limits.

However, the worsening of global economic conditions, which is reflected in the deterioration of the quality of credit of several countries, also resulted in a general downgrade of the credit rating of most of the financial institutions the Navigator group works with. This situation was particularly relevant in what concerns Portuguese and Spanish banks, the Navigator group's main financial counterparts.

The following table shows an analysis of the credit quality of accounts receivable from customers, in which no default or impairment loss was considered based on the information available to the Navigator group:

	30-06-2017		31-12-2016	
Amounts in Euro	Gross amount	Credit Insurance	Gross amount	Credit Insurance
Accounts receivable overdue but not impaired				
Overdue - less than 3 months	5,589,759	5,045,156	12,874,055	9,251,754
Overdue - more than 3 months	80,935	80,935	796,544	508,864
	5,670,694	**5,126,091**	**13,670,599**	**9,760,618**
Accounts receivable overdue and impaired				
Overdue - less than 3 months	-	-	-	-
Overdue - more than 3 months	2,904,050	-	2,395,281	-
	2,904,050	**-**	**2,395,281**	**-**

The maximum exposure to credit risk as at 30 June 2017 and 31 December 2016 is detailed in the following table. In accordance with the policies described above, the Navigator group contracted credit insurance policies for most of the accounts receivable from its clients. As such its exposure to credit risk is considered to have been mitigated up to acceptable levels, when compared with its sales.

	Maximum Exposure	
Amounts in Euro	30-06-2017	31-12-2016
Current		
Current Receivables (Note 21)	226,336,057	215,877,823
Bank deposits (Note 29)	85,900,284	67,541,588
Exposure to credit risk on off balance sheet exposures		
Guarantees (Note 36.1)	9,249,730	9,094,204
Related responsabilities (Note 22)	(1,465,022)	(1,465,022)
	7,784,708	**7,629,182**

3. IMPORTANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

3.1 Impairment of Goodwill

The Navigator group tests the goodwill carried in its statement of financial position for impairment losses annually, in accordance with the accounting policy described in Note 1.6. The recoverable amounts of the cash generating units are ascertained based on the calculation of their value-in-use. These calculations require the use of estimates.

On 30 June 2017, a potential increase of 0.5% in the discount rate (7%) used in the impairment tests of that asset – Goodwill allocated to the Figueira da Foz Integrated Paper cash generating unit - would decrease its value by Euro 109,567,878 (Euro 115,418,468 as at 30 June 2016), which would still be higher than its book value.

3.2 Useful lives of Property, plant and equipment

The recoverability of property, plant and equipment requires the management to define certain estimates and assumptions, namely, and when applicable, regarding the calculation of the value in use of the Group's cash generating units in scope for impairment test purposes. In addition, tangible fixed assets represent the most significant component of the Group's total assets. These assets are subject to systematic depreciation for the period that is determined to be their economic useful life.

The estimation of those useful lives, as well as the depreciation method used, is essential in measuring the annual depreciation charge to be recognized in comprehensive income.

In order to best estimate these parameters, the Board of Directors uses their best knowledge as well as benchmark analysis with international peers.

Due to its significant impact in the Navigator group financial statements, management is also regularly advised by external and independent consultants in order to best estimate these variables.

3.3 Income Tax

The Navigator group recognizes additional tax assessments resulting from inspections undertaken by tax authorities. When the final outcome of the above reviews is different from the amounts initially recorded, the differences will have an impact on the corporate income tax and the deferred taxes in the periods when such differences are identified.

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

The Board of Directors believes that any reviews/ inspections by tax authorities will not have a material impact on the consolidated financial statements as of 30 June 2017. The Navigator group's income tax returns up to 2012 have already been reviewed while 2013, 2014 and 2015 inspection is ongoing.

On 30 June 2017, if the effective tax rate would correspond to the nominal rate (27.5%), there would be an increase in the corporate income tax charges of Euro 12,587,869 (31 December 2016: Euro 16,766,672). It should be noted that the effective tax rate includes adjustments from previous periods.

3.4 Actuarial Assumptions

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

On 30 June 2017, a potential decrease of 0.5% in the discount rate used (2%) in the actuarial assumptions would mean an overall increase in the actuarial of around Euro 13,199,535 (31 December 2016: Euro 13,310,070).

3.5 Fair Value of Biological Assets

In determining the fair value of its biological assets, the Navigator group used the discounted cash flows method considering assumptions related to the nature of the assets being valued (Note 1.10). Changes in these assumptions may have an impact in the value of those assets.

As of 30 June 2017, an increase of 0.5% in the discount rate (5.45%) used to value those assets would decrease their value by approximately Euro 4,912,176 (31 December 2016: Euro 5,752,000).

To Mozambique, the increase of 0.5% in the used discount rate (10,76%) would result in a devaluation of this asset in about Euro 284,067 (31 December 2016: Euros 276,000).

4. SEGMENT INFORMATION

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

(i) that engages in business activities from which it may earn revenues and incur expenses;

(ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(iii) For which discrete financial information is available.

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

Segment information is presented for business segments identified by the Navigator group, namely:

- Market Pulp;
- UWF Paper;
- Tissue Paper; and
- Other.

Revenues, assets and liabilities of each segment correspond to those directly allocated to them, as well as to those that can be reasonably attributed to those segments.

Financial data by operational segment for the period ended 30 June 2017 and 2016 is shown as follows:

	30-06-2017					
	PULP MARKET	**UWF PAPER**	**TISSUE PAPER**	**OTHERS**	**ELIMINATIONS/ UNALLOCATED**	**TOTAL**
REVENUE						
Sales and services - external	100,369,258	653,545,355	37,060,886	21,667,046	-	812,642,545
Sales and services - intersegment	9,999,993			360,642,459	(370,642,452)	-
Total revenue	**110,369,251**	**653,545,355**	**37,060,886**	**382,309,505**	**(729,996,958)**	**812,642,545**
Profit/(loss)						
Segmental Profit	19,758,876	133,018,642	1,517,233	(30,874,018)	-	**123,420,733**
Operating Profit	-	-	-	-	-	**123,420,733**
Financial costs- net	-	-	-	-	(8,305,941)	(8,305,941)
Income tax	-	-	-	-	(19,068,699)	(19,068,699)
Net profit before non-controling interest	-	-	-	-	-	**96,046,094**
Non-controling interest	-	-	-	-	(2,630)	(2,630)
Net profit	**-**	**-**	**-**	**-**	**-**	**96,043,464**
Other Information						
Capital expenditure	2,754,576	25,587,013	4,293,230	2,575,188	-	35,210,007
Depreciation and impairment	(5,530,327)	(44,006,344)	(4,583,615)	(20,646,331)	-	(74,766,617)
Provisions	-	-	-	-	(189,617)	(189,617)
Other Informations						
Segment assets						
Plant, property and equipment	122,144,602	710,482,380	63,583,431	358,016,903	-	1,254,227,317
Biological assets	-	-	-	128,823,123	-	128,823,123
Available-for-sale financial assets	-	260,486	-	-	-	260,486
Inventories	20,524,610	125,056,538	8,958,667	74,298,552	-	228,838,367
Receivable and other current assets	16,293,475	122,100,802	19,261,664	2,012,202	-	159,668,144
Other accounts receivable	2,057,122	44,847,893	-	19,762,899	-	66,667,914
Other assets	1,620,973	407,812,338	32,865	165,426,842	-	574,893,018
Total assets	**162,640,783**	**1,410,560,437**	**91,836,627**	**748,340,522**	**-**	**2,413,378,369**
SEGMENT LIABILITIES						
Interest-bearing liabilities	2,805,080	-	1,432,616	819,556,910	-	823,794,605
Accounts Payable	7,608,633	79,107,197	6,313,401	51,218,825	-	144,248,057
Other accounts payable	4,024,676	25,998,766	1,664,504	134,157,799	-	165,845,746
Other liabilities	27,817,010	103,790,131	3,189,404	60,555,748	-	195,352,294
Total liabilities	**42,255,399**	**208,896,094**	**12,599,926**	**1,065,489,283**	**-**	**1,329,240,702**

The Navigator group's energy sales are reported under different business segments. The amount corresponding to the total energy sales was Euro 84,189,671 in 2017 and Euro 68,630,728 in 2016. Energy sales originated in the cogeneration process, in the amount of Euro 73,112,355, are reported under the "Market Pulp" (Euro 8,684,675) and "UWF Paper" (Euro 64,427,681) segments. Sales of electricity exclusively produced in units dedicated to the production of electricity from biomass are reported under the segment "Other", in the amount of Euro 11,077,316. The segment "Other" also includes the wood and pellets sales (Euro 3,205,777 and Euro 7,383,953 respectively).

During the first half of 2017, the Navigator group entered in the auto invoicing system from EDP – Serviço Universal, S.A.. Since, at the balance sheet date no invoices related to the auto invoicing system where received, the amount to be invoiced was accrued under the caption of " Receivables and other current assets" as Accrued income.

The capital expenditure in the first half of 2017, refers to the development projects already disclosed, namely related to the increase in the Figueira da Foz pulp mill capacity, the construction of the new tissue factory in Cacia and the actual tissue operation in Vila Velha de Ródão.

Property, plant and equipment reported under the segment "Other" includes:

Amounts in Euro	30-06-2017
Forestry Lands	78,672,291
Real estate - manufacturing site of Setúbal	57,891,631
Real estate - manufacturing site of Cacia	12,302,796
Real estate - manufacturing site of Figueira da Foz	52,057,609
Thermoelectric plant biomass	35,298,714
Pellets project - EUA	98,540,958
Mozambique project	6,213,457
Others	17,039,447
	358,016,903

Forest land and industrial real estate are reported in the individual financial statements as investment properties (Euro 200,924,327). The real estate property of Vila Velha de Ródão, in the amount of Euro 9,302,585, is included in the segment “Tissue Paper”.

The majority of the assets allocated to each of the individual segments, with the exception of receivables, is located in Portugal. “Other” includes US and Mozambique, besides Portugal.

	30/06/2016					
	PULP MARKET	**UWF PAPER**	**TISSUE PAPER**	**OTHERS**	**ELIMINATIONS/ UNALLOCATED**	**TOTAL**
REVENUE						
Sales and services - external	71,192,821	658,249,187	33,111,850	16,016,337	-	778,570,196
Sales and services - intersegment	13,212,649	-	-	345,182,948	(358,395,597)	-
Total revenue	**84,405,471**	**658,249,187**	**33,111,850**	**361,199,285**	**(358,395,597)**	**778,570,196**
Profit/(loss)						
Segmental Profit	17,316,946	104,931,809	(4,364,796)	(9,963,345)	-	**107,920,613**
Operating Profit	-	-	-	-	-	**107,920,613**
Resultados financeiros	-	-	-	-	(13,462,204)	(13,462,204)
Impostos sobre os lucros	-	-	-	-	(9,209,390)	(9,209,390)
Net profit before non-controling interest	-	-	-	-	-	**85,249,019**
Non-controling interest	-	-	-	-	217,529	217,529
Net profit	-	-	-	-	-	**85 466 548**
Other Information						
Capital expenditure	2,713,454	11,805,944	144,304	60,599,118	-	75,262,820
Depreciation and impairment	(4,994,260)	(51,892,763)	(6,591,166)	(22,477,338)	-	(85,955,527)
Provisions	-	-	-		(1,398,423)	-1,398,423
Other Informations						
SEGMENT ASSETS						
Plant, property and equipment	127,959,582	729,897,369	67,070,690	385,132,097	-	1,310,059,738
Biological assets	-	-	-	123,935,174	-	123,935,174
Available-for-sale financial assets	-	260,487	-	-	-	260,487
Inventories	18,809,173	133,693,450	9,716,209	68,008,213	-	230,227,045
Receivable and other current assets	16,285,718	130,072,025	19,196,640	23,768,322	-	189,322,705
Other accounts receivable	3,764,824	28,090,495	2,190,640	4,179,536	-	38,225,495
Other assets	3,779,586	457,302,077	1,757,063	70,929,010	-	533,767,736
Total assets	**170,598,883**	**1,479,315,903**	**99,931,242**	**675,952,352**	**-**	**2,425,798,380**
SEGMENT LIABILITIES						
Interest-bearing liabilities	2,805,080	-	24,823,381	813,854,263	-	841,482,724
Accounts Payable	6,004,505	95,061,661	6,066,595	25,235,871	-	132,368,631
Other accounts payable	3,496,660	26,939,311	1,628,519	45,417,720	-	77,482,210
Other liabilities	32,020,985	97,861,192	3,622,252	120,491,675	-	253,996,104
Total liabilities	**44,327,229**	**219,862,164**	**36,140,748**	**1,004,999,529**	**-**	**1,305,329,669**

Sales and services rendered by region

Amounts in Euro	30-06-2017	30-06-2016
PORTUGAL		
UWF Paper	96,649,665	86,271,049
Pulp	13,158,731	8,836,856
Tissue	23,216,936	20,933,779
Others	14,283,093	16,016,337
	147,308,425	**132,058,021**
Rest of Europe		
UWF Paper	339,873,094	364,301,122
Pulp	65,537,671	60,980,633
Tissue	13,247,507	12,178,071
Others	7,383,953	-
	426,042,225	**437,459,826**
North America		
UWF Paper	64,615,375	69,696,963
Pulp	-	-
	64,615,375	**69,696,963**
Other Markets		
UWF Paper	152,407,222	137,980,054
Pulp	21,672,856	1,375,332
Tissue	596,443	-
	174,676,520	**139,355,386**
	812,642,545	**778,570,196**

The market information above is presented according with the reporting segments shown above.

5. OTHER OPERATING INCOME

Other operating income is detailed as follows for the periods ended 30 June 2017 and 2016:

Amount in Euros	6 months 30-06-2017	6 months 30-06-2016
Supplementary income	525,772	1,965,917
Grants - CO2 Emission allowances (Note 6)	1,406,281	1,534,127
Reversal of impairment losses in current assets (Note 23)	2,311	412,426
Gains on disposals of non-current assets	342,006	424,963
Gains on inventories	1,046,881	1,936,001
Government grants	11,150	211,711
Own work capitalised	51,135	7,405,383
Other operating income	3,095,469	2,617,920
	6,481,005	**16,508,449**

The decrease in “Supplementary income” is mainly due to the reduction on the tissue reels for transformation due to the increase in the internal production capacity in the Vila Velha de Ródão site.

The gains with CO_2 licenses correspond to the recognition of the free allocation of licenses for 261,664 tons of CO_2, at the average price of Euro 7.16 (2016: 260,310 tons at the average price of 6.07).

As of 30 June 2016, “Own work capitalized” comprises Euro 7,393,612 of expenditure with land preparation for forestation in Mozambique that was capitalized following the accounting policy described in Note 1.10. During the first half of 2017, no expenses were capitalized related to the Mozambique project.

6. OPERATING EXPENSES

Operating expenses are detailed as follows for the six months periods ended 30 June 2017 and 2016:

Amount in Euros	6 months 30-06-2017	6 months 30-06-2016
Cost of inventories sold and consumed	(330,348,337)	(341 691 740)
Variation in production	(5,188,158)	2 269 842
Cost of services and materials consumed	(201,300,731)	(184 862 994)
Payroll costs		
Remunerations		
Statutory bodies - fixed	(2 254 414)	(2 358 808)
Statutory bodies - variable	(2 307 444)	(2 303 935)
Other remunerations	(52 268 510)	(50 099 427)
	(56,830,368)	(54,762,170)
Social charges and other payroll cost		
Pension and retirement bonus - defined benefit plans (Note 27)	(758 476)	(953 423)
Pension costs - defined contribution plans (Note 27)	(669 528)	(625 842)
Contributions to social security	(10 527 221)	(10 367 419)
Other payroll costs	(6 849 386)	(7 703 189)
	(18,804,611)	(19,649,873)
	(75,634,979)	(74,412,043)
Other costs and losses		
Membership fees	(337,117)	(246 217)
Losses in inventories	(4,884,287)	(2 512 311)
Impairment losses in receivables (Note 23)	(511,080)	(39 644)
Impairment losses in inventories (Note 23)	-	-
Indirect taxes	(516,695)	(587 149)
Shipment costs	(2,250,125)	(2 159 696)
Water resources charges	(407,420)	(775 933)
Cost w ith CO2 emissions	(1,224,293)	(349 877)
Other operating costs	(1,353,534)	(1 374 566)
	(11,484,551)	(8,045,392)
Provisions (Note 28)	(189 617)	(1 398 423)
Total	**(624,146,374)**	**(608,140,750)**

The costs with CO_2 emissions correspond to the emission of 363,615 tons of CO_2 (30 June 2016: Euro 365,472 tons).

On 3 May 2016 a fire broke out in the premises of Navigator Tissue Ródão, S.A., which resulted in the destruction of a group of assets. This fire, whose ignition took place in the reception of raw materials, spreaded to the adjacent buildings, including to the spare parts warehouse and to the mechanical and electrical workshops, resulting in losses on inventories in the amount of Euro 2,350,454.

In 2017, the inventory losses are related with the beginning of pellets production, in which the initial starting problems generate an inventory loss of Euro 2,275,969. Additionally there was an inventory loss of Euro 2,248,300 related to the Mozambique plants.

For the six month periods ended 30 June 2017 and 2016 the consumed and sold inventory was detailed as follows:

Amount in Euros	6 months 30-06-2017	6 months 30-06-2016
Wood / Biomass	129,877,668	149,238,536
Natural gas	29,209,435	28,280,324
Other fuels	7,968,363	9,284,120
Water	963,598	759,584
Chemicals	70,134,741	71,393,587
BEKP pulp	28,996,665	11,453,141
UWF paper - subcontracts	4,273,681	4,765,751
Tissue Paper - subcontracts	822,207	3,946,139
Warehouse material	23,222,958	25,992,210
Packaging material	33,945,944	36,511,478
Other materials	933,077	66,870
	330,348,337	**341,691,740**

The cost of wood / biomass only relates to wood purchases to entities outside the Group, either domestic or foreign.

The decrease from 2016 is related to the reduction costs program M2.

For the six months periods ended 30 June 2017 and 2016 the cost of Services and Material Consumed was detailed as follows:

Amount in Euros	6 months 30-06-2017	6 months 30-06-2016
Comunications	706,425	645,803
Maintenance and repair	16,584,960	12,414,966
Travel and accommodation	2,702,279	2,351,085
Energy and fluids	56,589,954	48,401,530
Fees	2,457,999	1,896,177
Materials	3,166,850	1,829,827
Advertising and marketing	7,821,979	7,681,815
Rentals	8,106,436	6,105,270
Insurance	6,825,277	5,192,249
Subcontrats	820,364	946,729
Specialized services	40,273,005	36,100,885
Transportation of goods	51,659,266	57,474,108
Other	3,585,937	3,822,551
	201,300,731	**184,862,994**

The increase in energy and fluids results from replacing fuel with natural gas and is also due to the scheduled maintenances of the natural gas cogeneration plants carried out in the first three months of 2016 .This increase is also related with beginning of the pellet production in the USA in the last quarter of 2016.

The increase in specialized services is directly associated with the beginning of the activity of the pellet mill located in the United States of America.

For the six months periods ended 30 June 2017 and 2016, the costs incurred with investigation and research activities amounted to Euro 2,174,209 and Euro 2,207,565, respectively, in addition to the costs incurred in identifying species of eucalyptus with industrial viability in the areas awarded by concession to the Group by the Mozambican Government (Note 2.1.2).

Other payroll costs are detailed as follows for the periods ended 30 June 2017 and 2016:

Amount in Euros	6 months 30-06-2017	6 months 30-06-2016
Training	894,932	576,224
Social Action	559,639	409,272
Insurance	2,081,774	1,627,829
Other	3,313,041	5,089,864
	6,849,386	**7,703,189**

The amount booked as "Others" essentially regards the compensation paid to the 28 employees that adhered in 2017 (2016: 28 employees) to the rejuvenation program initiated by the Group in 2014 (Note 2.1.4).

7. REMUNERATION OF STATUTORY BODIES

For the six months period ended 30 June 2017 and 2016, this heading refers to the fixed remuneration of the members of the statutory bodies and is detailed as follows:

Amounts in Euro	6 months 30-06-2017	6 months 30-06-2016
Board of directors		
The Navigator Company, S.A.	2,010,668	2,183,908
Corporate bodies from other group companies	34,770	34,770
Stautory Auditor (Note 34)	171,334	97,718
Audit Board	29,642	35,412
General Assembly	8,000	7,000
	2,254,414	**2,358,808**

For the six months periods ended 30 June 2017 and 2016 the Group also recognized past services costs related with pensions of two non-executive Board members as detailed in Note 27.

8. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

For the six months periods ended 30 June 2017 and 2016, depreciation, amortization and impairment losses, net of the effect of investment grants recognized in the period were as follows:

Amounts in Euro	6 months 30-06-2017	6 months 30-06-2016
Depreciation of property, plant and equipment		
Land	-	-
Buildings	(5,863,587)	(5,517,153)
Equipments	(67,160,018)	(64,969,278)
Other tangible assets	(2,558,358)	(2,531,918)
	(75,581,962)	(73,018,349)
Investment grants	2,951,558	3,160,145
	(72,630,404)	(69,858,204)
Impairments		
Mozambique impairment of lands	(2,136,213)	(14,478,835)
CO2 Emission allowances	-	(1,618,487)
	(2,136,213)	(16,097,322)
	(74,766,617)	**(85,955,527)**

In the first semester, an impairment loss regarding the project in Mozambique was also recognized, following the assessment made by the group on those assets, as disclosed in Note 2.1.2.

9. CHANGES IN GOVERNMENT GRANTS

The liabilities with government grants evolved as follows:

	2017			2016		
Amounts in Euro	**Financial**	**Fiscal**	**Total**	**Financial**	**Fiscal**	**Total**
Government grants						
Opening Balance	32 298 019	4 830 880	37,128,899	38,518,758	5,372,680	43,891,438
Utilization	(2 680 658)	(270 900)	(2,951,558)	(2,889,245)	(270,900)	(3,160,145)
New grants awarded	-	-	-	46,687	-	46,687
(Regularization) / Increase	27 616	-	27,616	-	-	-
As of 30 June (Nota 30)	**29 644 977**	**4 559 980**	**34 204 957**	**35 676 200**	**5 101 780**	**40 777 980**
Remaining quarters				(3 378 181)	(270 900)	(3 649 081)
As of 31 December				**32 298 019**	**4 830 880**	**37 128 899**

Regarding financial incentives, as at 30 June 2017, the Navigator group holds Euro 28,288,572 (31 December 2016: Euro 31,202,382) as non-current liabilities and Euro 5,916,386 (31 December 2016: Euro 5,926,516) as current liabilities (Note 30). The projected recognition of these grants (through decrease in depreciations) in the results for the year is as follows:

Amounts in Euro	Financial	Fiscal	Total
2017 (remaining)	2,693,927	270,900	2,964,827
2018	5,386,517	541,800	5,928,317
2019	5,324,404	541,800	5,866,204
2020	5,162,695	541,800	5,704,495
2021	4,946,022	541,800	5,487,822
Subsequent	6,131,411	2,121,881	8,253,292
	29,644,977	**4,559,980**	**34,204,957**

As communicated to the stakeholders, on 18 June 2014, the Navigator group's subsidiary Navigator Pulp Cacia, SA (previously named Celcacia) signed two contracts for financial and tax incentives, with AICEP - Agency for Investment and Foreign Trade of Portugal, to support the investment to increase the production capacity of Cacia pulp mill. The total estimated investment amounts to Euro 49.3 million. The grants already approved amount to Euro 9,264 million as a refundable financial grant, and Euro 5,644 million as a tax grant, to be used until 2024. The contract includes an award of achievement, corresponding to the conversion of up to 75% (Euro 6,947,450) of the refundable incentives granted into non-refundable incentives, by meeting the objectives set by the contract.

The recognition of these grants (through decrease in depreciations) was as follows:

Amounts in Euro	Financial Incentives	Fiscal Incentives	Total
2015	333,488	270,900	604,388
2016	1,780,516	541,800	2,322,316
2017	881,002	270,900	1,151,902
	2,995,006	**1,083,600**	**4,078,606**

10. NET FINANCIAL COSTS

Financial costs are detailed as follows for the six months periods ended 30 June 2017 and 2016:

Amounts in Euro	6 months 30-06-2017	6 months 30-06-2016
Interest paid on borrowings	(5,679,264)	(15,046,947)
Interest earned on investments	1,089,768	1,381,327
Exchange rate differences	(5,916,236)	283,829
Gains / (losses) on financial instruments - trading (Note 31)	4,163,356	255,967
Gains / (losses) on financial instruments - hedging (Note 31)	(1,775,492)	(1,309,049)
Guarantees and bank charges	(1,680,393)	(1,438,397)
Compensatory interest	1,521,554	2,520,197
Other financial income / (expenses)	(29,234)	(109,131)
	(8,305,941)	**(13,462,204)**

During 2017, The Navigator Company proceeded with the restructuring of its debt, engaging in new lines of financing and renegotiating the terms and conditions of the existing debt. In 2016 the amount of interest paid includes the premium paid for the early repayment of the High Yield loan in the amount of Euro 6,046,500.

11. INCOME TAX

Income tax is detailed as follows for the six month periods ended 30 June 2017 and 2016:

Amounts in Euro	6 months 30-06-2017	6 months 30-06-2016
Current tax (Note 22)	22,039,892	14,484,282
Provision / (reversal) for current tax	(10,937,044)	(4,737,127)
Deferred tax (Note 26)	7,965,851	(537,765)
	19,068,699	**9,209,390**

As of 30 June 2017, current tax includes Euro 20,046,329 (2016: Euro 11,058,747) regarding the liability created under the aggregated income tax regime, as mentioned in note 1.13.2.

In addition to the provisions presented in Note 28, the income tax provision also includes the excess, in 31 December 2016 and 30 June 2015, of the corporate income tax provision, of Euro 7,315,183 and Euro 127,295, respectively.

In the six month periods ended 30 June 2017 and 2016, the reconciliation of the effective income tax rate was as follows:

Amounts in Euro	6 months 30-06-2017		6 months 30-06-2016	
Profit before tax		**115,114,793**		**94,458,409**
Expected tax	21.00%	24,174,106	21.00%	19,836,266
Municipal surcharge	1.20%	1,381,167	1.99%	1,878,030
State surcharge	2.83%	3,259,259	4.98%	4,699,660
Differences (a)	(3.97%)	(4,566,864)	(23.03%)	(21,750,657)
Impairment and reversal of provisions	1.86%	2,136,213	18.70%	17,667,066
Excess tax estimate	(6.35%)	(7,315,183)	(0.13%)	(127,295)
Tax benefits	0.00%	-	(13.76%)	(12,993,680)
	16.56%	**19,068,699**	**9.75%**	**9,209,390**

(a) This amount is made up essentially of:

	6 months 30-06-2017	6 months 30-06-2016
Capital gains / (losses) for tax purposes	-	(31,132,278)
Capital gains / (losses) for accounting purposes	-	(110,750)
Taxable provisions	(15,782,981)	(18,176,462)
Tax benefits	(2,197,490)	(1,477,684)
Effect of pension funds	743,490	1,182,497
Other	630,203	(29,378,620)
	(16,606,779)	(79,093,298)
Tax Effect (27,5%)	(4,566,864)	(21,750,657)
	(4,566,864)	**(21,750,657)**

On 1 July 2015, a new taxation group led by The Navigator Company, S.A. arose, comprising all the companies located in Portugal in which the Group holds an interest or voting right of at least 75%, for more than a year.

The State budget law for 2017 (Lei nº 42/2016, of 28 December) stipulate the obligation of the accounting and fiscal periods being coincident.

The Income Tax Services, in response to the informational request submitted by The Navigator Company, S.A., authorized that Navigator and its subsidiaries proceed to the change of fiscal period to be coincident with the accounting period, although the five year obligation that are stated in the law.

Consequently the Navigator group changed its fiscal period with effect of 1st of January 2017, to the period between 1 of January and 31 of December.

12. EARNINGS PER SHARE

Earnings per share were determined as follows:

Amounts in Euro	6 months 30-06-2017	6 months 30-06-2016
Profit attributable to the Company's shareholders	96,043,464	85,466,548
Total number of issued shares	717,500,000	717,500,000
Treasury shares - period average	(489,973)	(25,489,973)
	717,010,027	**692,010,027**
Basic earnings per share	0.134	0.124
Diluted earnings per share	0.134	0.124

Since there is no financial instruments convertible in Group shares, its earnings are undiluted.

The changes on the average number of treasury shares were as follows:

	6 months 30-06-2017		6 months 30-06-2016	
	Quantity	Quantity Accumulated	Quantity	Quantity Accumulated
Treasury shares held on January		489,973		50 489 973
Acquisitions				
January	-	489,973	-	50,489,973
February	-	489,973	-	50,489,973
March	-	489,973	-	50,489,973
April	-	489,973	(50,000,000)	489,973
May	-	489,973	-	489,973
June	-	489,973	-	489,973
Treasury shares held on 30 June		**489,973**		**489,973**
Remaining quarters				-
Treasury shares held on 31 December				**489,973**
Average treasury shares held for the period		**489,973**		**25,489,973**

13. NON-CONTROLLING INTERESTS

The movements in non-controlling interests are detailed as follows for for the six month periods ended 30 June 2017 and 2016:

Amounts in Euro	2017	2016
Opening balance	2,272,606	8,622,303
Net profit of the year	2,630	(217,529)
Other Changes	58,982	494,124
As of 30 June	**2,334,218**	**8,898,898**
Remaining quarters		(6 626 292)
As of 31 December		**2,272,606**

The non-controlling interests included on the board before are detailed as follows for the six months periods ended 30 June 2017 and 2016:

	Total Equity	
Amounts in Euro	30-06-2017	31-12-2016
Raiz - Instituto de Investigação da Floresta e Papel	212,158	210,138
Portucel Moçambique	2,122,060	2,062,468
	2,334,218	**2,272,606**

Non-controlling interests relate to Raiz – Instituto de Investigação da Floresta e Papel (Forest and Paper Research Institute), in which the Navigator group holds 94% of the capital and voting rights. The remaining 6% are held by equity holders external to the Navigator group.

In 2014, the Group celebrated agreements with the IFC - International Finance Corporation aiming to have IFC participating in Portucel Mozambique S.A.'s share capital, in order to ensure the construction phase of the Group's forestry project in Mozambique. In 2015, Portucel Mozambique S.A. carried out a capital increase of Metical 1,000 million to Metical 1,680,798,000, of which IFC subscribed Metical 332,798 million, corresponding to 19.98% of the company's share capital. As IFC has not yet realized the entire counter value in Euros of that capital increase, the unrealized amount has been reclassified to equity of the parent company's shareholders.

The non-controlling interests included on the financial statements are detailed as follows for the six months periods ended 30 June 2017 and 2016:

	Result	
Amounts in Euro	30-06-2017	30-06-2016
Raiz - Instituto de Investigação da Floresta e Papel	2,630	(29,559)
Portucel Moçambique	-	(187,970)
	2,630	**(217,529)**

14. APPROPRIATION OF PREVIOUS YEARS' PROFIT

Appropriations made in 2016 and 2015 were as follows:

Amounts in Euro	2016	2015
Distribution of dividends (excluding treasury shares)	170,003,077	173,946,632
Legal reserves	10,081,439	7,927,924
Balance Bonus	7,000,000	6,000,000
Net income from prior years	30,416,921	8,529,664
	217,501,437	**196,404,220**

The resolution for the appropriation of the 2016 net profit approved at The Navigator Company's General Meeting held on 24 May 2017, was based on the net profit for the year as defined by the accounting principles generally accepted in Portugal (Portuguese GAAP). The difference in the net profit between the two standards, totaling Euro 15,872,662 (2015: Euro 37,845,737) was transferred to retained earnings.

As a complement of the proposed net income distribution at The Navigator Company's General Meeting, it was approved the distribution of reserves in the amount of euro 0.11158 per share, in the total amount of Euro 80,003,979, distributed in 5 July 2017.

15. GOODWILL

NAVIGATOR PAPER FIGUEIRA, S.A.

Goodwill amounting to Euro 428,132,254 was determined following the acquisition of 100% of the share capital of Navigator Paper Figueira, S.A., for Euro 1,154,842,000, representing the difference between the acquisition cost of the shares and the respective shareholders' equity as of the date of the first consolidation, on 1 January 2001, adjusted by the effect of the of allocation fair value to Navigator Paper Figueira's tangible assets.

The goodwill generated at the acquisition of Navigator Paper Figueira was deemed to be allocable to the integrated paper production in Figueira da Foz industrial complex cash generating unit.

On 31 December 2010, assets and liabilities related to pulp production were transferred to another Group company, as a result of a split, reducing the acquisition historical cost to Euro 492,585,012.

On 31 December 2013, real estate assets were split and transferred to Navigator Parques Industriais, S.A (previously named PortucelSoporcel Parques Industriais, S.A.) thus reducing the acquisition historical cost to Euro 385,764,077.

The book value of goodwill amounts to Euro 376,756,383, as it was amortized up to 31 December 2003 (transition date). As of that date, the accumulated depreciation amounted to Euro 51,375,870. From that date on, depreciation ceased and was replaced by annual impairment tests. If this amortization had not been interrupted, as of 30 June 2017 the net book value of the Goodwill would amount to Euro 145,564,963 (31 December 2016: Euro 154,127,609).

Every year, the Group calculates the recoverable amount of Navigator Paper Figueira's assets (to which the goodwill recorded in the consolidated financial statements is associated), based on value-in-use calculations, in accordance with the Discounted Cash Flow method. The calculations are based on past performance and business expectations with the actual production structure, using the budget for next year and projected cash flows for the following 4 years, based on a constant sales volume. As a result of the calculations, up to this date no impairment losses have been identified.

The main assumptions for the above-mentioned calculation were as follows:

	2017	2016
Inflation Rate	1.0%	1.0%
Discount rate(post-tax)	7.0%	6.8%
Production grow th	0.0%	0.0%
Perpetuity grow th rate	-1.0%	-1.0%

The discount rate presented above is a post-tax rate equivalent to a pre-tax discount rate of 9.6% and has been calculated in accordance with the WACC (Weighted Average Cost of Capital) methodology, based in the following assumptions:

	2017	2016
Risk free interest rate	3.26%	2.59%
Equity risk premium (market and entity)	5.00%	5.00%
Tax rate	29.50%	29.50%
Debt risk premium	2.05%	3.22%

NAVIGATOR TISSUE RÓDÃO, S.A.

On 6 February 2015 the procedures and contracts for the acquisition of Navigator Tissue Ródão, S.A. (previously named AMS BR Star Paper, SA) were concluded, and the approval by the competition authorities for the acquisition was obtained on 17 April 2015.

Therefore, for the purpose of preparing the consolidated financial statements for the year ended 31 December 2015, the Group proceeded to the initial consolidation of Navigator Tissue Ródão, S.A., acquired by Euro 40,949,794 and presenting an Equity at the acquisition date of Euro 17,284,378 plus additional paid-in capital of Euro 2,327,500, with a total of Euro 19,611,878.

The initial acquisition difference, of Euro 21,337,916, was deduced from the government grants from AICEP and the fair value of fixed assets acquired, generating a Goodwill of Euro 583,083.

16. OTHER INTANGIBLE ASSETS

Over the six month periods ended 30 June 2017 and year ended 31 December 2016, the changes in other intangible assets were as follows:

Amounts in Euro	Industrial property and other rights	CO2 emission licenses	Total
Acquisition costs			
Amount as of 1 January 2016	**1,100**	**4,957,007**	**4,958,107**
Acquisitions	3,300	438,685	441,985
Adjustments, transfers and write-off's	-	(2,157,043)	(2,157,043)
Amount as of 30 June 2016	**4,400**	**3,238,649**	**3,243,049**
Acquisitions	-	1,061,000	1,061,000
Adjustments, transfers and write-off's	-	(2,157,043)	(2,157,043)
Amount as of 31 December 2016	**4,400**	**4,299,649**	**4,304,049**
Acquisitions	-	4,131,256	4,131,256
Adjustments, transfers and write-off's	-	(4,555,080)	(4,555,080)
Amount as of 30 June 2017	**4,400**	**3,875,825**	**3,880,225**
Accumulated depreciation and impairment losses			
Amount as of 1 January 2016	**(1,100)**	**(25,500)**	**(26,600)**
Amortizations and impairment losses	(1,895)	(1,618,487)	(1,620,382)
Adjustments, transfers and write-off's	-	-	-
Amount as of 30 June 2016	**(2,995)**	**(1,643,987)**	**(1,646,982)**
Amortizations and impairment losses	(412)	1,645,882	1,645,470
Disposals	-	-	-
Adjustments, transfers and write-off's	-	(1,895)	(1,895)
Amount as of 31 December 2016	**(3,407)**	**-**	**(3,407)**
Amortizations and impairment losses	(206)	-	(206)
Disposals	-	-	-
Adjustments, transfers and write-off's	-	-	-
Amount as of 30 June 2017	**(3,613)**	**-**	**(3,613)**
Net book value as of 1 January 2016	**-**	**4,931,507**	**4,931,507**
Net book value as of 30 June 2016	**1,405**	**1,594,662**	**1,596,067**
Net book value as of 31 December 2016	**993**	**4,299,649**	**4,300,642**
Net book value as of 30 June 2017	**787**	**3,875,825**	**3,876,612**

On 30 June 2017, the Group held 694,514 licences with a market value as of that date of Euro 3,493,405 (31 December 2016: 596,516 licenses with a market value of Euro 3,847,526).

To this amount should be added the acquisition contracts over 500,000 licenses that were signed in 2015, 2016 and 2017, amounting to Euro 3,328,500 as of 30 June 2017 (31 December 2016: 400,000 licenses with a value of Euro 2,778,500) (Note 31).

17. PROPERTY, PLANT AND EQUIPMENT

Over the period of six months ended 30 June 2017 and year ended 31 December 2016, changes in Property, plant and equipment, as well as the respective depreciation and impairment losses, were as follows:

Amounts in Euro	Land	Building and other constructions	Equipments and other tangibles	Assets under construction	Total
Acquisition costs					
Amount as of 1 January 2016	**120,573,226**	**521,186,890**	**3,403,601,831**	**77,831,582**	**4,123,193,529**
Acquisitions	-	-	-	75,262,820	75,262,820
Amortizations and impairment losses	-	-	-	(14,478,835)	(14,478,835)
Disposals	-	(28,828)	(1,410,872)	-	(1,439,700)
Adjustments, transfers and write-off's	3,710,212	(15,313,939)	24,580,844	(12,977,117)	-
Amount as of 30 June 2016	**124,283,438**	**505,844,123**	**3,426,771,803**	**125,638,450**	**4,182,537,814**
Acquisitions	1,019,144	1,364,431	11,207,177	54,176,739	67,767,491
Amortizations and impairment losses	(2 960 025)	-	-	(28 346 303)	(31,306,328)
Disposals	-	(1,946,428)	(4,915,662)	-	(6,862,090)
Adjustments, transfers and write-off's	(242,446)	34,054,801	91,922,876	(122,507,318)	3,227,913
Amount as of 31 December 2016	**122,100,111**	**539,316,927**	**3,524,986,194**	**28,961,568**	**4,215,364,799**
Acquisitions	-	-	-	35,210,007	35,210,007
Amortizations and impairment losses	(2,136,213)	-	-	-	(2,136,213)
Disposals	-	(153,366)	(152,787)	-	(306,153)
Adjustments, transfers and write-off's	(165,153)	762,133	10,874,204	(9,704,247)	1,766,936
Amount as of 30 June 2017	**119,798,745**	**539,925,694**	**3,535,707,610**	**54,467,328**	**4,249,899,377**
Accumulated depreciation and impairment losses					
Amount as of 1 January 2016	**(170,652)**	**(345,311,469)**	**(2,456,912,321)**	**-**	**(2,802,394,442)**
Amortizations and impairment losses	-	(5,517,153)	(67,501,196)	-	(73,018,349)
Disposals	-	28,828	1,410,872	-	1,439,700
Adjustments, transfers and write-off's	-	4,857,463	(3,362,447)	-	1,495,016
Amount as of 30 June 2016	**(170,652)**	**(345,942,331)**	**(2,526,365,092)**	**-**	**(2,872,478,075)**
Amortizations and impairment losses	-	(5,392,036)	(48,827,336)	-	(54,219,372)
Disposals	-	(28,828)	2,535,260	-	2,506,432
Adjustments, transfers and write-off's	-	15,865	3,789,284	-	3,805,149
Amount as of 31 December 2016	**(170,652)**	**(351,347,330)**	**(2,568,867,884)**	**-**	**(2,920,385,866)**
Amortizations and impairment losses	-	(5,861,118)	(69,720,844)	-	(75,581,962)
Disposals	-	-	295,769	-	295,769
Adjustments, transfers and write-off's	-	42,119,759	(42,119,759)	-	-
Amount as of 30 June 2017	**(170,652)**	**(315,088,689)**	**(2,680,412,718)**	**-**	**(2,995,672,059)**
Net book value as of 1 January 2016	**120,402,574**	**175,875,422**	**946,689,509**	**77,831,582**	**1,320,799,087**
Net book value as of 30 June 2016	**124,112,786**	**159,901,793**	**900,406,710**	**125,638,450**	**1,310,059,739**
Net book value as of 31 December 2016	**121,929,459**	**187,969,597**	**956,118,310**	**28,961,568**	**1,294,978,932**
Net book value as of 30 June 2017	**119,628,093**	**224,837,005**	**855,294,892**	**54,467,328**	**1,254,227,317**

As of 30 June 2017 “Assets under construction” included Euro 5,823,376 (of which Euro 4,293,230 were realized in the first half of 2017) related to the investments in the tissue segment, namely the construction of the new factory in Cacia (Euro 2,739,836) and the actual tissue operation at Vila Velha de Ródão (Euro 3,083,540).

In the market pulp segment, the “Assets under construction” in the amount of Euro 5,083,856 (of which Euro 2,754,576 were realized in the first half of 2017) are related to improvements in the productive process.

The “Assets under construction” in the Paper segment, in the amount of Euro 40,984,907 (of which Euro 25,587,013 were realized in the first half of 2017) are mainly related to the increase in the pulp production capacity in Figueira da Foz site (Euro 26,930,502) as well as other improvements in the productive process (Euro 14,054,405).

The remaining (Euro 2,575,188) refers to investments associated with improvements in the production process in the Navigator group's several factories.

Land includes Euro 117,108,055, classified in the individual financial statements as investment properties, from which Euro 78,672,291 relate to forest land and Euro 38,435,764 to land allocated to industrial sites leased to the Group. It also includes Euro 1,609,030 of land in which the new pellets plant in the USA is located.

18. BIOLOGICAL ASSETS

During 2017 and 2016, changes in biological assets were as follows:

Amounts in Euro	2017	2016
Amount as of 1 January 2016	**125,612,948**	**116,996,927**
Logging in the period	(11,374,797)	(11,742,244)
Grow th	5,805,668	5,037,159
New planted areas and replanting (at cost)	887,389	859,511
Other changes in fair value	7,891,916	12,783,821
	3,210,176	**6,938,247**
Amount as of 31 December 2016	**128,823,124**	**123,935,174**
Remaining quarters		1,677,774
Amount as of December		**125,612,948**

The amounts shown as other changes in fair value correspond to planned and actual costs of asset management, changes in main assumptions (price and average cost of capital) and changes in expectations:

Amounts in Euro	30-06-2017	30-06-2016
Costs of assets mangement		
Forestry	2,280,028	1,993,050
Structure	2,464,777	1,854,390
Fixed and variable rents	5,214,100	5,196,927
Mozambique impairment project	-	(3 188 231)
	9,958,906	**5,856,136**
Exchanges on assumptions		
Wood price	(750,000)	-
WACC	5,060,000	6,927,685
Variations in other species	3,003,010	-
2017 Forest fires	(850,000)	-
Other expected changes	(8,530,000)	-
	(2 066 990)	6,927,685
	7,891,916	**12,783,821**

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

Amounts in Euro	30-06-2017	31-12-2016
Eucalyptus (Portugal)	117,488,918	116,413,499
Other Species (Portugal)	4,823,817	1,820,807
Eucalyptus (Mozambique)	6,510,389	7,378,642
	128,823,123	**125,612,948**

These amounts result from management's expectation of extraction of related production detailed as follows:

Amounts in Euro	30-06-2017	30-06-2016
Eucalyptus - m3 ssc'000	10,196	11,690
Pine - w ood - Ton'000 - Potencial Future of w ood extraction k ton	455	481
Pine - cones - Ton'000	n/a	n/a
Coark Oak - @'000	615	626
Eucalyptus - m3 ssc'000 (Mozambique) (1)	2,326	1,988

(1) *Only for areas assessed with one year or more*

Concerning Eucalyptus, the most relevant biological asset, for the six months periods ended 30 June 2017 and 2016 the Group extracted 309,199 m3ssc and 318,218 m3ssc of wood from its owned and explored forests, respectively.

19. OTHER FINANCIAL ASSETS AND INVESTMENTS IN ASSOCIATES

19.1. Financial assets at fair value through profit and loss

This caption includes the interest held by the Group in Liaision Technologies, originally acquired in 2005. Until 2012, the Group held a 1.52% interest, having disposed in 2013 a 0.85% interest with a gain of Euro 182,911. The Group intends to sell the remaining interest held in Liaision.

20. INVENTORY

As at 30 June 2017 and 31 December 2016, inventory comprised the following:

Amounts in Euro	30-06-2017	31-12-2016
Raw materials	139,102,101	115,560,074
Finished and intermediate products	64,476,246	69,496,319
Work in progress	22,701,134	22,869,219
Byproducts and w aste	2,556,644	779,849
Goods	2,243	183,011
	228,838,367	**208,888,472**

As at 30 June 2017 and 31 December 2016, inventories were located in the following countries:

Amounts in Euro	30-06-2017	31-12-2016
Portugal	41,276,770	45,906,522
Mozambique	1,720,273	390,025
USA	14,161,971	19,689,285
United Kingdom	1,679,777	1,486,368
Holand	2,382,077	964,530
Germany	2,887,162	673,332
France	84,588	76,338
Spain	181,858	175,023
Italy	89,886	123,012
Sw itzerland	11,883	11,883
	64,476,246	**69,496,319**

The amounts shown above are net of impairment losses, in accordance with the policies described in Note 1.14, whose details are presented in Note 23 and include Euro 15,197,478 (31 December 2016: Euro 15,849,738) of inventory whose invoices were already issued, but whose risks and rewards had not yet been transferred to customers. Accordingly, no revenue was recognized in the income statement as of that date.

21. RECEIVABLES AND OTHER CURRENT ASSETS

As at 30 June 2017 and 31 December 2016, receivables and other current assets were detailed as follows:

Amounts in Euro	30-06-2017	31-12-2016
Accounts receivable	159,485,345	181,828,460
Accounts receivale - group companies (Nota 32)	182,799	77,226
Other receivables	33,687,044	28,295,847
Derivative financial instruments (Note 31)	7,151,077	901,050
Accrued income	18,895,467	1,087,929
Deferred costs	6,934,325	3,687,311
	226,336,057	**215,877,823**

The receivables shown above are net of impairment losses, in accordance with the policies described in Note 1.15, whose details are presented in Note 23.

During the first half of 2017, the Navigator group entered in the auto invoicing system from EDP – Serviço Universal, S.A.. Since, at the balance sheet date no invoices related to the auto invoicing system where received, the amount to be invoiced was accrued under the caption of " Receivables and other current assets" as Accrued income, explaining the decrease in the accounts receivable balance.

As at 30 June 2017 and 31 December 2016, other receivables were detailed as follows:

Amounts in Euro	30-06-2017	31-12-2016
Advances to employees	633,095	654,170
Advances to suppliers	2,301,347	263,153
Financial incentives receivable	58,870	58,870
Department of Commerce (EUA)	28,528,521	26,369,181
Other	2,165,211	950,472
	33,687,044	**28,295,846**

In 2015 the Group was subject to an investigation of alleged dumping practices in UWF imports to the United States of America, and an anti-dumping provisional tax rate was imposed over those sales, of 29.53%. On 11 January 2016, the US Department of Commerce settled the final duty rate at 7.8%. Although the actual rate is substantially lower than the initially determined margin, The Navigator Company fully disagrees with any anti-dumping margin because, in view of the calculation algorithm used by the US authorities and validated by the Navigator group's US lawyers, the Navigator group does not determine any price difference between the domestic (Portugal) and destination (US) markets in the period after August 2015. In view of this understanding, the Navigator group recorded an amount receivable of Euro 28,528,521 relating to all amounts settled as of this date.

The amount shown as "Advances to suppliers" refers to advanced payments made to wood suppliers. As a way of ensuring the sustainability of the forest value chain to the industry, the Navigator group advance payments to its suppliers upon presentation of guarantees, for the wood to be bought throughout the year. Those advances are settled as supplies are performed.

The evolution of financial incentives to receive is detailed as follows:

Amounts in Euro	2017	2016
Amount as per 1 January	**58,870**	**-**
Increase/(decrease)	-	636,421
Assignments	-	-
Received in year	-	-
Amount as of 30 June	**58,870**	**636,421**
Remaining Quarters		(577,551)
Amount as of 31 December 2016		**58,870**

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

Amounts in Euro	30-06-2017	31-12-2016
Accrued income		
Interest receivable	70,878	-
Energy sales	13,435,268	-
Other	5,389,321	1,087,929
	18,895,467	**1,087,929**
Deferred costs		
Pensions and other post-employments (Note 27)	-	-
Rents	3,136,889	3,157,699
Insurance	3,206,526	483,582
Other	590,910	46,030
	6,934,325	**3,687,311**
	25,829,792	**4,775,240**

22. STATE AND OTHER PUBLIC ENTITIES

As at 30 June 2017 and 31 December 2016, there were no overdue debts to the State and other public entities.

Balances related with these entities were as follows:

Current Assets

Amounts in Euro	30-06-2017	31-12-2016
State and other public entities		
Value added tax - refunds requested	55,045,316	49,556,436
Value added tax - to recover	2,766,920	9,824,442
Amounts pending repayment (tax proceedings decided in favor of the group)	8,777,332	10,238,472
	66,589,568	**69,619,349**

As at 30 June 2017, the outstanding VAT refunds requested comprised the following, by month and by company:

Amounts in Euro	May/2017	June/2017	Total
The Navigator Company, S.A.	21,878,687	17,414,302	39,292,989
Navigator Abastecimento de Madeira, ACE	8,000,000	-	8,000,000
Bosques do Atlântico, S.L.	-	7,752,327	7,752,327
	29,878,687	**25,166,630**	**55,045,316**

Until the date of issuing this report, Euro 21,878,687 of the amounts to be received as of 30 June 2017, had already been received.

As at 31 December 2016, the outstanding VAT refunds requested comprised the following, by month and by company:

Amounts in Euro	Nov/2016	Dec/2016	Total
Navigator Fine Paper, S.A.	19,897,644	24,075,341	43,972,985
Bosques do Atlântico, S.L.	-	5,583,451	5,583,451
	19,897,644	**29,658,792**	**49,556,436**

All these amounts were received during the first half of 2017.

Current Liabilities

Amounts in Euro	30-06-2017	31-12-2016
State and other public entities		
Corporate income tax	33,071,721	42,155,907
Personal income tax - w itheld on salaries	4,425,674	3,072,408
Value added tax	23,493,954	31,794,573
Social security	3,642,465	2,447,250
Additional liabilities	1,465,022	1,465,022
Others	701,061	162,901
	66,799,896	**81,098,059**

As previously mentioned, from July 1, 2015, the subsidiaries of Navigator Group failed to integrate the tax group Semapa and have joined the tax group The Navigator Company. Therefore, although each group company calculates its income taxes as if it was taxed independently, the determined liabilities are recognized as due to the leader of the taxation group, The Navigator Company, S.A., who will proceed with the overall computation and the settlement of the income tax (Note 11).

Corporate income tax is detailed as follows:

Amounts in Euro	30-06-2017	31-12-2016
Corporate income tax (Note 11)	22,039,892	41,728,178
Payments on account of corporate income tax	-	(950,333)
Withholding Tax	(13,775)	(6,895)
Corporate Income Tax to pay from 1 January 2016 to 30 June 2016	-	(11,058,747)
Corporate income tax - Decreee law n.º 66/2016 (Reavaluation Regime)	10,471,202	10,471,202
Other receivables / payables	574,403	1,972,502
Final Balance	**33,071,721**	**42,155,907**

The “Other receivable / payables” relates to the amount of income tax payable by the subsidiary Navigator group located in Belgium.

The changes in the provision for additional tax liabilities during the six month period ended 30 June 2017 and the year ended 31 December 2016 were as follows (Note 11):

Amounts in Euro	2017	2016
As of 1 January	1,465,022	8,044,968
Increase	-	-
Transfers	-	-
Decrease	-	(12,254,723)
As of 30 June	**1,465,022**	**(4,209,755)**
Remaning quarters		5,674,777
As of 31 December		**1,465,022**

On 30 June 2017 and 31 December 2016 the additional tax liabilities include interest on deferred payments and are detailed as follows:

Amounts in Euro	30-06-2017	31-12-2016
Tax consolidation group	-	-
Others	1 465 022	1 465 022
	1 465 022	**1 465 022**

23. IMPAIRMENT OF NON-CURRENT AND CURRENT ASSETS

Changes in impairment charges, during the year 2017 and 2016 were as follows:

	Impairments			
Amounts in Euro	Inventories (Note 20)	Trade Receivables (Note 21)	Other receivables	Total
Amount as of 1 January 2016	**(141,294)**	**(2,558,647)**	**(1,565)**	**(2,701,507)**
Increase (Note 6)	-	(39,644)	-	(39,644)
Reversal (Note 5)	3,198	409,228	-	412,426
Utilizations	-	(10,541)	-	(10,541)
Amount as of 30 June 2016	**(138,096)**	**(2,199,604)**	**(1,565)**	**(2,339,265)**
Increase (Note 6)	(221,812)	(218,720)	-	(440,532)
Reversal (Note 5)	121,040	5,911	-	126,951
Utilizations	-	17,132	-	17,132
Amount as of 31 December 2016	**(238,868)**	**(2,395,281)**	**(1,565)**	**(2,635,714)**
Increase (Note 6)	-	(511,080)	-	(511,080)
Reversal (Note 5)	-	2,311	-	2,311
Utilizations	-	-	-	-
Amount as of 30 June 2017	**(238,868)**	**(2,904,050)**	**(1,565)**	**(3,144,483)**

24. SHARE CAPITAL AND TREASURY SHARES

The Navigator Company is a public company with its shares quoted on the Euronext Lisbon.

As at 30 June 2017, The Navigator Company's share capital was fully subscribed and paid for; it is represented by 717,500,000 shares with nominal value of 1 Euro each, of which 489,973 were held as treasury shares.

These shares were mainly acquired during 2008 and 2012, and the changes in the period were as follows:

	2017		2016	
Amounts in Euro	Quant	Value	Quant	Value
Treasury shares held in January	**489,973**	**1,002,084**	**50,489,973**	**96,974,466**
Acquisitions				
January	-	-	-	-
February	-	-	-	-
March	-	-	-	-
April	-	-	(50,000,000)	(95,972,382)
May	-	-	-	-
June	-	-	-	-
	-	**-**	**(50,000,000)**	**(95,972,382)**
Treasury shares held in June	**489,973**	**1,002,084**	**489,973**	**1,002,084**
Remaning quarters			**-**	**-**
Treasury shares held in December			**489,973**	**1,002,084**

At the General Meeting held on 19 April 2016, a reduction of the Company's share capital from Euro 767,500,000 to Euro 717,500,000 was approved, through the cancellation of 50,000,000 treasury shares held by the Company, amounting to Euro 50,000,000. The acquisition premium, in the amount of Euro 52,259,101 was deducted to reserves.

The market value of the treasury shares held on 30 June 2017 amounted to Euro 1,852,588 (31 December 2016: Euro 1,599,762), corresponding to a unit value of Euro 3.781 (31 December 2016: Euro 3.265) and the market capitalization amounted to Euro 2,712,867,500 compared to an equity, net of non-controlling interests, of Euro 1,081,803,449.

As at 30 June 2017 and 31 December 2016, the shareholders with significant positions in the Company's capital were as follows:

	30-06-2017		31-12-2016	
Entity	**Nr. of shares**	**% Entity**	**Nr. of shares**	**% Entity**
Seinpar Investments, BV	241,583,015	33.67%	241,583,015	33.67%
Semapa, SGPS, S.A.	256,033,284	35.68%	256,033,284	35.68%
Other Semapa´s Group companies	1,000	0.00%	1,000	0.00%
Zoom Lux S.A.L.R.	15,349,972	2.14%	15,349,972	2.14%
Treasury Shares	489,973	0.07%	489,973	0.07%
Post-employment benefits - BPI Bank	30,412,133	4.24%	30,412,133	4.24%
Norges Bank (the Central Bank of Norw ay)	15,498,902	2.16%	15,498,902	2.16%
Other Shareholders	158,131,721	22.04%	158,131,721	22.04%
Total	**717,500,000**	**100.00%**	**717,500,000**	**100.00%**

25. RESERVES AND RETAINED EARNINGS

As at 30 June 2017 and 31 December 2016, this heading was detailed as follows:

Amounts in Euro	30-06-2017	31-12-2016
Fair value reserve	(1,856,023)	(7,571,781)
Legal reserve	109,790,475	99,709,036
Currency translation reserve	(1,705,814)	(779,369)
Net profit: prior years	163,033,431	205,639,863
	269,262,069	**296,997,749**

Fair value reserve

The fair value reserve of Euro 7,525,356 net of deferred charges of Euro (1,809,598) represents the increase in the fair value of financial hedging instruments as at 30 June 2017 valued at Euro 1,892,566 (Note 31), recorded as described in Note 1.12.

The movements occurred in this 2017 and 2016, were detailed as follows:

Amounts in Euro	2017	2016
Revaluation reserve - fair value		
As of 1 January	(7,571,781)	(1,869,064)
Revaluation at fair value	7,491,250	(5,184,988)
Transfer to the income statement due to the maturity of the instruments (Note 10)	(1,775,492)	(1,309,048)
As of 30 June	**(1,856,023)**	**(8,363,100)**
Remaning quarters		791,319
As of 31 December		**(7,571,781)**

The break down of the fair value reserve by financial instrument is as follows:

Amount in Euros	30-06-2017			31-12-2016		
	Gross Value	Deferred Tax	Net Amount	Gross Value	Deferred Tax	Net Amount
Interest rate risk hedge	(2,653,365)	729,675	(1,923,689)	(5,173,797)	1,422,794	(3,751,003)
Foreign exchange hedge	2,906,381	(799,255)	2,107,126	(837,941)	230,434	(607,507)
Foreign exchange hedge - Navigator North America	(2,813,048)	773,588	(2,039,460)	(4,432,097)	1,218,827	(3,213,270)
	(2,560,032)	**704,009**	**(1,856,023)**	**(10,443,835)**	**2,872,055**	**(7,571,781)**

Legal Reserves

Under Portuguese Commercial Law, at least 5% of annual net profit must be transferred to the legal reserve until it reaches at least 20% of the Company's share capital. This reserve cannot be distributed unless The Navigator Company is liquidated but can be drawn on to absorb losses, after other reserves are exhausted, or incorporated in the share capital.

Currency Translation Reserve

This heading includes the exchange differences arising as a result of the conversion to Euros of the financial statements of the Group companies expressed in foreign currency, at the exchange rates prevailing at the date of the statement of financial position and are detailed as follows:

Amounts in Euro	30-06-2017	31-12-2016
Portucel Soporcel North América (USD)	2,654,739	7,431,577
Navigator Switzerland (CHF)	(33,479)	(52,424)
Navigator Paper Company UK (GBP)	11,663	11,663
Navigator Eurasia (TYR)	799	799
Portucel Soporcel Afrique du Nord (MAD)	395	395
Portucel Soporcel Poland (PLN)	(2,863)	(2,863)
Portucel Moçambique (MZM)	(5,888,322)	(6,189,240)
Colombo Energy (USD)	1,551,254	(1,979,276)
	(1,705,814)	**(779,369)**

Other reserves and Prior years' retained earnings

Under prevailing law, The Navigator Company's individual financial statements are prepared in accordance with the accounting principles generally accepted in Portugal (PGAAP). However, for the preparation of the consolidated financial statements, the Company follows IFRS as endorsed by the European Union.

As at 30 June 2017, the reconciliation between these two sets of accounts was as follows:

	30-06-2017		
Amounts in Euro	Equity / Retained earnings	Net Profit	Total
Individual financial statements (PGAAP)	861,710,259	77,907,207	939,617,466
Reavaliation Regime	(112,310,270)	-	(112,310,270)
Revaluation of tangible assets	236,421,608	18,074,645	254,496,253
Non-controlling interests	2,272,606	61,612	2,334,218
Consolidated Financial Statements (IFRS)	**988,094,203**	**96,043,464**	**1,084,137,667**

As of 31 December 2016, the reconciliation between these two sets of accounts was as follows:

	31-12-2016		
Amounts in Euro	Equity / Retained earnings	Net Profit	Total
Individual financial statements (PGAAP)	919,883,395	201,628,776	1,121,512,171
Reavaliation Regime	(124,230,998)	-	(124,230,998)
Revaluation of tangible assets	218,514,925	15,201,004	233,715,929
Non-controlling interests	1,600,948	671,658	2,272,606
Consolidated Financial Statements (IFRS)	**1,015,768,271**	**217,501,437**	**1,233,269,708**

As the individual financial statements are the relevant ones for the purpose of determining the ability to distribute the Group's results, this ability is measured with regard to the retained earnings and other reserves determined in accordance with Portuguese GAAP. It should be noted that the transition to IAS / IFRS was made in the consolidated financial statements with reference to 1 January 2005 while the conversion of the individual financial statements to the current Portuguese GAAP was made with reference to 1 January 2010. This, combined with different criteria and concepts between the two standards, justifies the difference in the equity of the two sets of financial statements.

On 30 June 2017 and 31 December 2016, the reserves available for distribution were detailed as follows:

Amounts in Euro	30-06-2017	31-12-2016
Retained earnings: prior years	291,753,235	350,212,955
Equity reserve in respect of treasury shares	(1,002,084)	(1,002,084)
	290,751,151	**349,210,871**
Net profit for the period	77,907,207	201,628,776
Legal reserves	(3,895,360)	(10,081,439)
	74,011,847	**191,547,337**
	364,762,998	**540,758,208**
Legal limitation resulting from the application of the provisions of the Código das Sociedades Comerciais	(265,303,232)	(246,537,987)
Distributable amount	**99,459,766**	**294,220,221**

The distributable amount calculated, as an additional limitation of Euro 38,953,603, considering the limit foreseen in Article 297 of the Portuguese Commercial Law (Código das Sociedades Comerciais), not included in the calculations above.

26. DEFERRED TAXES

As at 2017 and 2016, the changes in assets and liabilities as a result of deferred taxes were as follows:

Amounts in Euro	1 January 2017	Income Statement Increases	Income Statement Decreases	Equity	30 June 2017
Temporary differences originating deferred tax assets					
Taxed provisions	1,328,771	-	-	-	1,328,771
Adjustments in fixed assets	110,794,106	-	(8,026,557)	-	102,767,550
Financial instruments	8,859,457	-	-	(6,580,356)	2,279,102
Deferred accounting gains on inter-group transactions	30,432,332	6,519,884	(4,107,201)	-	32,845,016
Valuation of biological assets	-	-	-	-	-
Government grants - Investment incentives	9,308,071	-	(729,372)	-	8,578,700
	160,722,738	**6,519,884**	**(12,863,129)**	**(6,580,356)**	**147,799,138**
Temporary differences originating deferred tax liabilities					
Revaluation of fixed assets	(37,905)	-	-	-	(37,905)
Retirement benefits	(16,361)	(164)	-	(114)	(16,639)
Derivative Financial Instruments at fair value	(144,728)	-	-	-	(144,728)
Valuation of biological assets	(3 979 927)	(5,474,789)	-	-	(9 454 716)
Deferred accounting losses on inter-group transactions	(2 640 661)	-	2,640,661	-	-
Government grants	(1,270,679)	(8,610,780)	-	180,254	(9,701,206)
Extension of useful lives of tangible fixed assets	(209,580,756)	(12,143,108)	964,696	-	(220,759,168)
	(217,671,018)	**(26,228,841)**	**3,605,357**	**180,140**	**(240,114,361)**
Amounts recognised in balance sheet					
Deferred tax assets	44,198,753	1,792,968	(3,537,360)	(1,809,598)	40,644,763
Tax Incentives for Investment	-	-	-	-	-
	44,198,753	**1,792,968**	**(3,537,360)**	**(1,809,598)**	**40,644,762**
Deferred tax liabilities	(59,859,532)	(7,212,931)	991,473	49,536	(66,031,451)
	(59,859,532)	**(7,212,931)**	**991,473**	**49,536**	**(66,031,451)**

Amounts in Euro	1 January 2016	Income Statement Increases	Income Statement Decreases	Equity	31 December 2016
Temporary differences originating deferred tax assets					
Taxed provisions	257,908	1,118,830	(47,967)	-	1,328,771
Adjustments in fixed assets	99,675,505	32,178,197	(21,059,596)	-	110,794,106
Financial instruments	2,263,058	-	-	6,596,399	8,859,457
Deferred accounting gains on inter-group transactions	25,439,698	5,078,787	(86,153)	-	30,432,332
Valuation of biological assets	1,275,824	-	(1,275,824)	-	-
Government grants - Investment incentives	10,766,964	-	(1,458,893)	-	9,308,071
	139,678,958	**38,375,814**	**(23,928,433)**	**6,596,399**	**160,722,738**
Temporary differences originating deferred tax liabilities					
Revaluation of fixed assets	(6,748,157)	-	6,710,252		(37,905)
Retirement benefits	(2,137,958)	(394)	8,949,104	(6,827,114)	(16,361)
Derivative Financial Instruments at fair value	(234,446)	-	-	89,718	(144,728)
Valuation of biological assets	-	(3 979 927)	-		(3 979 927)
Deferred accounting losses on inter-group transactions	-	(2 652 963)	12 301		(2 640 661)
Government grants	(11,991,792)	(319,179)	10,535,135	505,157	(1,270,679)
Extension of useful lives of tangible fixed assets	(299,964,933)	(9,290,037)	99,674,214		(209,580,756)
	(321,077,287)	**(16,242,499)**	**125,881,007**	**(6,232,239)**	**(217,671,018)**
Amounts recognised in balance sheet					
Deferred tax assets	38,411,713	10,553,349	(6,580,319)	1,814,010	44,198,753
Tax Incentives for Investment	12,522,612	-	(12,522,612)	-	-
	50,934,325	**10,553,349**	**(19,102,931)**	**1,814,010**	**44,198,753**
Deferred tax liabilities	(88,296,253)	(4,466,687)	34,617,277	(1,713,868)	(59,859,532)
	(88,296,253)	**(4,466,687)**	**34,617,277**	**(1,713,868)**	**(59,859,532)**

In the measurement of the deferred taxes as at 30 June 2017 and 31 December 2016, the corporate income tax rate used was 27.5%.

27. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

27.1. Introduction

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

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

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

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

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

i) Alternative A – Benefit safeguard plan, or;
ii) Alternative B – Pure defined contribution plan.

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

Alternative A – Benefit safeguard plan

In general terms, employees that chose alternative A retain the option, as of the retirement date, of the defined benefit plan in force until 31 December 2013 based on the employee's seniority as of that date. They also benefit from a defined contribution plan until they reach 25 year seniority in the Company.

From a practical point of view, this alternative allows the employees to benefit from two autonomous accounts:

(i) **Account 1**: which includes an initial contribution corresponding to the amounts delivered to the pension fund under the previous defined benefit plan, in the amount of the liabilities for past services computed as of 31 December 2013, together with the monthly contributions made by the Company during 2014 to the defined contribution plan; and,

(ii) **Account 2**: including the future monthly contributions to be made by the Company until the employees complete 25 years of service in Navigator Paper Figueira, amounting to 2% of the pensionable salary.

The balance of the Account 1 will be assigned to cover the liabilities associated to a defined benefit (resulting in receiving a pension corresponding to the existing liabilities in the previous defined benefit plan computed as of 31 December 2013), as the employees that chose Alternative A trigger the Safeguard Clause.

Employees that choose to trigger the Safeguard Clause also benefit from a life rent, acquired from an insurance company with the funds accumulated in Account 2.

Employees that do not trigger the Safeguard Clause will benefit from the life rent acquired from the insurance company with the funds accumulated in Accounts 1 and 2.

This means that the benefits awarded by the employees that chose not to trigger the Safeguard Clause will correspond to those that would result in a defined contribution plan, with the corresponding contributions being computed as the sum of the "deposited" contributions in Accounts 1 and 2 (without any adjustment / actuarial update).

Alternative B – Pure defined contribution plan

Employees that chose Alternative B will have access to a defined contribution plan, under which the Company will perform monthly contributions corresponding to 4% of their pensionable salary until the date of retirement or termination of employment contract, with no limitations.

Thus, under this alternative, employees benefit from a single account, which will be composed by the accumulated balance of the following contributions:

- initial contribution, corresponding to past service liabilities, computed with reference to 31 December 2013 under the previous defined benefit plan, with a 25% premium;
- contributions made by Navigator Paper Figueira during 2014; and
- future contributions to be made by Navigator Paper Figueira at a 4% rate.

The benefit to be awarded by employees who, until 16 January 2015, had chosen this alternative, will correspond to the value of the life rent that can be acquired from an insurance company with the total accumulated contributions of each employee as of the date of retirement.

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

As at 30 June 2017 and 31 December 2016 the coverage of the companies' liabilities by the assets of the funds was as follows:

Amount in Euro	Number of beneficiaries	30-06-2017	Number of beneficiaries	31-12-2016
Past service liabilities				
- Active Employees	548	59,484,388	570	62,591,075
- Former Employees	123	19,542,309	88	17,035,183
- Retired Employees	475	70,436,352	443	69,251,641
Market value of the pension funds		(142,263,403)		(142,420,782)
	1,146	**7,199,646**	1,101	**6,457,116**
Insufficient funds/ overfunding		**7,199,646**		**6,457,116**

The number of active employees that benefit from pension funds as at 30 June 2017 is 548 (31 December 2016: 570) in a universe of 3,092 employees (2016: 3,111 employees), considering that in 2017 was negotiated the creation of new benefit plans which liability is already booked in the balance sheet.

As at 30 June 2017 the amount of assigned responsibilities to plans for post-employment benefits relating to one member of the Board of the Navigator Group amounted to Euro 1,046,761 (2016: Euro 1,669,240).

27.2. Assumptions used in the valuation of the liabilities

The actuarial studies carried out by an independent entity for the purpose of determining the accumulated liabilities as at 30 June 2017 and 31 December 2016 were based on the following assumptions:

			Real outcome	
	30-06-2017	31-12-2016	2017	2016
Disability Table	EKV 80	EKV 80	-	-
Mortality Table	TV 88/90	TV 88/90	-	-
Wage growth rate	1.00%	1.00%	1.00%	1.00%
Technical interest rate	2.00%	2.00%	-	-
Return rate on plan assets	2.00%	2.00%	1,46%	3.74%
Pensions growth rate	0.75%	0.75%	0.75%	0.75%

The discount rates used in this study were selected over the return rates of a bonds' portfolio, namely Markit iBoxx Eur Corporates AA 10+. From the portfolio, bonds with adequate maturity and rating were selected according to the amount and period cash outflows that will occur in regard to the payment of the benefits to employees.

The following table presents the five-year historical information on the present value of liabilities, the market value of the funds, non-financed liabilities and net actuarial gains/ (losses). This information from 2012 to 2017 was as follows:

Amounts in Euro	2012	2013	2014	2015	2016	06-2017
Present value of liabilities	122,365,002	65,657,042	70,188,472	139,312,363	148,877,898	149,463,049
Fair value of plan assets	117,050,324	69,558,535	71,666,181	143,067,688	142,420,782	142,263,403
Surplus/(deficit)	(5,314,678)	3,901,493	1,477,709	3,755,326	(6,457,116)	(7,199,646)

27.3. Retirements and pension supplements

The movements in liabilities with retirement and pensions plans in 2017 and 2016 were as follows:

Amounts in Euro	2017	2016
Opening Balance	148,877,898	139,312,363
Actuarial gains/(losses) (difference betw een actual and expected returns)	259,350	432,754
Costs recognised in the Income Statement	2,492,203	2,732,837
Pensions paid	(2,166,402)	(2,099,328)
As of 30 June	**149,463,049**	**140,378,624**
Remaining quarters		8,499,274
As of 31 December		**148,877,898**

The funds set up to cover the above mentioned liabilities had the following movement in 2017 and 2016:

Amount in Euro	2017	2016
Opening balance	142,420,782	143,067,688
Expected return in the period	1,424,179	1,763,479
Actuarial gains/(losses) (difference betw een actual and expected returns)	584,844	(2,580,406)
Pensions paid	(2,166,402)	(2,099,328)
As of 30 June	**142,263,403**	**140,151,433**
Remaining quarters		2,269,349
As of 31 December		**142,420,782**

Also considering assets allocated to defined contribution of Euro 52,330,252, pension fund assets are managed by Schroders (25%), BlackRock (23%), Credit Suisse (24%) and BMO (28%), as detailed below:

Amounts in Euro	2017	2016
Defined Benefit and Accout 1:		
Ocidental - Pensions	263,846	509,857
Schroders	49,285,176	48,380,746
BlackRock	45,377,388	45,254,916
Account 1 - Credit Suisse	47,336,992	48,275,263
Total Defined Benefit	**142,263,403**	**142,420,782**
Defined Contribution (BMO):		
Defensive Sub-Fund	8,736,438	9,592,386
Conservative Sub-Fund	25,130,786	26,890,076
Dynamic Sub-Fund	13,925,686	14,673,272
Agressive Sub-Fund	4,537,342	4,739,254
Total Defined Contribution	**52,330,252**	**55,894,988**
	194,593,655	**198,315,770**

The detail of the fund's assets as at 30 June 2017 and 31 December 2016 was as follows:

Amount in Euro	30-06-2017	31-12-2016
Bonds	100,653,372	91,637,090
Shares	39,741,204	31,060,558
Liquidity	1,604,981	19,213,277
Other short-term applications	249,071	495,530
Real Estate	14,775	14,327
	142,263,403	**142,420,782**

From the assets composing the fund, all the shares and obligations presented are listed in regulated markets.

As at 30 June 2017 and 31 December 2016, the effect in the income statement of these plans was as follows:

Amount in Euro	6 months 30-06-2017	6 months 30-06-2016
Defined Benefit Plans		
Current services	1,069,026	1,050,803
Interest expenses	1,423,177	1,682,034
Return of the plan assets	(1,424,179)	(1,763,479)
Other	(309,548)	(15,935)
	758,476	**953,423**
Defined Contribution Plans		
Contribution to the plan	669,528	625,842
	669,528	**625,842**
Costs for the period	**1,428,004**	**1,579,265**

Costs with current services includes Euro 10,266, related to a non-executive Board member (2016: Euro 17,115).

28. PROVISIONS

At 2017 and 2016, changes in provisions were as follows:

Amount in Euro	Legal Claims	Tax Claims	Other	Total
Amount as of 1 January 2016	**2,626,048**	**56,214,594**	**364,951**	**59,205,593**
Increases (Note 6)	291,007	-	2,770,107	3,061,114
Reversals (Note 6)	(965)	(1,662,828)	1,102	(1,662,691)
Transfers	(1,102)	(5,660,114)	309,927	(5,351,289)
Amount as of 30 June 2016	**2,914,988**	**48,891,652**	**3,446,087**	**55,252,727**
Increases (Note 6)	1,562,053	1,118,830	(2,770,107)	(89,224)
Reversals (Note 6)	(2,550,149)	1,662,828	(1,102)	(888,423)
Transfers	373,452	(22,924,846)	(674,878)	(23,226,272)
Amount as of 31 December 2016	**2,300,344**	**28,748,464**	**-**	**31,048,808**
Increases (Note 6)	200,691	-	-	200,691
Reversals (Note 6)	(11,074)	-	-	(11,074)
Transfers	3,064	(4,317,695)	-	(4,314,631)
Amount as of 30 June 2017	**2,493,025**	**24,430,769**	**-**	**26,923,794**

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

29. INTEREST-BEARING LIABILITIES AND OTHER LIABILITIES

29.1 Interest-bearing liabilities

As at 30 June 2017 and 31 December 2016, non-current interest-bearing debt comprised the following:

30-06-2017 Amount in Euro	Available amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond Loans						
Portucel 2015-2023	200,000,000	200,000,000	September 2023	Variable rate indexed to Euribor	-	200,000,000
Portucel 2016-2021	100,000,000	100,000,000	May 2021	Flat rate	-	100,000,000
Portucel 2016-2021	45,000,000	45,000,000	August 2021	Variable rate indexed to Euribor	-	45,000,000
Commissions		(1,590,724)				(1,590,724)
European Bank of Investment						
Loan BEI Ambiente A	13,928,571	13,928,571	December 2018	Variable rate indexed to Euribor	9,285,714	4,642,857
Loan BEI Ambiente B	13,333,333	13,333,333	June 2021	Variable rate indexed to Euribor	3,333,333	10,000,000
Loan BEI Energia	53,125,000	53,125,000	December 2024	Variable rate indexed to Euribor	7,083,333	46,041,667
Loan BEI Cacia	25,000,000	25,000,000	May 2028	Flat rate	-	25,000,000
Commercial Paper Program						
Commercial Paper Program 125M	125,000,000	125,000,000	May 2020	Variable rate indexed to Euribor	-	125,000,000
Commercial Paper Program 70M	70,000,000	70,000,000	May 2021	Flat rate	-	70,000,000
Commercial Paper Program 50M	50,000,000	50,000,000	November 2017	Variable rate indexed to Euribor	50,000,000	-
Commercial Paper Program 75M	75,000,000	75,000,000	July 2020	Variable rate indexed to Euribor	-	75,000,000
Commercial Paper Program 50M	50,000,000	20,000,000	July 2020	Variable rate indexed to Euribor	-	20,000,000
Commercial Paper Program 100M	100,000,000	25,000,000	March 2020	Variable rate indexed to Euribor	-	25,000,000
Commissions		(448,113)				(448,113)
Bank Lines						
Short term line 20M	20,450,714	-			-	-
Short term line USD	9,407,338	6,208,843			6,208,843	-
Reimbursable grants						
Reimbursable grants	-	4,237,695				4,237,695
		823,794,605			**75,911,224**	**747,883,381**

31-12-2016 Amount in Euro	Available amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond Loans						
Portucel 2015-2023	200,000,000	200,000,000	September 2023	Variable rate indexed to euribor	-	200,000,000
Portucel 2016-2021	100,000,000	100,000,000	May 2021	Flat rate	-	100,000,000
Portucel 2016-2021	45,000,000	45,000,000	August 2021	Variable rate indexed to euribor	-	45,000,000
Commissions		(2,109,198)				(2,109,198)
European Bank of Investment						
Loan BEI Ambiente A	18,571,429	18,571,429	December 2018	Variable rate indexed to euribor	9,285,714	9,285,714
Loan BEI Ambiente B	15,000,000	15,000,000	June 2021	Variable rate indexed to euribor	3,333,333	11,666,667
Loan BEI Energia	56,666,667	56,666,667	December 2024	Variable rate indexed to euribor	7,083,333	49,583,333
Loan BEI Cacia	25,000,000	25,000,000	May 2028	Flat rate	-	25,000,000
Commercial Paper Program						
Commercial Paper Program 125M	125,000,000	125,000,000	May 2020	Variable rate indexed to euribor	-	125,000,000
Commercial Paper Program 70M	70,000,000	70,000,000	May 2021	Flat rate	-	70,000,000
Commercial Paper Program 50M	50,000,000	50,000,000	November 2017	Variable rate indexed to euribor	50,000,000	-
Commercial Paper Program 75M	75,000,000	-	July 2020	Variable rate indexed to euribor	-	-
Commercial Paper Program 50M	50,000,000	-	July 2020	Variable rate indexed to euribor	-	-
Commercial Paper Program 100M	100,000,000	-	March 2020	Variable rate indexed to euribor	-	-
Commissions		(560,476)				(560,476)
Bank Lines						
Short term line 20M	20,450,714	-			-	-
Reimbursable grants						
Reimbursable grants	-	5,692,866				5,692,866
		708,261,286			**69,702,381**	**638,558,905**

On 13 May 2016, The Navigator Company paid out the remaining Portucel Senior Notes 5.375% bonds, anticipating its maturity from 2020, and amounting to Euro 150,000,000, in addition to the Euro 200,000,000 already repaid in September 2015. Simultaneously, the company contracted new financing lines, namely a bond loan of Euro 100,000,000 and a commercial paper of Euro 70,000,000, both with a maturity of five years, and contracted a loan with the European Investment Bank amounting to Euro 25,000,000, which matures in 2028. In the second half of the year, the company completed two additional financing operations: a new Euro 45 million bond loan was contracted and disbursed for a period of 5 years and a new short-term Commercial Paper Program in the amount of Euro 50 million.

During the first half of 2017, the Navigator group contracted a new financing line (in the USA) amounting USD 10 million and maturity date in February 2018.

On 30 June 2017, the average cost of debt, considering interest rate, annual fees and hedging operations, was 1.72% (31 December 2016: 1.7%).

The repayment terms for the loans recorded as non-current are detailed as follows:

Amount in Euro	30-06-2017	31-12-2016
Non-current		
1 to 2 yeas	19,297,220	19,702,382
2 to 3 years	138,194,445	11,805,556
3 to 4 years	348,194,442	138,194,445
4 to 5 years	9,861,111	232,220,643
More than 5 years	234,375,000	239,305,554
	749,922,218	**641,228,580**
Charges	(2,038,837)	(2,669,675)
	747,883,380	**638,558,905**

On 30 June 2017 the Group had commercial paper programs and credit lines available but not used of Euro 105,000,000 (31 December 2016: Euro 245,450,714).

As at 30 June 2017 and 31 December 2016, current interest-bearing debt was as follows:

Amount in Euro	30-06-2017	31-12-2016
Interest-bearing liabilities		
Non-current	747,883,381	638,558,905
Current	75,911,224	69,702,381
	823,794,605	**708,261,286**
Cash and cash equivalents		
Cash	112,415	82,184
Short term bank deposits	44,778,973	15,536,694
Other	41,008,895	51,922,710
	85,900,284	**67,541,588**
Interest-bearing net debt	**737,894,321**	**640,719,698**

The Navigator group has a strict policy of approval of its financial counterparts, limiting their exposure according to an individual risk analysis and previously approved ceilings. Beyond these limits, there is also a diversification policy applied to the number of the Navigator group's counterparties. On 30 June 2017, the Navigator group had no term deposit with the Financial Institutions. The amount of Euro 41,007,687 related with the investment in a portfolio of bonds from issuers with adequate rating.

The evolution of the Navigator group’s net debt in the periods ended 30 June 2017 and 2016 was as follows:

Amounts in Euro	6 months 30-06-2017	6 months 30-06-2016	Remaining quarters	31-12-2016
As of 1 January	640,719,698	654,491,758	-	654 491 758
Expenses w ith the issue of bond loans	2,038,837	2,535,022	134 653	2 669 675
Interest paid	6,218,851	15,587,633	8 928 248	24 515 881
Interest received	(1,516,869)	(1,380,972)	(3 525 240)	(4 906 212)
Dividens paid and reserves distributed	170,003,077	170,004,583	-	170 004 583
Receipts related to investment activities	-	-	(4 438 520)	(4 438 520)
Payments related to investment activities	42,585,563	48,214,720	32 970 557	81 185 277
Accumulated exchange rate diferences	3,345,672	11,622,665	(861 370)	10 761 295
Net receipts of operating activities	(125,500,508)	(107,907,899)	(185 656 140)	(293 564 039)
Liquid debt variation	97 174 624	138 675 753	(152 447 812)	(13 772 060)
As of 30 June	**737,894,322**	**793,167,511**	**(152,447,812)**	**640,719,698**

Also, the movements in the Group's net debt in 30 June 2017 and 2016 were as follows:

Amount in Euro	6 months 30-06-2017	6 months 30-06-2016	Remaining quarters	31-12-2016
Net profit for the year	96,046,094	85,249,019	131,580,760	216,829,779
Depreciation, amortization and impairment losses	74,766,617	85,955,527	80,705,596	166,661,123
Net changes in provisions	189,617	1,398,423	(977,647)	420,776
	171,002,328	**172,602,969**	**211,308,709**	**383,911,678**
Change in working capital	(12,586,007)	(47,462,466)	21,780,522	(25,681,944)
Acquisitions of tangible fixed assets	(34,015,002)	(73,597,692)	(67,268,365)	(140,866,057)
Dividens paid and reserves distributed	(170,003,077)	(170,004,583)	-	(170,004,583)
Net changes in post-employment benefits	742,530	(227,192)	(9,472,828)	(9,700,020)
Other changes in equity	4,828,922	(9,038,916)	(13,101,735)	(22,140,651)
Expenses with the issue of bond loans	630,837	2,260,471	(134,652)	2,125,819
Other	(57,775,154)	(13,208,343)	9,336,162	(3,872,182)
Change in net debt (Free Cash Flow)	**(97,174,624)**	**(138,675,753)**	**152,447,813**	**13,772,060**

29.2 Other Liabilities

As at 30 June 2017 and 31 December 2016, the other non-current liabilities were as follows:

Amount in Euro	30-06-2017	31-12-2016
Non-current		
Grants	28,288,572	31,202,382
Equipment	108,935	2,098,759
	28,397,507	**33,301,140**

Non-current grants correspond to investment grants as described in Note 9.

Finance leases – IFRIC 4

As at 30 June 2017 and 31 December 2016, the Group showed the following equipment under finance lease plans recognized under IFRIC 4:

	30-06-2017		
Amount in Euro	Acquisition Value	Accumulated depreciation	Net book value
Equipment - Omya	14,000,000	(11,351,352)	2,648,648
	14,000,000	**(11,351,352)**	**2,648,648**

	31-12-2016		
Amount in Euro	Acquisition Value	Accumulated depreciation	Net book value
Equipment - Omya	14,000,000	(10,972,973)	3,027,027
	14,000,000	**(10,972,973)**	**3,027,027**

The non-current and current liabilities related to that equipment are recorded under “Other liabilities” and “Payables and other current liabilities”, respectively, and are detailed as follows:

Amount in Euro	30-06-2017	31-12-2016
Non-current		
Equipment	108,935	2,098,759
Current (Note 30)	4,462,611	1,771,221
	4,571,546	**3,869,980**

In 2009, with the launch of the new paper mill in Setubal, the Group recognized as a finance lease the cost of the Precipitated Calcium Carbonate production unit, installed by Omya, S.A. at the industry site in Setúbal for the exclusive use of the new mill. This contract foresees the transfer of the assets’ ownership to About The Future, S.A., upon its termination, in 2019.

30. PAYABLES AND OTHER CURRENT LIABILITIES

As at 30 June 2017 and 31 December 2016, “Payables and other current liabilities” were detailed as follows:

Amounts in Euro	30-06-2017	31-12-2016
Accounts payable to suppliers	144,248,057	145,702,873
Accounts payable to fixed assets suppliers	4,616,593	13,929,955
Accounts payable to fixed assets suppliers - leases (Note 29)	4,462,611	1,771,221
Accounts payable - Related parties (Note 32)	891,985	1,281,101
Shareholders (dividends to be paid)	80,003,979	-
Derivative financial instruments (Note 31)	3,038,558	7,726,140
Other creditors - CO2 emissions	2,343,248	4,816,632
Sales Commissions	291,583	245,291
Tax Consolidation (Semapa)	7,429,319	7,296,382
Other creditors	1,098,503	1,268,749
Accrued costs	54,396,788	65,409,507
Deferred income	7,272,580	6,383,433
	310,093,802	**255,831,284**

On 30 June 2017 and 31 December 2016, accrued costs and deferred income were detailed as follow:

Amount in Euro	30-06-2017	31-12-2016
Accrued costs		
Payroll expenses - Annual Performance Bonus	6,797,542	14,884,168
Payroll expenses - Other	23,624,132	22,125,937
Interests payable, including compensatory interest	2,655,615	3,308,196
Others	21,319,499	25,091,205
	54,396,788	**65,409,506**
Deferred income		
Government grants (Note 9)	5,916,386	5,926,517
Grants - CO2 emission licenses	779,239	(28,650)
Other	576,955	485,566
	7,272,580	**6,383,433**

As at 30 June 2017 and 31 December 2016, deferred income on government grants was detailed as follows:

Amount in Euro	30-06-2017	31-12-2016
AICEP investment contracts (Note 9)		
The Navigator Company, S.A.	-	-
Enerpulp, S.A.	7,972,050	8,746,163
Navigator Pulp Cacia, S.A.	13,950,501	15,102,403
Navigator Pulp Setúbal, S.A.	807,176	897,543
Navigator Pulp Figueira, S.A.	8,579,079	9,308,451
Navigator Parques Industriais, S.A.	2,136,744	2,166,423
Navigator Paper Figueira, S.A.	206,685	276,120
	33,652,234	36,497,102
Other		
Raiz	6,721	9,933
Viveiros Aliança, SA	546,001	621,863
	552,723	631,796
	34,204,957	**37,128,899**

During 2017 and 2016, the movements in Grants – CO2 emissions were as follows:

Amount in Euro	2017	2016
Grants - CO2 emissions		
Opening balance	-	-
Increase	2,653,398	2,849,117
Utilization	(1,872,429)	(1,444,290)
Closing balance June	**780,969**	**1,404,827**
Remaining quarters		(1,404,827)
Closing balance December		**-**

This amount regards to the CO2 emission allowances granted for free to several group companies (2017: 495,037 and 504,595 for 2016).

31. FINANCIAL ASSETS AND LIABILITIES

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

The reconciliation of the consolidated statement of financial position with the various categories of financial assets and liabilities included therein is detailed as follows:

Amount in Euro	Financial Instruments - trading Nota 31.2	Financial instruments-hedging Nota 31.3	Loans and receivables Nota 31.4	Financial asstes held-for-sale Nota 19	Other interest-bearning liabilities Nota 31.5	Non financial Assets/ liabilities
30-06-2017						
Assets						
Financial assets held-for-sale	-	-	-	260,486	-	-
Cash and cash equivalents	-	-	85,900,284	-	-	-
Current receivables	2,219,954	4,931,123	285,774,548	-	-	228,838,367
Total assets	**2,219,954**	**4,931,123**	**371,674,832**	**260,486**	**-**	**228,838,367**
Liabilities						
Non-current interest-bearing liabilities	-	-	-	-	747,883,381	-
Other liabilities	-	-	-	-	28,397,507	100,154,891
Current interest-bearing liabilities	-	-	-	-	75,911,224	-
State entities	-	-	-	-	-	66,799,896
Current payables	-	3,038,558	-	-	237,956,558	69,098,687
Total liabilities	**-**	**3,038,558**	**-**	**-**	**1,090,148,670**	**236,053,474**
31-12-2016						
Assets						
Financial assets held-for-sale	-	-	-	260,486	-	-
Cash and cash equivalents	-	-	67,541,588	-	-	-
Current receivables	-	901,050	214,976,773	-	-	278,507,821
Total assets	**-**	**901,050**	**282,518,361**	**260,486**	**-**	**278,507,821**
Liabilities						
Non-current interest-bearing liabilities	-	-	-	-	638,558,905	-
Other liabilities	-	-	-	-	33,301,140	97,365,457
Current interest-bearing liabilities	-	-	-	-	69,702,381	-
State entities	-	-	-	-	-	81,098,059
Current payables	1,943,402	5,782,739	-	-	176,312,203	71,792,940
Total liabilities	**1,943,402**	**5,782,739**	**-**	**-**	**917,874,629**	**250,256,456**

Except for derivative financial instruments, the remaining financial instruments are recorded at cost on the grounds that this is considered to be a reasonable approximation of their fair value.

31.1. Fair value hierarchy

The following table presents the Group's assets and liabilities measured at fair value at 30 June 2017, according to the following fair value hierarchies:

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

Amount in Euro	30-06-2017	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivative financial instruments - trading	2,219,954	-	2,219,954	-
Interest rate hedging instruments	4,931,123	-	4,931,123	-
	7,151,077	**-**	**7,151,077**	**-**

Amount in Euro	30-06-2017	Level 1	Level 2	Level 3
Financial liabilities at fair value through profit or loss				
Derivative financial instruments - trading	-	-	-	-
Interest rate hedging instruments	(3,038,558)	-	(3,038,558)	-
	(3,038,558)	**-**	**(3,038,558)**	**-**

31.2. Financial instruments held for trading

As at 30 June 2017 and 31 December 2016, the fair value of derivative financial instruments (Note 1.12) was as follows:

	30-06-2017				31-12-2016
Amount in Euro	Notional	Positive	Negative	Net	Net
Trading					
CO2 emissions	-	-	-	-	-
Forward Anti-Dumping	18 839 818	365 282	-	365 282	-
Foreign Exchange Forwards	72 330 732	1 854 672	-	1 854 672	(1 943 402)
	91,170,550	**2,219,954**	**-**	**2,219,954**	**(1,943,402)**

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

The hedging instruments used in this operation are foreign exchange forward contracts covering the net exposure to the foreign currencies at the time the invoices are issued, for the same maturity dates and the same amounts of these documents in such a way as to fix the exchange rate associated with the sales. The nature of the risk hedged is change in the carrying amount of on sales and purchases expressed in foreign currencies due to foreign currency fluctuations. At the end of each month, customer and suppliers' balances expressed in foreign currency are updated, with the gain or loss offset against the fair value change of the forwards negotiated.

The net fair value of trading instruments – forwards – as at 30 June 2017 is Euro 2,219,954 (31 December 2016: Euro (1,943,402)).

In addition to the acquisitions made in 2015 and 2016 of 400 000 CO2 emission licenses for delivery in 2017-2019, a supplementary acquisition of 100 000 CO2 licenses was also made in 2017, also for delivery in 2020.

31.3. Derivative financial instruments designated as hedging instruments

As at 30 June 2017 and 31 December 2016, the fair value of derivative financial instruments designated as hedging instruments (Note 1.12) was as follows:

			30-06-2017			31-12-2016
Amount in Euro	**Currency**	**Notional**	**Positive**	**Negative**	**Net**	**Net**
Hedging						
Foreign Exchange Forwards (net investment)	USD	25,050,000	426,655	-	426,655	(249,275)
Foreign Exchange Forwards (future sales)	USD	347,000,000	4,248,518	-	4,248,518	901,050
Foreign Exchange Forwards (future sales)	GBP	53,333,334	255,950	-	255,950	-
Interest rate swap for comercial Paper issued	EUR	125,000,000	-	(610,721)	(610,721)	(976,674)
Swaps used to hedge the exposure to changes in the interest rate	EUR	200,000,000	-	(2,427,836)	(2,427,836)	(4,556,790)
			4,931,123	**(3,038,558)**	**1,892,565**	**(4,881,689)**

Net investment

The Navigator group hedges the economic risk associated with exposure to the exchange rate of its participation in PortucelSoporcel North America. To this end, the Navigator group has entered into a foreign exchange forward maturing in November 2017, with a notional outstanding of USD 25,050,000.

This instrument is designated as a hedging of the investment in the North America subsidiary of the Navigator group, with fair value changes recognized in comprehensive income. As at 30 June 2017, the fair value reserve associated with this coverage was Euro (2,813,048) (31 December 2016: Euro (4,354,058)) (Note 25).

Cash Flow Hedge – Exchange rate risk (EUR/US)

The Navigator group makes use of derivative financial instruments in order to limit the net exchange risk associated with sales and future purchases estimated at USD.

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

Cash Flow Hedge – Interest Rate

The Navigator group hedges of future interest payments associated with commercial paper issues by hiring an interest rate swap, which pays a fixed rate and receives a floating rate. This instrument is designated as hedges of cash flows from the commercial paper program and the bond loan. The credit risk is not part of the hedging relationship.

This hedge is designated for the entire life of the hedging instruments.

31.4. Credit and receivables

These amounts are initially recognized at fair value, and subsequently measured at amortized cost less any impairment losses identified during the course of the credit risk analysis of the credit portfolios held (Note 21, 23 & 29).

31.5. Other financial liabilities

These items are recognized at their amortized cost, corresponding to the value of the respective cash flows discounted at the effective interest rate associated with each of the liabilities (Note 29 & 30).

31.6. Net gains on financial assets and liabilities

The effect in net income of the period of the financial assets and liabilities held is detailed as follows:

Amounts in Euro	30-06-2017	30-06-2016
Gain/ (loss) on loans and receivables	(5,916,236)	283,829
Gains / (losses) on financial instruments - hedging	(1,775,492)	(1,309,049)
Gains / (losses) on financial instruments - trading	4,163,356	255,967
Interest Income:		
From deposits and other receivables	1,089,768	1,381,327
Interest expense:		
Financial liabilities measured at amortized cost	(5,679,264)	(15,046,947)
Other	(188,073)	972,669
	(8,305,941)	**(13,462,204)**

The fair value of derivative financial instruments is included in "Receivables and other current assets" (Note 21) and "Payables and other current liabilities" (Note 30).

The movement in the balances recognized in the statement of financial position (Notes 21 and 30) related with financial instruments was as follows:

	Change in fair value (Trading)	Change in fair value (Hedging)	Total
Amount as of 1 January 2016	**(359,770)**	**1,414,365**	**1,054,596**
Maturity (Note 10)	255,967	(1,309,049)	(1,053,082)
Increase/decrease in fair value	(861,894)	(8,150,749)	(9,012,643)
Amount as of 30 June 2016	**(965,697)**	**(8,045,433)**	**(9,011,129)**
Maturity (Note 10)	(1,781,932)	(1,382,288)	(3,164,220)
Increase/decrease in fair value	804,227	4,546,032	5,350,259
Amount as of 31 December 2016	**(1,943,402)**	**(4,881,689)**	**(6,825,089)**
Maturity (Note 10)	4,163,356	(1,775,492)	2,387,864
Increase/decrease in fair value	-	8,549,747	8,549,747
Amount as of 30 June 2017	**2,219,954**	**1,892,566**	**4,112,522**

As at 30 June 2017 and 31 December 2016, the derivative financial instruments previously summarized had the following maturities:

					30-06-2017	31-12-2016
		Nominal value	Maturity	Type	Fair Value	Fair Value
Exchange rate forwards	USD	67,950,000	26 October 2017	Held for trading	1,656,731	(1,778,650)
	GBP	11,245,000	10 November 2017	Held for trading	197,941	(164,752)
Future purchase of C02 emission licences	EUR	21,500,000	31 October 2018	Held for trading	365,282	-
					2,219,954	**(1,943,402)**
Foreign Exchange forwards - Net Equity	USD	25,050,000	28 November 2017	Hedging Instruments	426,655	(249,275)
Hedging for future sales	USD	347,000,000	02 February 2018	Hedging Instruments	4,248,518	901,050
Hedging for future sales	GBP	53,333,334	29 December 2017	Hedging Instruments	255,950	-
Interest rate swap for comercial paper issued	EUR	125,000,000	26 May 2020	Hedging Instruments	(610,721)	(976,674)
Interest rate swap for loans	EUR	200,000,000	22 September 2023	Hedging Instruments	(2,427,836)	(4,556,790)
					1,892,566	**(4,881,689)**
					4,112,520	**(6,825,091)**

32. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The following is a breakdown of related parties' balances as at 30 June 2017 and 31 December 2016:

	30-06-2017			31-12-2016		
	Assets	Liabilities		Assets	Liabilities	
Amounts in Euro	Customers	Payables	Other creditors (fiscal consolidation)	Customers	Payables	Other creditors (fiscal consolidation)
Semapa - Soc. De Investimento e Gestão, SGPS, S.A.	-	863,942	7,429,319	-	909,341	7,296,382
Secil - Companhia Geral Cal e Cimento, S.A.	14,760	106	-	10,455	370,019	-
Secil Britas, S.A.	-	17,525	-	-	8,731	-
Enermontijo, S.A.	168,039	24,112	-	66,771	6,708	-
Enerpar, SGPS, Lda.	-	-	-	-	-	-
Cimilonga - Imobiliária, S.A.	-	(13,700)	-	-	(13,700)	-
	182,799	**891,985**	**7,429,319**	**77,226**	**1,281,099**	**7,296,382**

On the six months period ended 30 June 2017 and 2016, transactions with related parties were as follows:

	30-06-2017			30-06-2016	
Amounts in Euro	Sales and services rendered	Purchase of goods	Consumed materials and services	Sales and services rendered	Consumed materials and services
Semapa - Soc. De Investimento e Gestão, SGPS, S.A.	-	-	4,222,478	-	4,482,437
Secil - Companhia Geral Cal e Cimento, S.A.	36,927	-	628	36,000	740
Secil Britas, S.A.	-	301,000	19,129	-	37,353
Enermontijo, S.A.	140,151	-	85,049	539,536	149,121
Enerpar, SGPS, Lda.	-	-	115,728	-	147,502
Cimilonga - Imobiliária, S.A.	-	-	131,307	-	145,057
	177,078	**301,000**	**4,574,318**	**575,536**	**4,962,210**

On 1 February 2013, a contract to render administrative and management services was signed between Semapa - Sociedade de Investimentos e Gestão, SGPS, SA and Navigator group, establishing a remuneration system based in equal criteria for both parties in the continuous cooperation and assistance relationships, that meets the rules applicable to commercial relationships between Navigator group companies.

On March 2015, The Navigator Company celebrated an agreement with Enerpar SGPS, Lda. under which paid a fee related to the promotion of its pellets project located in the United States of America, in particular for having defined and deepened several studies and initiatives including, amongst others, market analysis, real estate prospection, public entities negotiation, tax and corporate planning, projection of manufacturing facilities, equipment commissioning and customer acquisition, coordinating all these aspects in a single project.

Under the same agreement, Enerpar SGPS, Lda. will also render technical advisory services including engineering project support, coordination of work, equipment commissioning, factory ramp up, guaranteeing quality in the final product, supporting commercial contract management and training to be provided to the sales team that will be responsible to manage the customers they obtained.

Enerpar SGPS, Lda. is a company that manages holdings in the renewable energy sector, holding the full equity capital of Enermontijo, SA, which has been dedicated to the productions of forest-based wood pellets for about seven years, annually producing Tons 80,000 and to whom the Navigator group sells biomass. Enerpar SGPS, Lda. is a related party as its shareholders have family relations with a non-executive Board Member of the Navigator group.

It was also celebrated a lease agreement between Navigator Paper Figueira, S.A. and Cimilonga - Houses, SA under which an office was leased in Semapa headquarters' building, in Lisbon.

In the identification of the Navigator group's related parties for the purpose of this report, the members of the Navigator group's statutory bodies were considered as related parties (Note 7).

33. ENVIRONMENTAL RELATED EXPENDITURE

Environmental costs

As part of its business operations, the Group incurs in several environmental related expenditures which, depending on their nature, are capitalized or recognized as costs in the operating results for the year.

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

The expenditure capitalized and expensed in the six month periods ended 30 June 2017 and 31 December 2016 was as follows:

Amounts capitalized in the period

Amounts in Euro

Environmental Aspect 30-06-2017	Environmental Aspect				Total
	Consumption reduction	Control and Monitoring	End of Line	Prevention	
Atmospheric emissions	-	-	-	7,294	7,294
Energy	148,160	-	-	1,440	149,600
Liquid Effluents	-	-	184	-	184
Solid w aste	-	-	-	-	-
Water	-	-	-	89,000	89,000
Others	-	-	-	52,210	52,210
	148,160	**-**	**184**	**149,944**	**298,288**

Amounts in Euro

Environmental Aspect 31-12-2016	Environmental Aspect				Total
	Consumption reduction	Control and Monitoring	End of Line	Prevention	
Atmospheric emissions	-	137,000	223,022	74,699	434,721
Energy	1,671,731	-	-	10,260	1,681,991
Liquid Effluents	-	29,677	27,300	36,177	93,154
Solid w aste	-	-	-	-	-
Water	12,711	-	-	-	12,711
Others	6,072	13,000	40,000	-	59,072
	1,690,514	**179,677**	**290,322**	**121,136**	**2,281,649**

Expenses recognized in the period

Amount in Euro

Environmental Aspect 30-06-2017	Cost Origin: Certification and Licenses	Environmental Taxes	Control and Monitoring	Operation	Maintenance	Payroll Costs	Total
Atmospheric emissions	-	-	-	-	527,428	-	527,428
Energy	-	-	-	-	-	-	-
Liquid Effluents	-	-	-	3,184,949	1,394,288	-	4,579,237
Solid w aste	-	-	-	237,622	-	-	237,622
Water	-	407,420	-	175,794	-	-	583,214
Others	-	11,252	29,484	-	-	1,565,429	1,606,165
	0	**418,671**	**29,484**	**3,598,366**	**1,921,716**	**1,565,429**	**7,533,666**

Amounts in Euro

Environmental Aspect 31-12-2016	Cost Origin: Certification and Licenses	Environmental Taxes	Control and Monitoring	Operation	Maintenance	Payroll Costs	Total
Atmospheric emissions	-	-	-	-	513,815	-	513,815
Energy	10,811	-	-	-	-	-	10,811
Liquid Effluents	-	-	-	3,450,259	1,312,938	-	4,763,196
Solid w aste	-	-	-	12,315	-	-	12,315
Water	-	775,933	-	90,659	-	-	866,592
Others	-	-	213,184	-	2,409	-	215,593
	10,811	**775,933**	**213,184**	**3,553,233**	**1,829,162**	**-**	**6,382,322**

34. AUDIT FEES

In the six months periods ended 30 June 2017 and 2016, expenses with statutory audits, other audit services and tax advisory services, were as follows:

Amounts in Euro	**30-06-2017**	**30-06-2016**
Statutory auditors services		
Statutory audit services	175,475	97,718
Audit of foreign subsidiaries	36,562	-
Tax advisory services		
Portugal	-	-
Foreign subsidiaries	-	24,250
Other assurance services	5,630	60,809
Other Services	5,027	-
	222,694	**182,777**

The services indicated as “Other assurance services” concerns specialized support in scope of the Group’s sustainability report and opinions regarding government subsidies certification.

The “Tax advisory services” in 2016 where related to fiscal compliance, being integrated in the transition period described in the article 3, of law 140/2015.

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

35. NUMBER OF EMPLOYEES

As at 30 June 2017 the number of employees working for the Group Companies was 3,092 (31 December 2016: 3,111), and were distributed by business segment as follows:

As of 30 June 2017	MARKET PULP	UWF PAPER	TISSUE PAPER	OTHER	TOTAL
Industrial / Forest site					
Setúbal	-	943	-	288	1,231
Cacia	218	-	4	60	282
Figueira da Foz	-	914	-	43	957
Vila Velha de Ródão	-	-	192	-	192
Greenwood	-	-	-	79	79
Mozambique	-	-	-	195	195
	218	**1,857**	**196**	**665**	**2,936**
Commercial companies					
Europe	6	134	6	-	146
America	-	9	-	-	9
Overseas	-	1	-	-	1
	6	**144**	**6**	**-**	**156**
	224	**2,001**	**202**	**665**	**3,092**

As of 31 December 2016	MARKET PULP	UWF PAPER	TISSUE PAPER	OTHER	TOTAL
Industrial / Forest site					
Setúbal	-	973	-	235	1,208
Cacia	232	-	2	62	296
Figueira da Foz	-	883	-	79	962
Vila Velha de Ródão	-	-	190	-	190
Greenwood	-	-	-	67	67
Mozambique	-	-	-	258	258
	232	**1,856**	**192**	**701**	**2,981**
Commercial companies					
Europe	5	115	-	-	120
America	-	9	-	-	9
Overseas	-	1	-	-	1
	5	**125**	**-**	**-**	**130**
	237	**1,981**	**192**	**701**	**3,111**

36. COMMITMENTS

36.1. Commitments in favor of third-parties

As at 30 June 2017 and 31 December 2016, the Group had presented the following bank guarantees to the following entities:

Amounts in Euro	30-06-2017	31-12-2016
Spanish state tax agency	1,033,204	1,033,204
Customs clearence	1,835,250	1,835,250
IAPMEI	5,209,320	5,209,320
Simria	338,829	338,829
Other	831,877	677,601
	9,248,480	**9,094,204**

The guarantees in favor of IAPMEI were provided under the investment contracts celebrated between the Portuguese State and Navigator Pulp Cacia, S.A. (Euro 2,438,132) and Navigator Tissue Ródão, S.A. (Euro 2771,188), as per the terms and conditions defined in the Payment Standard applicable to projects approved under QREN Incentive Systems.

36.2. Purchase commitmens

In addition to the commitments described in the preceding Note, purchase commitments assumed with suppliers at 30 June 2017 amounted to Euro 141,796,618 and referred to capital expenditure on Property, plant and equipment. In 31 December 2016 these commitments amounted to Euro 75,321,090.

On 30 June 2017 and 31 December 2016, the commitments relating to operating lease contracts comprised the following:

Amounts in Euro	30-06-2017	31-12-2016
Settlement date		
2017	936,943	1,676,818
2018	1,563,618	1,296,734
2019	1,179,959	911,759
2020	666,767	431,452
2021	255,146	59 830
2022	35,071	7 543
Later	50,077	-
	4,687,582	**4,384,136**

As at 30 June 2017 and 31 December 2016, the undiscounted commitments relating to external group forestry land rents comprised the following:

Amounts in Euro	30-06-2017	31-12-2016
2017	2,150,151	4,068,372
2018	3,972,336	3,757,512
2019	3,817,014	3,600,680
2020	3,497,501	3,282,701
2021	3,310,095	3,112,802
Later	38,752,760	35,720,215
	55,499,857	**53,542,281**

37. CONTINGENT ASSETS

37.1. Tax matters

37.1.1. Public Debt Settlement Fund

According to Decree-Law no. 36/93 of 13 February, the tax debts of privatized companies relating to periods prior to the privatization date (in the case of The Navigator Company, 25 November 2006) are the responsibility of the Public Debt Settlement Fund. The Navigator Company submitted an application to the Public Debt Settlement Fund on 16 April 2008 requesting the payment by the State of the tax debts raised by the tax authorities for periods before that date. On 13 December 2010, The Navigator Company presented a new application requesting the payment of debts settled by the tax authorities regarding 2006 and 2003. This application was supplemented on 13 October 2011, with the amounts already paid and uncontested regarding these debts, as well as with expenses directly related to them, pursuant to court ruling dated 24 May 2011 (Case No. 0993A/02), which confirmed the company's position regarding the enforceability of such expenses. In this context, the aforementioned Fund is liable for Euro 30,375,727, detailed as follows:

Amounts in Euro	Period	Requested amounts	1st Refund	Decrease due to RERD	Processes decided in favour of the Group	Outstanding
Proceedings confirmed in court						
VAT - Germany	1998-2004	5,850,000	(5,850,000)	-	-	-
Corporate Income Tax	2001	314,340	-	-	(314,340)	-
Corporate Income Tax	2002	625,033	(625,033)	-	-	-
Corporate Income Tax	2002	18,923	-	-	-	18,923
VAT	2002	2,697	(2,697)	-	-	-
Corporate Income Tax	2003	1,573,165	(1,573,165)	-	-	-
Corporate Income Tax	2003	182,230	(157,915)	-	(24,315)	-
Corporate Income Tax	2003	5,725,771	-	-	-	5,725,771
Corporate Income Tax (Withheld)	2004	3,324	-	-	-	3,324
Corporate Income Tax	2004	766,395	-	-	(139,023)	627,372
Stamp Duty	2004	497,669	-	-	(497,669)	-
Corporate Income Tax (Withheld)	2005	1,736	(1,736)	-	-	-
Expenses		314,957	-	-	-	314,957
		15,876,240	**(8,210,546)**	**-**	**(975,347)**	**6,690,347**
Proceedings not confirmed in court						
VAT	2003	2 509 101	-	-	-	2 509 101
Corporate Income Tax	2005	11 754 680	-	(1 360 294)	-	10 394 386
Corporate Income Tax	2006	11 890 071	-	(1 108 178)	-	10 781 893
		26 153 852	**-**	**(2 468 472)**	**-**	**23 685 380**
		42,030,092	**(8,210,546)**	**(2,468,472)**	**(975,347)**	**30,375,727**

37.1.2. Taxes paid in litigation

At 30 June 2017, the additional tax assessments that are paid and disputed by the group are summarized as follows:

Amounts in Euro	
VAT 2003	2,509,101
Aggregate corporate income tax 2005	10,394,386
Aggregate corporate income tax 2006	8,150,146
Aggregate corporate income tax 2012	4,422,958
	25,476,591

i) Group corporate income tax 2005 & 2006

Following the tax inspection to the 2005 tax year, in which the aggregate tax loss declared amounted to Euro 30,381,815, a correction to the taxable income amounting to Euro 74,478,109 was included in the final inspection report.

From the total amount corrected, Euro 73,453,776 regard losses on disposal of financial investments, including additional equity contributions, considered as equity by the tax authorities under the article 23 nº5 of Portuguese Corporate Tax Law as it was in place as of that date.

The Navigator group's understanding is different, in which it is supported by its advisors and lawyers, and is based both in the opinion of renowned teachers of accounting and law and in the letter of the law, especially in the wording introduced by the 2006 State Budget to article 42 of the Portuguese Corporate Income Tax Law, and in the prohibition of irrefutable presumptions as stated in Constitution of the Portuguese Republic, in particular in its article 103, in what concerns article 23, nº5 and nº6 of the Portuguese Corporate Income Tax Law.

Following the adjustments made by the tax authorities to the 2005 taxable income, tax losses of Euro 30,381,815 reported by the Navigator group in 2005, which were used in 2006, could no longer be considered. As a consequence, the 2006 taxable income was corrected in that amount by the tax authorities. The Navigator group has disputed this correction.

ii) Aggregate corporate income tax 2012

In 2012, the Navigator group increased the capital of Navigator Pulp Holding, SGPS, S.A., with a contribution in kind of the shares of Navigator Pulp Figueira, S.A., and made a loss of Euro 17 million.

Following the tax inspection for this fiscal year, the Tax Administration issued an additional income tax settlement of Euro 4,422,958, for having considered this operation as a transaction between related parties. This amount was paid under the Special Plan for the Reduction of Indebtedness to the State (PERES).

The Navigator group believes that the Article 32 of the Tax Benefits Law, thus interpreted, is unconstitutional for which it appealed to the arbitral court.

37.2. Non-tax matters

37.2.1. Public Debt Settlement Fund

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

On 24 May 2014 the Court denied the Navigator group’s proposal to present testimony evidence, alternatively proposing written submissions. On 30 June 2014 Navigator group appealed against this decision, but continuously presented written evidence. The Court subsequently confirmed the Navigator group’s views on this matter, and the parties are now waiting for scheduling of court session to witness testimony; specialists were nominated by the parties and their reports on the matter are being prepared.

37.2.2. Infrastructure enhancement and maintenance fee

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

This situation regards the amount collected under this levy in the licensing process mentioned above, for the construction of a new paper mill in the industrial site of Mitrena, Setúbal. The Navigator Company disagrees with the amount charged and filled an administrative claim against it on 25 February 2008 (request 2485/08), followed by an appeal to Court against the rejection of the claim on 28 October 2008. At 3 October 2012 this claim had an adverse decision, and in 13 November 2012, The Navigator Company appealed. This lawsuit is awaiting the decision of TCA since 4 July 2013.

38. EXCHANGES RATES

The assets and liabilities of the foreign subsidiaries and associated companies expressed in a functional currency other than Euro were translated to Euro at the exchange rate prevailing on 30 June 2017. The income statement transactions were translated at the average rate for the period. The differences arising from the use of these rates compared with the balance prior to the conversion were reflected under the Currency translation reserve in shareholders' equity.

The rates used at 2017 & 2016, against the Euro, were as follows:

	30-06-2017	31-12-2016	Valuation / (depreciation)
GBP (Sterling Pound)			
Average exchange rate for the year	0.8601	0.8228	-4.53%
Exchange rate at the end of the year	0.8793	0.8562	-2.70%
USD (American Dollar)			
Average exchange rate for the year	1.0819	1.1042	2.02%
Exchange rate at the end of the year	1.1412	1.0541	-8.26%
PLN (Polish Zloti)			
Average exchange rate for the year	4.2699	4.3653	2.18%
Exchange rate at the end of the year	4.2259	4.4103	4.18%
SEK (Swedish Krona)			
Average exchange rate for the year	9.5946	9.4917	-1.08%
Exchange rate at the end of the year	9.6398	9.5525	-0.91%
CZK (Czech Koruna)			
Average exchange rate for the year	26.7914	27.0345	0.90%
Exchange rate at the end of the year	26.1970	27.0210	3.05%
CHF (Swiss Franc)			
Average exchange rate for the year	1.0763	1.0892	1.18%
Exchange rate at the end of the year	1.0930	1.0739	-1.78%
DKK (Danish Krone)			
Average exchange rate for the year	7.4368	7.4448	0.11%
Exchange rate at the end of the year	7.4366	7.4344	-0.03%
HUF (Hungarian Florim)			
Average exchange rate for the year	309.4938	311.3319	0.59%
Exchange rate at the end of the year	308.9700	309.8300	0.28%
AUD (Australian Dollar)			
Average exchange rate for the year	1.4359	1.4841	3.24%
Exchange rate at the end of the year	1.4851	1.4596	-1.75%
MZM (Mozambique Metical)			
Average exchange rate for the year	72.1379	70.1309	-2.86%
Exchange rate at the end of the year	69.6700	75.1300	7.27%
MAD (Moroccan Dirham)			
Average exchange rate for the year	10.7854	10.8694	0.77%
Exchange rate at the end of the year	11.0160	10.6160	-3.77%
NOK (Norway Kroner)			
Average exchange rate for the year	9.1770	9.2800	1.11%
Exchange rate at the end of the year	9.5713	9.0863	-5.34%
TRY (Turkish Lira)			
Average exchange rate for the year	3.9360	3.3602	-17.14%
Exchange rate at the end of the year	4.0134	3.7072	-8.26%

39. COMPANIES INCLUDED IN THE CONSOLIDATION

		Share equity owned		
Company	Head office	Directly	Indirectly	Total
Parent-Company:				
The Navigator Company, S. A.	Setúbal	-	-	-
Subsidiaries:				
Navigator Paper Figueira, S.A.	Figueira da Foz	100.00	-	100.00
Navigator Parques Industriais, S.A.	Setúbal	100.00	-	100.00
Navigator Products & Tecnology, S.A.	Setúbal	100.00	-	100.00
Enerpulp – Cogeração Energética de Pasta, S.A.	Setúbal	100.00	-	100.00
About Balance - SGPS, S.A.	Lisbon	100.00	-	100.00
Navigator Tissue Cacia, S.A.	Aveiro	-	100.00	100.00
Navigator Tissue Ródão , S.A.	Setúbal	-	100.00	100.00
Navigator Internacional Holding SGPS, S.A.	Setúbal	100.00	-	100.00
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	20.05	60.15	80.20
Colombo Energy Inc.	USA	25.00	75.00	100.00
Portucel Finance, Zoo	Poland	25.00	75.00	100.00
Navigator Africa, SRL	Italy	-	100.00	100.00
Navigator Floresta, SGPS, S.A.	Setúbal	100.00	-	100.00
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Setúbal	-	100.00	100.00
Gavião - Sociedade de Caça e Turismo, S.A.	Setúbal		100.00	100.00
Navigator Forest Portugal, S.A.	Setúbal	-	100.00	100.00
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios, ACE	Portugal	-	64.80	64.80
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Palmela	-	100.00	100.00
Atlantic Forests, S.A.	Setúbal	-	100.00	100.00
Raiz - Instituto de Investigação da Floresta e Papel	Aveiro	-	94.00	94.00
Bosques do Atlantico, SL	Spain	-	100.00	100.00
Navigator Pulp Holding ,SGPS, S.A.	Setúbal	100.00	-	100.00
Navigator Pulp Figueira, S.A.	Figueira da Foz	-	100.00	100.00
Navigator Pulp Setúbal, S.A.	Setúbal	-	100.00	100.00
Navigator Pulp Cacia, S.A.	Aveiro	99.93	0.07	100.00
Navigator International GmbH	Germany	-	100.00	100.00
Navigator Paper Holding ,SGPS, S.A.	Setúbal	100.00	-	100.00
Navigator Fine Paper , S.A.	Setúbal	-	100.00	100.00
About the Future - Empresa Produtora de Papel, S.A.	Setúbal	-	100.00	100.00
Navigator Paper Setúbal, S.A.	Setúbal	-	100.00	100.00
Navigator North America Inc.	USA	-	100.00	100.00
Navigator Sales & Marketing, S.A.	Belgium	25.00	75.00	100.00
Navigator Lusa, Lda	Figueira da Foz	-	100.00	100.00
Navigator Sw itzerland Ltd.	Sw itzerland	25.00	75.00	100.00
Navigator Afrique du Nord	Morocco	-	100.00	100.00
Navigator España, S.A.	Spain	-	100.00	100.00
Navigator Netherlands, BV	Deutschland	-	100.00	100.00
Navigator France, EURL	France	-	100.00	100.00
Navigator Paper Company UK, Ltd	United Kingdom	-	100.00	100.00
Navigator Italia, SRL	Italy	-	100.00	100.00
Navigator Deutschland, GmbH	Germany	-	100.00	100.00
Navigator Paper Austria, GmbH	Austria	-	100.00	100.00
Navigator Paper Poland SP Z o o	Poland	-	100.00	100.00
Navigator Eurasia	Turkey	-	100.00	100.00
Navigator Rus Company, LLC	Russia	-	100.00	100.00
Navigator Participações Holding ,SGPS, S.A.	Setúbal	100.00	-	100.00
Portucel Florestal, S.A.	Setúbal	-	100.00	100.00
Arboser – Serviços Agro-Industriais, S.A.	Setúbal	-	100.00	100.00
EMA21 - Engenharia e Manutenção Industrial Século XXI, S.A.	Setúbal	-	100.00	100.00
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Aveiro	-	92.60	92.60
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	91.30	91.30
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	88.70	88.70
Empremédia - Corretores de Seguros, S.A.	Lisbon	-	100.00	100.00
EucaliptusLand, S.A.	Setúbal	-	100.00	100.00
Headbox - Operação e Contolo Industrial, S.A.	Setúbal	-	100.00	100.00
Navigator Added Value, S.A.	Setúbal	-	100.00	100.00
Navigator Abastecimento de Madeira, ACE	Setúbal	-	100.00	100.00

40. SUBSEQUENT EVENTS

40.1 Distribution of reserves

On the General Meeting of The Navigator Company, help on 24 May 2017, was approved the distribution of reserves in the amount of Euro 0.11158 per share, in a total amount of Euro 80.003.979. The reserves where distributed in 5 July 2017.

BOARD OF DIRECTORS

Pedro Mendonça de Queiroz Pereira

President

Diogo António Rodrigues da Silveira

Vice President

Luis Alberto Caldeira Deslandes

Vice President

João Nuno de Sottomayor Pinto de Castello Branco

Vice President

António José Pereira Redondo

Executive Board Member

José Fernando Morais Carreira de Araújo

Executive Board Member

Nuno Miguel Moreira de Araújo Santos

Executive Board Member

João Paulo Araújo Oliveira

Executive Board Member

Adriano Augusto da Silva Silveira

Board Member

Manuel Soares Ferreira Regalado

Board Member

Paulo Miguel Garcês Ventura

Board Member

José Miguel Pereira Gens Paredes

Board Member

Ricardo Miguel dos Santos Pacheco Pires

Board Member

Vitor Manuel Galvão Rocha Novais Gonçalves

Board Member

Review Report on the Consolidated Financial Statements

(Free translation from the original in Portuguese)

Introduction

1 We have reviewed the accompanying consolidated financial statements of The Navigator Company, S.A. (the Company), which comprise the consolidated statement of financial position as at 30 June 2017 (which shows total assets of Euro 2,413,378,369 and total shareholder's equity of Euro 1,084,137,667, including a net profit of Euro 96,043,464), the consolidated income statement, consolidated comprehensive income, consolidated changes in equity and consolidated cash flows for the six months period then ended, and the accompanying explanatory notes to these consolidated financial statements, which comprise a summary of the significant accounting policies.

Management's responsibility

2 The Management is responsible for the preparation and fair presentation of the Company's consolidated statement of financial position, the consolidated financial performance and their consolidated cash flows in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3 Our responsibility is to express a conclusion on the accompanying consolidated financial statements. We conducted our review in accordance with the International Standards on Auditing of interim financial information and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

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

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

Conclusion

6 Based on our review, nothing has come to our attention that causes us to believe that accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of The Navigator Company, S.A. as at 30 June 2017, and their consolidated financial performance and their consolidated cash flows for the six months period then ended, in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

27 September 2017

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
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represented by:

Jorge Manuel Santos Costa, R.O.C.