SEMAPA - Sociedade de Investimento e Gestão, SGPS, S.A.

Public Limited Company
Registered Office: Avenida Fontes Pereira de Melo, no. 14, 10th, Lisboa
Share Capital: 81,270,000 Euro
Corporate Person and Lisbon Companies Registry no: 502.593.130

DISCLOSURE

CORRECTION OF THE STATUTORY AUDIT REPORT AND AUDITORS' REPORT

At the request of the Statutory Auditor, PricewaterhouseCoopers & Associados - SROC, L.da, Semapa informs that, due to a printing mistake, page three of the Statutory Audit Report and Auditors' Report concerning the consolidated financial statements, which was part of the 2016 Annual Report disclosed on April 27th last, did not include under the relevant audit matters the description of the *"Ability to recover the amounts booked as assets with an undefined useful live – brands"* and the relevant summary of the audit approach.

Consequently, Semapa is republishing, in attach, the full and corrected version of the said Statutory Audit Report and Auditors' Report concerning the consolidated financial statements, which replaces the previous version of that document disclosed on April 27th last.

Lisbon, 03 May 2017

The Company Secretary,

(Rui Gouveia)

Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2016 (which shows total assets of Euro 4,088,476,350 and total shareholders' equity of Euro 1,227,084,005 including a net profit of Euro 114,862,812), the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. as at 31 December 2016, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We considered the matters below as key audit matters to be communicated in this report.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal
Tel +351 213 599 000, Fax +351 213 599 999, www.pwc.pt
Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Key Audit Matter	***Summary of the Audit Approach***
Ability to recover the amounts booked as Goodwill *Disclosures related to goodwill are presented in notes 1.10, 3.1 and 15 to the consolidated financial statements.* As of 31 December 2016, goodwill recognized in the consolidated financial statements of the Semapa Group amounts to Euro 353 million, allocated to the following cash generating unit (CGU): cement and derivatives Euro 193 million, paper and pulp Euro 123 million and environment Euro 36 million. Given the amounts involved, the complexity of the valuation model and the high level of judgment, which are embodied in the assumptions used for the impairment test, this issue was considered to be a relevant matter for the purposes of our audit. In order to determine the value in use, the Management needs to makes use of several estimates and assumptions that are based on economic and market forecasts, in particular with regard to the projection of future cash flows, perpetuity growth rates and discount rates to be used. As a result of the impairment test, no impairment losses to Goodwill were booked concerning the mentioned cash-generating units.	The audit procedures we developed included, among others, assessing the adequacy of the impairment model used by Management and the embodied calculations, assessing the reasonableness of the assumptions used and reconciling future cash flows used in the impairment test to the business plan approved by the Group's Executive Board of Directors. We have used the expertise of our Capital Markets specialists to assist us in validating the assumptions and methodologies used in the annual impairment test. We have challenged the management regarding the adequacy of the most sensitive assumptions in determining the value in use, namely the revenue growth, EBITDA margin, discount rate and perpetuity growth rate. We have assessed the discount rate and the perpetuity growth rate, using comparable information available in the market. We have also performed sensitivity analyses for the main assumptions in order to determine the level of variations which, individually or in aggregate, could lead to impairment losses in Goodwill. The current political and economic situation in Brazil is leading to a reduction in the consumption and price of cement in the Brazilian market, which does not benefit the country risk assessment. In this context, the previous safety margin between the carrying amount and the recoverable amount of the investment has been narrowing. For this reason, our audit procedures particularly focused the assets of this geography. We have also reviewed the adequacy of the related disclosures, namely the ones regarding estimates and assumptions with higher sensitivity to the calculation of the value in use, based on the applicable accounting standards and in what we considered relevant.

Key Audit Matter	*Summary of the Audit Approach*
Ability to recover the amounts booked as assets with an undefined useful live – brands *Disclosures related to assets with an undefined useful live are presented in notes 1.6.2, 1.10, 3.1 and 16 to the consolidated financial statements.* As of 31 December 2016, assets with an undefined useful live and corresponding deferred tax liabilities, recognized in the consolidated financial statements of the Semapa Group amounts to Euro 278 million and Euro 74 million, respectively, and comprises the brands identified in the context of the control acquisition of the Navigator Group (Euro 152 million) and the Secil Group (Euro 127 million). The Group uses external experts who, together with Management, establish a set of estimates and relevant assumptions that are based on economic and market forecasts, in particular with regard to the projection of future cash flows, influence and brand strength, perpetuity growth rates and discount rates to be used. Given the complexity of the valuation model and the high level of judgment, which are embodied in the valuation model used for the impairment test, this issue was considered to be a relevant matter for the purposes of our audit.	Our audit procedures included, among others, assessing the adequacy of the external expert's valuation model, namely the reasonableness of methodology, the assumptions used and the calculations embodied in the model, as well as the reconciliation of future cash-flows with the business plan approved by the Group's Executive Committee. We have also performed the established in ISA 620 - Using the work of an auditor's expert. We have challenged the management regarding the adequacy of the most sensitive assumptions in determining the value in use, namely the revenue growth, EBITDA margin, discount rate and perpetuity growth rate, as well as to the influence and strength of the brand. We have assessed the discount rate and the perpetuity growth rate, using comparable information available in the market. We have also performed sensitivity analyses for the main assumptions in order to determine the level of variations which, individually or in aggregate, could lead to impairment losses in the brands. In addition, we compared the most significant estimates and assumptions with past performance and the economic projections of the Group's cash generating units where there is a lower safety margin between the carrying amount and the recoverable amount, namely the Ciments de Sibline cement brand, which already had an impairment loss recognized in 2015 amounting to Euro 11 million (partially reversed in 2016 - Euro 5.2 million), as well as the Supremo Cimentos cement brand, with an impairment loss recognized in the current year amounting to Euro 5 million.

Key Audit Matter	*Summary of the Audit Approach*
	We have also reviewed the adequacy of the related disclosures, namely the ones regarding estimates and assumptions with higher sensitivity to the calculation of the value in use, based on the applicable accounting standards and in what we considered relevant.
Ability to recover the amounts booked as tangible fixed assets *Disclosures related to tangible fixed assets are presented in notes 1.8, 1.10 and 17 to the consolidated financial statements.* As of 31 December 2016, the amount booked as tangible fixed assets in the consolidated financial statements of the Semapa Group amounts to Euro 2,313 million. Given the amounts involved together with the degree of judgment embodied in assessing the ability to recover the amounts booked as tangible fixed assets, which require the definition of estimates and complex assumptions by the Management, namely when determining the Group's CGU's value in use for impairment purposes, this issue was considered to be a relevant matter for the purposes of our audit.	Our audit procedures included, among others, assessing the adequacy of the financial model and the reasonableness of the assumptions used in determining the value in use of the tangible fixed assets, as well as assessing the adequacy of the calculations embedded in the impairment models related to the Semapa Group CGU's, under the terms of IAS 36 - Impairment of assets. The current political and economic situation in Brazil and Mozambique does not benefit the country risk assessments, giving rise to a greater need to reassess the valuation of investments made in these locations. In this context, the previous safety margin between the carrying amount and the recoverable amount of the investments has been narrowing. For this reason, our audit procedures particularly focused the assets of these geographies. As a result of the impairment tests performed to the Group's tangible fixed assets during the current year, an impairment loss of Euro 46 million regarding the investment in Mozambique was booked. The adequacy of the disclosures presented in the Consolidated Financial Statements regarding tangible fixed assets was also assessed, based on the applicable accounting standards and in what we considered relevant.

Key Audit Matter	*Summary of the Audit Approach*
Fair value of biological assets *Disclosures related to biological assets are presented in notes 1.11, 3.4 and 18 to the consolidated financial statements.* As of 31 December 2016, biological assets recognized in the Group's consolidated financial statements, mainly eucalyptus, amount to Euro 125.6 million, of which Euro 118.2 million in Portugal and Euro 7.4 million in Mozambique. Given the amounts involved and the high level of judgment, which are embodied in the assumptions used for the internally developed model used to determine the fair value of the biological assets, this issue was considered to be a relevant matter for the purposes of our audit. In order to determine the value in use, the Management needs to makes use of several estimates and assumptions that are based on economic and market forecasts, particularly concerning forest productivity, wood sales price deducted from the cost of cutting, rental cost of rented and own lands, transportation costs, plantation and maintenance costs and discount rate.	Our audit procedures included, among others, assessing the adequacy of the internally developed model, namely the reasonableness of the assumptions used and the calculations embodied in the model used to determine the fair value of biological assets, and its compliance with IAS 41 - Agriculture. We have challenged the management regarding the adequacy of the most sensitive assumptions in determining the fair value of biological assets, namely the sales price and the several costs incorporated in the model, as well as the rate used to discount the cash flows. In addition, we performed specific procedures aiming at validating the reasonableness of these assumptions. We have used the expertise of our Capital Markets specialists to evaluate the reasonableness of the discount rate and have performed procedures to validate the historical information used to build the spot and trend prices incorporated in the model. We also compared estimated information to actual figures, namely regarding to costs of structure, transportation, operating and rental, having also evaluated the consistency of the forestry models when compared to previous periods. For the purposes of validating the forest areas managed by the Group, we obtained forest inventory independent reports and evaluated them in accordance with ISA 620 – Using the work of an auditor's expert. We also performed sensitivity analyzes in order to assess the potential impacts on fair value resulting from changes in price and discount rate. We also reviewed the adequacy of the disclosures presented in the financial statements, namely regarding the estimates and assumptions incorporated in the model, based on the applicable accounting standards and in what we considered relevant.

Key Audit Matter	*Summary of the Audit Approach*
Tax matters *Disclosures related to taxes and provisions are presented in notes 1.14, 1.21, 3.2, 11 and 30 of the consolidated financial statements.* The size and structure of the Semapa Group and the dispersion of its operating activity across several locations that are subject to different tax frameworks, increases the complexity of recording taxes in the Group's financial statements. Management monitors these risks on a local and corporate level. Based on the opinion expressed by its legal and tax advisors and on the judgment made by the Management regarding tax matters, which may give rise to possible disagreements with the Tax Authorities, liabilities are recognized or contingent liabilities disclosed in the consolidated financial statements, in accordance with IAS 37 - Provisions , Contingent Liabilities and Contingent Assets. In addition, there are tax matters disclosed by the Group as contingent assets in light of the mentioned accounting standard, which are pending decision by external entities. Given the complexity and the degree of judgment inherent to these tax matters, as well as the level of uncertainty associated with the respective outcome, this issue was considered to be a relevant matter for the purposes of our audit.	As of 31 December 2016, provisions related to tax matters presented in the consolidated financial statements of the Semapa Group amounts to Euro 27.6 million. Considering the developments occurred during 2016, an income tax gain amounting to approximately Euro 30 million relating to these provisions was booked. In addition, contingent assets related to tax matters amounting to Euro 30 million were disclosed. Our audit procedures regarding provisions and tax contingencies included, among others, updating our understanding of the procedures adopted by the Group for the purpose of identifying and evaluating tax contingencies, identifying all the situations that may give rise to a tax contingency at the date of financial reporting and understand their nature and evaluating the information included in the opinions of the Group's legal and tax advisors as well as the communications between the Group and the Tax Authorities. We also challenged Management and those responsible for the legal and tax areas on the estimates, judgments and decisions made in order to assess the adequacy of the categorization of the probabilities of outcome of tax matters in light of IAS 37. We also verified the adequacy of the disclosures presented in the Consolidated Financial Statements, based on the applicable accounting standards and what we considered relevant.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria;

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;

i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. by resolution of the board of the Shareholders' General Meeting of 8 August 2005 until the end of the current term of office, between 2003 and 2005. The aforementioned resolution was subsequently ratified at a Shareholders' General Meeting held on 23 April 2006 and we were appointed for a second term of office from 2006 to 2009, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 23 May 2014 for the period from 2014 to 2017;

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of 21 April 2017.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Group in conducting our audit.

21 April 2017

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Jorge Manuel Santos Costa, R.O.C.