



ALTRI, SGPS, S.A.

Public Company

Head Office: Rua do General Norton de Matos, 68, r/c – Porto

Fiscal Number: 507 172 086

Share Capital: 25,641,459 Euro

Financial information – 3rd Quarter of 2016

(Unaudited)

Financial Information 3Q 2016

The consolidated financial information hereby presented was prepared in accordance with the International Financial Reporting Standards (IFRS).

Income Statement of the 9 months' period ended September 2016

Thousands of Euro	9M 2015	9M 2016	9M16/9M15 Var%
Total Revenues	494,279	453,403	-8.3%
Costs of sales	179,258	177,678	-0.9%
External supplies and services	121,141	118,266	-2.4%
Payroll expenses	24,475	24,290	-0.8%
Other expenses	4,509	4,599	2.0%
Provisions and impairment losses	1,724	-88	ss
Total expenses (a)	331,107	324,746	-1.9%
EBITDA (b)	163,172	128,657	-21.2%
Margin	33.0%	28.4%	-4.6 pp
Amortisation and depreciation	39,257	39,805	1.4%
EBIT (c)	123,916	88,852	-28.3%
Margin	25.1%	19.6%	-5.5 pp
Results of associated companies	2,129	1,907	-10.4%
Financial expenses	-24,165	-15,961	-33.9%
Financial income	6,447	3,298	-48.8%
Financial profit	-15,589	-10,756	-31.0%
Profit before income tax	108,327	78,097	-27.9%
Income tax	-23,609	-21,053	-10.8%
Minority interests	17	0	ss
Profit for the period attributable to parent company's shareholders	84,701	57,043	-32.7%

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

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

(c) EBIT = Earnings before interest and taxes

In the nine months' period ended September 2016, the total revenues of Altri amounted to approximately 453 million Euro, a decrease of 8.3%. EBITDA reached about 129 million Euro (-21.2%) and the profit for the period was approximately 57 million Euro (-32.7%).

Below is presented a more detailed analysis of the third quarter of 2016 performance.

Financial Information 3Q 2016

Income Statement – 3Q 2016

Thousands of Euro	3Q 2015	3Q 2016	3Q16/3Q15 Var%	2Q 2016	3Q16/2Q16 Var%
Total Revenues	181,492	149,542	-17.6%	142,155	5.2%
Costs of sales	63,244	59,803	-5.4%	57,635	3.8%
External supplies and services	42,383	39,752	-6.2%	38,189	4.1%
Payroll expenses	8,818	8,135	-7.7%	8,366	-2.8%
Other expenses	1,892	1,605	-15.1%	1,740	-7.7%
Provisions and impairment losses	2,031	0		-96	-100.0%
Total expenses (a)	118,369	109,295	-7.7%	105,835	3.3%
EBITDA (b)	63,124	40,247	-36.2%	36,321	10.8%
Margin	34.8%	26.9%	-7,9 pp	25.6%	+1.4 pp
Amortisation and depreciation	13,111	13,249	1.1%	13,293	-0.3%
EBIT (c)	50,013	26,998	-46.0%	23,027	17.2%
Margin	27.6%	18.1%	-9,5 pp	16.2%	+1.9 pp
Results of associated companies	1,423	1,179	-17.1%	469	151.3%
Financial expenses	-7,355	-5,209	-29.2%	-4,183	24.5%
Financial income	1,481	774	-47.7%	1,058	-26.8%
Financial profit	-4,450	-3,256	-26.8%	-2,655	22.6%
Profit before income tax	45,563	23,742	-47.9%	20,372	16.5%
Income tax	-11,134	-6,920	-37.9%	-5,269	31.3%
Profit for the period attributable to parent company's shareholders	34,428	16,823	-51.1%	15,103	11.4%

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

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

(c) EBIT = Earnings before interest and taxes

The third quarter of 2016 was characterized by the continued decrease of the BHKP paper pulp price, although at a slower pace than in previous quarters. As so, the average market price in EUR (PIX) in the third quarter of 2016 was approximately 1.8% lower than the average price recorded in the second quarter of 2016.

Nonetheless, the production and sales increase, when compared with the second quarter of 2016, of 14.2% and 7.1%, respectively, led to an increase of revenue of 5.2%, when compared to the previous quarter. When comparing with the same quarter of the previous year, revenue recorded a decrease of 17.6%, mainly due to the decrease on sales price.

Total revenues recorded in the 3rd quarter of 2016 amounted to 149.5 million Euro, a decrease of 18% on the figures recorded in the same quarter of 2015 and an increase of about 5% over the second quarter of 2016.

During the period under analysis, the Group produced 268,500 tons of pulp (+14% compared to the 2nd quarter of 2016, period when the annual stoppages for maintenance of Celbi, Celtejo and Caima mills occurred), of which of 26,900 tons were dissolving pulp (similar to the previous quarter). In terms of sales, in the third quarter of 2016 it were sold 258,500 tons of pulp (+7% over the second quarter of 2016), of which 28,000 tons of dissolving pulp (+10% compared to the previous quarter). When compared with the same period of 2015, there was a decrease in total pulp production of 2%, while the sales decreased about 4%. This is mainly due to the ongoing investment project in the Celtejo mill.

In the third quarter of 2016 the total pulp sales amounted to 123.8 million Euro, a decrease of about 21% comparing with the same period of 2015 and an increase of about 4% over the second quarter of 2016.

In terms of exports, during the third quarter of 2016, Altri exported 242,700 tons of pulp, which represents an increase of about 9% over the previous quarter and a decrease of 4% over the same period of 2015.

Quarterly EBITDA amounts to 40 million Euro

In the third quarter, total operating costs, excluding amortization and depreciation, amounted to 109.3 million Euro, an increase of 3.3% over the previous quarter and a decrease of 7.7% when comparing with the same quarter of 2015. The year on year pulp production change (-1,7%) is clearly smaller than the change in costs, leading to a reduction of unit costs – comparing to the previous quarter, the pulp production increased about 14%, while costs increased only 3.3%.

Financial Information 3Q 2016

The third quarter of 2016 EBITDA reached 40.2 million Euro, a decrease of about 36% over the EBITDA recorded in the same period of 2015 and an increase of 10.8% over the EBITDA recorded in the second quarter of 2016.

The financial result shows a very positive evolution amounting to a net charge of 3.3 million Euro, a decrease of 27% when compared to the same quarter of 2015.

Regarding income tax, in addition to the quarterly income tax cost (recorded in the income statement), the Group made advance payments on account, which are computed considering the previous year profits.

Third quarter consolidated net profit of Altri reached 16.8 million Euro.

33 million Euro of investments during the nine months' period ended September 2016

Altri's nominal debt net of cash and cash equivalents as of 30 September 2016 amounted to 457 million Euro, representing a decrease from the 459 million Euro recorded at the end of the second quarter of 2016.

The total net investment (CAPEX) made in the 3rd quarter of 2016 by the industrial units of the Group amounted to approximately 21 million Euro. During the first nine months of 2016, the Group invested 32.9 million Euro in its industrial units.

Financial Information 3Q 2016

Key statement of financial position indicators

thousand euro	2015	30-Sep-2016	Var%
Biological assets	101.472,9	101.600,9	0%
Tangible assets	364.119,6	357.488,6	-2%
Goodwill	265.531,4	265.531,4	0%
Investments available for sale	10.691,1	10.687,1	0%
Other	42.756,7	45.923,6	7%
Total non current assets	784.571,7	781.231,5	0%
Inventories	56.396,6	75.505,6	34%
Customers	91.521,3	83.523,1	-9%
Cash and cash equivalents	243.154,2	151.488,9	-38%
Other	19.597,6	48.851,8	149%
Total current assets	410.669,6	359.369,4	-12%
Total assets	1.195.241,4	1.140.600,9	-5%
Shareholder's equity and non controlling interests	322.349,6	327.624,5	2%
Bank loans	153.587,5	121.750,0	-21%
Other loans	413.733,4	381.526,3	-8%
Reimbursable subsidies	17.439,1	16.331,9	-6%
Other	45.566,5	44.265,0	-3%
Total non current liabilities	630.326,6	563.873,2	-11%
Bank loans	10.775,0	20.019,3	86%
Other current loans	105.438,1	86.385,3	-18%
Reimbursable subsidies	558,9	2.009,4	260%
Suppliers	61.243,4	57.965,1	-5%
Other	64.549,8	82.724,2	28%
Total current liabilities	242.565,3	249.103,2	3%

Pulp market

In accordance with the latest available data from the Pulp and Paper Products Council (PPPC *World Chemical Market Pulp Global 100 Report - September 2016*), until September 2016, total demand for hardwood pulp increased by 3.0% comparing to the same period of 2015, amounting to approximately 23.6 million tons of pulp (more 676,000 tons). It is highlighted the eucalyptus based pulp, which recorded an increase in demand of 6.3% in the same period (a nominal increase of 1 million tons).

Geographically, the consumption of hardwood pulp in Western Europe decreased 2.5%, while in China the growth reached 11.4%.

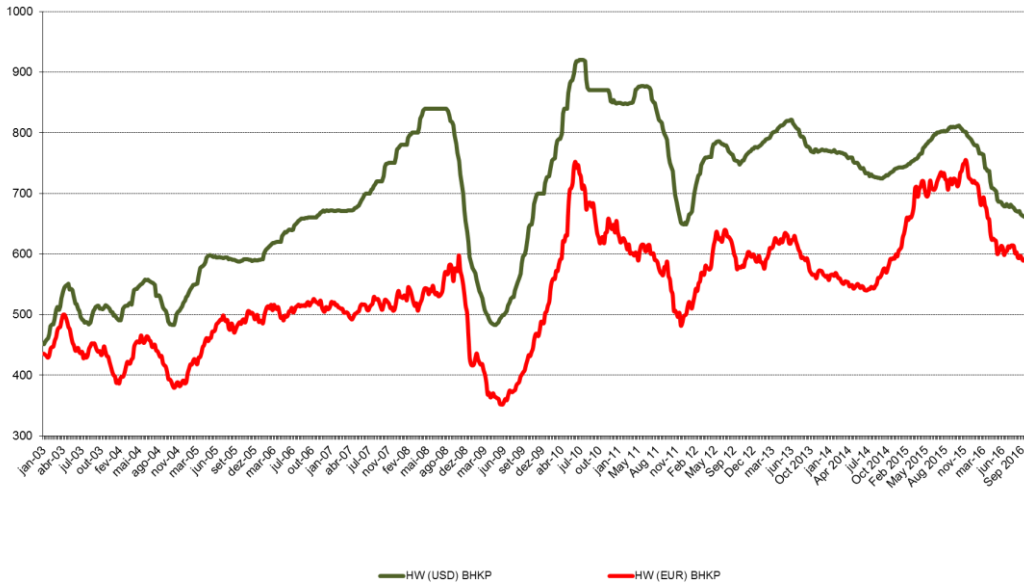
In terms of stocks measured in number of days (adjusted by seasonal effects), in September there were 45 days of hardwood pulp sales in stock, 3 days more than the amount on the previous month, and 6 more when compared to September 2015.

In terms of price evolution of BEKP pulp, the third quarter of 2016 was characterized by a decrease of 3.1% of the price in USD compared to the previous quarter and a decline of 1.8% in EUR. The average price in the third quarter of the year amounted to 671.5 USD/ton (vs. 693.3 USD/ton in the previous quarter and 804.2 USD/ton in the same quarter of 2015), while in Euros it stood at 602.0 EUR/ton (vs. 613.1 EUR/ton in the previous quarter and 723.6 EUR/ton in the same quarter of 2015).

Financial Information 3Q 2016

Evolution of BEKP pulp price in Europe from 2003 to the end of September 2016 (EUR)

Source: FOEX



Future outlook

The prices of paper pulp may suffer relevant changes as a consequence of recent news that some relevant producers may be considering temporary capacity cuts, as well as possible delays on some projects. However, the days of inventory are above average.

Altri – business profile

Altri is a reference in European eucalyptus pulp producers. In addition to pulp production, the Company is also present in the renewable power production business from forest base sources, namely industrial cogeneration through black liquor and biomass. The forestry strategy is based on the full use of all the components provided by the forest: pulp, black liquor and forest wastes.

Currently, Altri has under its intervention over 82 thousand hectares of forest in Portugal, entirely certified from Forest Steward Ship Council® (FSC®)¹ and from the Programme for the Endorsement of Forest Certification (PEFC), two of the most worldwide acknowledged certification entities.

Altri has three pulp mills in Portugal with an installed capacity that in 2015 reached 1 million tons/year of bleached eucalyptus pulp. The Group is concluding a series of small projects for optimizing operating efficiency.

Oporto, November 3rd, 2016

The Board of Directors

¹ FSC-C004615



**Consolidated financial
statements and notes**

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Consolidated financial statements

(Translation of a document originally issued in Portuguese – Note 20)

ALTRI SGPS, S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016 AND 31 DECEMBER 2015

(Translation of financial statements originally issued in Portuguese – Note 20)
(Amounts expressed in Euro)

<u>ASSETS</u>	<u>Notes</u>	<u>30.09.2016</u>	<u>31.12.2015</u>
NON CURRENT ASSETS:			
Biological assets		101,600,912	101,472,915
Tangible fixed assets		357,488,554	364,119,629
Investment property		113,310	113,310
Goodwill		265,531,404	265,531,404
Intangible assets		578,874	83,821
Investments in associated companies and joint ventures	4.2	13,914,961	12,008,219
Investments available for sale	4.3	10,687,097	10,691,097
Other non current assets		3,672,451	3,490,469
Deferred tax assets	7	27,643,958	27,060,866
Total non current assets		781,231,521	784,571,730
CURRENT ASSETS:			
Inventories		75,505,587	56,396,615
Customers		83,523,101	91,521,269
Other debtors		3,645,191	8,401,481
State and other public entities		41,448,794	8,469,842
Other current assets		3,757,849	2,726,281
Cash and cash equivalents	6	151,488,863	243,154,160
Total current assets		359,369,385	410,669,648
Total assets		1,140,600,906	1,195,241,378
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share capital	8	25,641,459	25,641,459
Legal reserve		5,128,292	4,336,498
Other reserves		239,811,551	225,998,128
Advance on profits		-	(51,282,918)
Consolidated net profit / (loss)		57,043,184	117,656,401
Total shareholders' funds attributable to the parent company's shareholders		327,624,486	322,349,568
Non controlling interests		-	-
Total Shareholders' funds		327,624,486	322,349,568
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans	9	121,750,000	153,587,500
Other loans	9	381,526,325	413,733,394
Reimbursable subsidies	9	16,331,899	17,439,139
Other non current liabilities		21,279,208	23,854,161
Deferred tax liabilities	7	17,241,803	15,871,624
Pension liabilities		778,000	778,000
Provisions	10	4,965,986	5,062,741
Total non current liabilities		563,873,221	630,326,559
CURRENT LIABILITIES:			
Bank loans	9	20,019,271	10,775,000
Other loans	9	86,385,319	105,438,128
Reimbursable subsidies	9	2,009,350	558,872
Suppliers		57,965,056	61,243,404
Other current creditors		17,877,133	3,908,405
State and other public entities		21,239,860	26,453,118
Other current liabilities		42,800,266	34,051,538
Derivatives	11	806,944	136,786
Total current liabilities		249,103,199	242,565,251
Total shareholders' funds and liabilities		1,140,600,906	1,195,241,378

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

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(Translation of a document originally issued in Portuguese – Note 20)

ALTRI SGPS, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE NINE AND THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2016 AND 2015

(Translation of financial statements originally issued in Portuguese – Note 20)
(Amounts expressed in Euro)

	Notes	NINE MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED	
		30.09.2016	30.09.2015	30.09.2016	30.09.2015
Sales		440,120,191	481,148,805	144,821,070	177,348,409
Services rendered		6,952,130	6,872,042	2,353,058	2,429,795
Other income	14	6,330,947	6,258,604	2,367,723	1,714,132
Cost of sales		(177,678,296)	(179,257,768)	(59,802,888)	(63,244,455)
External supplies and services		(118,266,097)	(121,141,133)	(39,751,708)	(42,383,125)
Payroll expenses		(24,289,718)	(24,475,244)	(8,135,096)	(8,818,386)
Amortisation and depreciation		(39,804,980)	(39,256,638)	(13,248,808)	(13,110,647)
Provisions and other impairment losses	10	87,602	(1,724,099)	-	(2,031,140)
Other expenses	15	(4,599,490)	(4,508,909)	(1,605,354)	(1,891,544)
Gains and losses in associated companies and joint ventures	4.2	1,906,741	2,128,639	1,179,315	1,423,273
Financial expenses	12	(15,960,733)	(24,164,547)	(5,209,075)	(7,355,165)
Financial income	12	3,298,335	6,446,966	774,171	1,481,448
Profit before income tax		78,096,632	108,326,718	23,742,408	45,562,595
Income tax		(21,053,448)	(23,609,376)	(6,919,690)	(11,134,460)
Net profit		57,043,184	84,717,342	16,822,718	34,428,135
Consolidated net profit		57,043,184	84,717,342	16,822,718	34,428,135
Attributable to:					
Parent company's shareholders		57,043,184	84,700,554	16,822,718	34,417,770
Non controlling interests		-	16,788	-	10,365
		57,043,184	84,717,342	16,822,718	34,428,135
Earnings per share:					
Basic	13	0.28	0.41	0.08	0.17
Diluted	13	0.28	0.41	0.08	0.17

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE NINE AND THREE MONTHS PERIODS ENDED 30 SEPTEMBER 2016 AND 2015

(Translation of financial statements originally issued in Portuguese – Note 20)
(Amounts expressed in Euro)

	Notes	NINE MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED	
		30.09.2016	30.09.2015	30.09.2016	30.09.2015
Net consolidated profit / (loss) for the period		57,043,184	84,717,342	16,822,719	34,428,135
Other comprehensive income:					
Items that will not be reclassified to profit or loss		-	-	-	-
Items that may be reclassified to profit or loss					
Change in fair value of cash flow hedging derivatives		(467,815)	226,436	(46,324)	(94,408)
Change in currency translation reserves		(17,534)	-	(8,951)	-
Others		-	(15,388)	-	10,423
		(485,349)	211,048	(55,275)	(83,985)
Other comprehensive income		(485,349)	211,048	(55,275)	(83,985)
Total comprehensive income for the period		56,557,835	84,928,390	16,767,444	34,344,150
Attributable to:					
Shareholders' of the parent company		56,557,835	84,911,602	16,767,444	34,344,150
Non controlling interests		-	16,788	-	-

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2016 AND 2015

(Translation of financial statements originally issued in Portuguese – Note 20)
(Amounts expressed in Euro)

Attributable to the parent company's shareholders

	Notes	Share capital	Legal reserve	Others reserves	Advance on profits	Net profit	Total	Non controlling interests	Total shareholder's funds
Balance as of 1 January 2015		25,641,459	3,405,143	205,680,587	-	37,381,548	272,108,737	155,240	272,263,977
Appropriation of the consolidated net profit of 2014		-	931,355	36,450,193	-	(37,381,548)	-	-	-
Dividends		-	-	(16,410,534)	-	-	(16,410,534)	-	(16,410,534)
Partial acquisition of subsidiaries		-	-	172,028	-	-	172,028	(172,028)	-
Total comprehensive income for the period		-	-	211,048	-	84,700,554	84,911,602	16,788	84,928,390
Balance as of 30 September 2015		<u>25,641,459</u>	<u>4,336,498</u>	<u>226,103,322</u>	<u>-</u>	<u>84,700,554</u>	<u>340,781,833</u>	<u>-</u>	<u>340,781,833</u>
Balance as of 1 January 2016		25,641,459	4,336,498	225,998,128	(51,282,918)	117,656,401	322,349,568	-	322,349,568
Appropriation of the consolidated net profit of 2015		-	791,794	65,581,689	51,282,918	(117,656,401)	-	-	-
Dividends		-	-	(51,282,918)	-	-	(51,282,918)	-	(51,282,918)
Total comprehensive income for the period		-	-	(485,349)	-	57,043,184	56,557,835	-	56,557,835
Balance as of 30 September 2016	8	<u>25,641,459</u>	<u>5,128,292</u>	<u>239,811,551</u>	<u>-</u>	<u>57,043,184</u>	<u>327,624,485</u>	<u>-</u>	<u>327,624,486</u>

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

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ALTRI . SGPS, S.A.

CONDENSED CONSOLIDATED CASH-FLOW STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016 AND 2015

(Translation of financial statements originally issued in Portuguese – Note 20)
(Amounts expressed in Euro)

	Notes	NINE MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED	
		30.09.2016	30.09.2015	30.09.2016	30.09.2015
Operating activities:		65,808,734	136,024,965	14,226,440	61,686,372
<i>Cash flow from operating activities (1)</i>					
Investment activities:					
Collections relating to:					
Tangible assets		448,544	1,043,354	34,603	16,619
Interest and similar income		878,333	2,842,561	202,839	172,388
Investment subsidies		524,807	1,444,079	-	91,419
Payments relating to:					
Investments	6	(2,550,000)	(149,687)	(2,550,000)	-
Investment subsidies		(279,436)	-	-	3,763,645
Tangible assets		(23,953,580)	(34,857,952)	(13,772,038)	(11,236,738)
Intangible assets		(226,628)	-	-	-
Other financial assets		(103,000)	-	-	-
<i>Cash flow from investment activities (2)</i>		(25,260,960)	(29,677,645)	(16,084,596)	(7,192,667)
Financing activities:					
Collections relating to:					
Loans obtained		123,130,823	349,373,918	72,569,561	63,732,113
Other financial operations		5,103	-	-	-
Payments relating to:					
Loans obtained		(192,273,238)	(479,927,108)	(17,973,111)	(113,444,973)
Interest and similar costs		(11,792,840)	(18,203,127)	(4,378,808)	(5,317,795)
Dividends	18	(51,282,918)	(16,410,534)	-	-
<i>Cash flow from financing activities (3)</i>		(132,213,070)	(165,166,851)	50,217,642	(55,030,655)
Cash and cash equivalents at the beginning of the period		243,154,160	260,777,779	103,129,377	202,495,197
Variation of cash and cash equivalents: (1)+(2)+(3)		(91,665,297)	(58,819,532)	48,359,486	(536,950)
Cash and cash equivalents at the end of the period	6	151,488,863	201,958,247	151,488,863	201,958,247

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

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1. INTRODUCTORY NOTE

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

Altri is the parent company of a group of companies listed in Note 4 known as Altri Group. The current activity of Altri Group focuses on the production of bleached pulp of eucalyptus through three mills (Celbi in Figueira da Foz, Caima in Constância do Ribatejo and Celtejo in Vila Velha de Ródão).

Due to this reality of Altri Group, the Board of Directors believes that there is only one business segment (production and commercialization of bleached pulp from eucalyptus) and the management information is also analysed on this basis, for which the segmental information mentioned in Note 16 is limited by this.

The consolidated financial statements of Altri Group are presented in Euro rounded off to the unit, which is the currency used by the Group in its operations and considered as the functional currency.

2. MAIN ACCOUNTING POLICIES AND BASIS FOR PRESENTATION

The consolidated financial statements as of 30 September 2016 were prepared using accounting policies consistent with the International Financial Reporting Standards and in accordance with the International Accounting Standard 34 – Interim Financial Reporting and includes the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the condensed statement of cash flows as well as the selected explanatory notes.

The accounting policies used in the preparation of the consolidated financial statements of Altri are consistent with those used in the year ended 31 December 2015.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF MISTAKES

During the period there were no changes in accounting policies and were identified no material mistakes related to previous years.

4. INVESTMENTS

4.1 INVESTMENTS IN SUBSIDIARIES

The companies included in the consolidated financial statements by the full consolidation method, its headquarters, percentage participation held and main activity as of 30 September 2016 and 31 December 2015, are as follows:

Company	Head Office	Percentage Held		Main activity
		2016	2015	
Mother-Company:				
Altri, SGPS, S.A.	Oporto			Investment management
Subsidiaries:				
Altri Abastecimento de Madeira, S.A.	Figueira da Foz	100%	100%	Commercialization of wood
Altri Florestal, S.A.	Figueira da Foz	100%	100%	Forest management
Altri Sales, S.A.	Nyon, Switzerland	100%	100%	Group management support services
Altri, Participaciones Y Trading, S.L.	Vigo, Spain	100%	100%	Commercialization of pulp
Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.	Constância	100%	100%	Production of thermal and electrical energy
Caima Indústria de Celulose, S.A.	Constância	100%	100%	Production and commercialization of pulp
Captaraiz Unipessoal, Lda.	Figueira da Foz	100%	100%	Real estate
Cellejo – Empresa de Celulose do Tejo, S.A.	Vila Velha de Ródão	100%	100%	Production and Commercialization of pulp
Celulose Beira Industrial (Celbi), S.A.	Figueira da Foz	100%	100%	Production and Commercialization of pulp
Inflora – Sociedade de Investimentos Florestais, S.A.	Figueira da Foz	100%	100%	Forest management
Pedro Frutícola, Sociedade Frutícola, S.A.	Constância	100%	100%	Agriculture production
Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)	Oporto	100%	0%	Real estate
Viveiros do Furadouro Unipessoal, Lda.	Óbidos	100%	100%	Production of plants in nurseries and services related with forests and landscapes

(a) Company acquired in the second quarter of 2016

All the above companies were included in the Altri Group consolidated financial statements in accordance with the full consolidation method.

4.2 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

The associated companies and joint ventures, percentage of capital held and main activity as of 30 September 2016 and 31 December 2015 are as follows:

Company	Head Office	Statement of financial position		Percentage held		Main activity
		2016	2015	2016	2015	
Associated companies:						
Operfoz – Operadores do Porto da Figueira da Foz, Lda.	Figueira da Foz	697,453	697,453	33.33%	33.33%	Harbor operations
Joint ventures:						
EDP – Produção Bioeléctrica, S.A.	Lisbon	13,217,508	11,310,766	50%	50%	Electric energy production
		<u>13,914,961</u>	<u>12,008,219</u>			

Those associated companies and joint ventures were included in the Altri Group consolidated financial statements in accordance with the equity method.

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The changes in the balance of this caption, for the periods ended on 30 September 2016 and 31 December 2015 are as follows:

	Book value			
	30.September.2016		31.December.2015	
	Operfz	EDP Bioelétrica (a)	Operfz	EDP Bioelétrica (a)
Opening balance	697,453	11,310,766	616,581	8,441,559
Reimbursement of loans	-	-	-	-
Equity Method:				
Effects of gains and losses on associated companies and joint ventures	-	1,906,741	80,872	2,869,207
Closing balance	697,453	13,217,508	697,453	11,310,766

The total amount of the Statement of Financial Position, assets, equity and net profit for the periods ended on 30 September 2016 and 31 December 2015 for the main joint ventures and associated companies were as follows:

	30.09.2016	31.12.2015
	EDP Bioelétrica (a)(b)	EDP Bioelétrica (a)(b)
Non current assets	122,762,783	126,905,069
Current assets	21,024,188	15,245,714
Non current liabilities	65,502,918	70,276,436
Current liabilities	47,464,235	44,620,574
Shareholder's funds attributable to the parent company's shareholders	30,819,818	27,253,773
Turnover	28,877,361	40,049,682
Net profit	3,566,043	4,998,523
Total comprehensive income	3,566,043	4,998,523

(a) – Includes loans granted.

(b) – EDP – Produção Bioelétrica, S.A. holds shares representing 100% of the share capital of Ródão Power – Energia e Biomassa do Ródão, S.A

The accounting policies used by these companies do not differ significantly from those used by Altri Group, fact that led to no accounting policies harmonization.

4.3 INVESTMENTS AVAIABLE FOR SALE

As of 30 September 2016 and 31 December 2015 the investments available for sale are as follows:

Company	Statement of financial position	
	2016	2015
Rigor Capital - Produção de Energia. Lda.	10,527,397	10,527,397
Other investments	159,700	163,700
	10,687,097	10,691,097

It is the understanding of the Altri Group that the book value of the caption "Investments available for sale" which includes mainly financial investments under 20%, in companies where Altri Group has no significant influence on its management and are stated at acquisition cost, reduced by impairment losses, does not differ significantly from its fair value.

5. CHANGES OCCURED IN THE CONSOLIDATION PERIMETER

During the nine months' period ended September 30, 2016, Altri acquired shares representing 100% of the share capital of Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A., becoming the holder of 100% of its voting rights.

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

6. CASH AND CASH EQUIVALENTS

As of 30 September 2016 and 2015, the caption "Cash and cash equivalents" can be detailed as follows:

	<u>30.09.2016</u>	<u>30.09.2015</u>
Cash	40,485	19,191
Bank deposits	<u>151,448,378</u>	<u>201,939,056</u>
	<u>151,488,863</u>	<u>201,958,247</u>
Bank overdrafts (Note 9)	-	-
Cash and cash equivalents	<u><u>151,488,863</u></u>	<u><u>201,958,247</u></u>

During the nine months' periods ended on September 30, 2016 and 2015 there were no payments related to investments, beside those related with the acquisition of shares of Sociedade Imobiliária Porto Seguro, S.A. and Celtejo – Empresa de Celulose do Tejo, S.A., respectively.

During the nine months' periods ended on September 30, 2016 and 2015 there were no receipts related to investments.

7. CURRENT AND DEFERRED TAXES

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during a four-year period (five years for Social Security), with the exception when there have been tax losses, cases with there have been granted tax benefits, or tax inspections or claims are in progress, in which cases the periods may be extended or suspended. Therefore, the Company tax returns since 2012 are still subject to review.

The Board of Directors believes that any potential corrections resulting from reviews/inspections of these tax returns by the tax authorities will not have a significant effect on the consolidated financial statements as of 30 September 2016.

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The movements occurred in deferred tax assets and liabilities in the nine months' periods ended in 30 September 2016 and 2015 were as follows:

	2016	
	Deferred tax assets	Deferred tax liabilities
Opening balance as of 1.1.2016	27,060,866	15,871,624
Effects on income statement		
Provisions and impairment losses	581,698	1,370,179
Harmonization of depreciation rates	(174,136)	-
Total effect on income statement	407,562	1,370,179
Effect on shareholders' funds:		
Fair values of derivatives	175,530	-
Closing balance as of 30.09.2016	27,643,958	17,241,803
	2015	
	Deferred tax assets	Deferred tax liabilities
Opening balance as of 1.1.2015	27,541,201	15,283,810
Effects on income statement		
Harmonization of depreciation rates	(202,454)	-
Other effects	322,832	(387)
Total effect on income statement	120,378	(387)
Effect on shareholders' funds:		
Fair values of derivatives	(61,033)	-
Closing balance as of 30.09.2015	27,600,546	15,283,423

8. SHARE CAPITAL

As of 30 September 2016 the Company's fully subscribed and paid up capital consisted of 205,131,672 shares with a nominal value of 12.5 cents of a Euro each.

9. BANK LOANS, OTHER LOANS AND REIMBURSABLE SUBSIDIES

As of 30 September 2016 and 31 December 2015, the captions "Bank loans", "Other loans" and "Reimbursable subsidies" can be detailed as follows:

	30-09-2016					
	Nominal Value			Book Value		
	Current	Non current	Total	Current	Non current	Total
Bank loans	19,750,000	121,750,000	141,500,000	20,019,271	121,750,000	141,769,271
Bank overdrafts (Note 6)	-	-	-	-	-	-
Bank loans	19,750,000	121,750,000	141,500,000	20,019,271	121,750,000	141,769,271
Commercial paper	58,500,000	45,000,000	103,500,000	58,471,879	45,000,000	103,471,879
Bonds	-	337,400,000	337,400,000	1,819,767	336,526,325	338,346,092
Other loans	26,093,674	-	26,093,674	26,093,674	-	26,093,674
Other loans	84,593,674	382,400,000	466,993,674	86,385,319	381,526,325	467,911,644
Reimbursable incentives	2,009,350	16,331,899	18,341,249	2,009,350	16,331,899	18,341,249
	106,353,024	520,481,899	626,834,923	108,413,940	519,608,224	628,022,165

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	31-12-2015					
	Nominal Value			Book Value		
	Current	Non current	Total	Current	Non current	Total
Bank loans	11,000,000	154,000,000	165,000,000	10,775,000	153,587,500	164,362,500
Bank loans	11,000,000	154,000,000	165,000,000	10,775,000	153,587,500	164,362,500
Commercial paper	64,000,000	115,500,000	179,500,000	63,519,337	115,500,000	179,019,337
Bonds	-	299,376,900	299,376,900	-	298,233,394	298,233,394
Other loans	41,918,791	-	41,918,791	41,918,791	-	41,918,791
Other loans	105,918,791	414,876,900	520,795,691	105,438,128	413,733,394	519,171,522
Reimbursable incentives	558,872	17,439,139	17,998,011	558,872	17,439,139	17,998,011
	117,477,663	586,316,039	703,793,702	116,772,000	584,760,033	701,532,033

The expenses with the setup of the loans were deducted to their nominal value, being recorded as financial expenses along the loans' life period (Note 12).

10. ACCUMULATED PROVISIONS AND IMPAIRMENT LOSSES

The movements occurred in provisions and impairment losses for the nine months' periods ended at 30 September 2016 and 2015 can be detailed as follows:

	30.09.2016			
	Provisions	Impairment losses in accounts receivable	Impairment losses on inventories and biological assets	Total
Opening balance	5,062,741	3,720,996	7,764,789	16,548,526
Increases	-	-	-	-
Reversions	(87,602)	-	-	(87,602)
Utilizations	(9,153)	-	-	(9,153)
Closing balance	4,965,986	3,720,996	7,764,789	16,451,771

	30.09.2015			
	Provisions	Impairment losses in accounts receivable	Impairment losses on inventories and biological assets	Total
Opening balance	5,073,481	7,838,675	-	12,912,156
Increases	-	2,012,357	-	2,012,357
Reversions	-	-	-	-
Utilizations	(10,962)	(288,258)	-	(299,220)
Closing balance	5,062,519	9,562,774	-	14,625,293

The amount recorded under the caption "Provisions", at 30 September 2016 and 2015, is the best estimate of the Board of Directors in order to face all the losses that may be supported due to claims in force.

11. DERIVATIVES FINANCIAL INSTRUMENTS

As of 30 September 2016 and 2015 the group companies had entered into derivative contracts related with interest rate hedging, which are recorded according to their fair value.

Altri's Group companies only use derivatives to hedge cash flows associated with operations generated by their operational activity.

As of 30 September 2016 and 2015 the detail of the financial derivative instruments and the movement occurred in the nine months' period then ended are as follows:

	Interest rates derivatives	Total
Opening balance as of 31.12.2015	(136,786)	(136,786)
Derivatives fair value variation/cessation		
Effects on shareholders' funds	(643,345)	(643,345)
Effects on the profit and loss statement	(26,813)	(26,813)
Closing balance as of 30.09.2016	<u>(806,944)</u>	<u>(806,944)</u>
	Interest rates derivatives	Total
Opening balance as of 31.12.2014	(1,902,297)	(1,902,297)
Derivatives fair value variation/cessation		
Effects on shareholders' funds	287,469	287,469
Effects on the profit and loss statement	1,623,386	1,623,386
Closing balance as of 30.09.2015	<u>8,558</u>	<u>8,558</u>

12. FINANCIAL RESULTS

The financial results for the nine months' periods ended at 30 September 2016 and 2015 are detailed as follows:

	30.09.2016	30.09.2015
<u>Financial expenses:</u>		
Interests	10,834,941	12,341,740
Other financial expenses	5,125,791	11,822,807
	<u>15,960,733</u>	<u>24,164,547</u>
<u>Financial income:</u>		
Interests	473,416	2,311,161
Other financial income	2,824,919	4,135,805
	<u>3,298,335</u>	<u>6,446,966</u>

The caption "Other financial expenses" includes expenses incurred with loans setup, which are recognized in the profit and loss statement through the duration of those loans (Note 9) and losses related to interest rate derivatives (Note 11).

The "Gains and losses in associated companies and joint ventures" relate to the appropriation of the Group's share in the results of the investments in the associated companies and joint ventures (Note 4.2).

13. EARNINGS PER SHARE

Earnings per share for the nine months' periods ended as of 30 September 2016 and 2015 were determined taking into consideration the following amounts:

	30.09.2016	30.09.2015
Number of shares considered for the computation of basic and diluted earning	205,131,672	205,131,672
Net profit considered for the computation of basic and diluted earning	57,043,184	84,700,554
Earnings per share		
Basic	0.28	0.41
Diluted	0.28	0.41

14. OTHER INCOME

As of 30 September 2016 and 2015 the caption of the statement of profit and loss "Other Income" is detailed as follows:

	30.09.2016	30.09.2015
Subsidies to investments and exploitation	3,504,430	3,818,783
Gains on disposal of fixed assets	215,457	-
Other income	2,611,060	2,439,821
	<u>6,330,947</u>	<u>6,258,604</u>

15. OTHER EXPENSES

As of 30 September 2016 and 2015 the caption of the statement of profit and loss "Other expenses" is detailed as follows:

	30.09.2016	30.09.2015
Direct taxes and charges	1,185,773	1,251,606
Other costs	3,413,717	3,257,303
	<u>4,599,490</u>	<u>4,508,909</u>

16. SEGMENTAL INFORMATION

On 16 April 2008, the Board of Directors of Altri, S.G.P.S., S.A. approved the spin-off of the two business segments the company had. Under the terms of that project, the planned reorganization implied the split of Altri's two business units which comprised investments in the pulp and paper sector and in the steel and storage systems sector. This reorganization aimed a bigger focus and transparency on ALTRI's business, and giving each of the areas an opportunity to be better seen and better evaluated by the market. This allows for the Altri Group to focus its activity on its core business, production and commercialization of bleached pulp from eucalyptus. Consequently, the Board of Directors understands that there is only one business segment and the management information is reported and analyzed on this basis.

17. RELATED PARTIES

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

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

During the nine months' periods ended at 30 September 2016 and 2015, there were no transactions or loans granted to the members of the Board of Directors.

As of 30 September 2016 and 2015 the balances and transactions with related parties are as follows:

Transactions	Purchases and services received		Sales and services		Interest income	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Associated companies and joint ventures (a)	1,622,043	1,768,924	11,293,612	11,395,766	142,490	181,572
Other related parties (b)	3,299,211	4,777,684	-	4,256	-	-
	<u>4,921,254</u>	<u>6,546,608</u>	<u>11,293,612</u>	<u>11,400,022</u>	<u>142,490</u>	<u>181,572</u>

Balances	Accounts payable		Accounts receivable		Granted Loans	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Associated companies and joint ventures (a)	212,810	666,134	4,145,017	2,682,010	11,482,905	11,482,905
Other related parties (b)	69,890	31,346	-	1,419	-	-
	<u>282,700</u>	<u>697,480</u>	<u>4,145,017</u>	<u>2,683,429</u>	<u>11,482,905</u>	<u>11,482,905</u>

(a) All entities consolidated by the equity method as of 30 September 2016 and 2015 (Note 4.2);

(b) The other related parties refer to Ramada group companies.

Besides the companies included in consolidation (Note 4), entities considered as related parties as of 30 September 2016 can be detailed as follows:

Actium Capital, S.G.P.S., S.A.
 Adcom Media Anúncios e Publicidade, S.A.
 Alteria, S.G.P.S., S.A.
 Caderno Azul, S.G.P.S., S.A.
 Cofihold, S.G.P.S., S.A.
 Cofina Media, S.A.
 Cofina, SGPS, S.A.
 Destak Brasil – Editora de Publicações, S.A.
 Destak Brasil – Empreendimentos e Participações, S.A.
 Elege Valor, S.G.P.S., S.A.
 F. Ramada – Investimentos, SGPS, S.A.
 F. Ramada II, Imobiliária, S.A.
 Grafedisport – Impressão e Artes Gráficas, S.A.
 Livrefluxo, S.G.P.S., S.A.
 Malva – Gestão Imobiliária, S.A.
 Mercados Globais – Publicação de Conteúdos, Lda.
 Ramada – Aços, S.A.
 Ramada Storax, S.A.
 Storax Benelux, S.A.
 Storax España, S.L.
 Storax Limited
 Storax S.A.
 Torres da Luz – Investimentos Imobiliários, S.A.
 Universal Afir, S.A.
 Valor Autêntico, SGPS, S.A.
 VASP – Sociedade de Transportes e Distribuições, Lda.

18. APPLICATION OF THE NET PROFIT

The Board of Directors proposed, in its annual report, approved at the General Shareholder's Meeting held on April 21st 2016, that the individual net profit of Altri SGPS, S.A. amounting to 103,489,990.30 Euros was allocated as follows:

Legal reserve	791,793.55
Other reserves	132,360.75
Distribution of dividends	102,565,836.00

	103,489,990.30
	=====

19. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors and authorized for issuance on November 3, 2016.

20. EXPLANATION ADDED FOR TRANSLATION

These condensed consolidated financial statements are a translation of financial statements originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards and with accordance with the International Accounting Standard 34 – Interim Financial Reporting, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Board of Directors

Paulo Jorge dos Santos Fernandes

João Manuel Matos Borges de Oliveira

Domingos José Vieira de Matos

Laurentina da Silva Martins

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça

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