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NÍVEIS DE COMPETITIVIDADE  
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**A NOSSA MARCA NO FUTURO.**

*WE TEST OUR LIMITS EVERY  
DAY IN THE PURSUIT OF EXCELLENCE  
OUR IMPRINT ON THE FUTURE.*

RELATÓRIO DO 3º TRIMESTRE 2015  
*INTERIM REPORT FOR THE 3<sup>RD</sup> QUARTER OF 2015*

**PORTUCEL, S.A.**  
SOCIEDADE ABERTA

Sede: Milrena, Apartado 55, 2901-861 Setúbal - Portugal  
N.I.P.C. 503 025 798 - Capital Social €767 500 000  
Matriculada na Conservatória do Registo Comercial de Setúbal

*PUBLIC LIMITED COMPANY*

*Headquarters: Milrena, Apartado 55, 2901-861 Setúbal - Portugal  
Company No. 503 025 798 - Share Capital €767 500 000  
Registered in the Commercial Register of Setúbal*



**DIRECTORS' REPORT**

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**Highlights: 9 Months 2015 (vs. 9 Months 2014)**

- Turnover up by 5.8% to € 1,204 million on the strength of higher pulp and paper prices
- EBITDA totals €294 million up by 23.2% to € 294 million, with EBITDA/Sales margin rising to 24.4%
- Group makes progress on strategic development plan. Milestones during the period:
  - Start-up of new pulp capacity in Cacia, allowing for 20% increase in annual output
  - Completion and start-up of second tissue machine in Vila Velha de Ródão
  - Completion and official opening of Luá Nurseries, in Zambézia province, able to produce 6 million cloned saplings a year;
- Decision to expand tissue segment, supported by an investment of € 121 million in a new integrated line, with annual capacity of 70 thousand tons (conditional on successful application for financial and tax incentives)
- Debt ratio kept at conservative levels

**Highlights: 3<sup>rd</sup> Quarter 2015 (vs. 2<sup>nd</sup> Quarter 2015)**

- EBITDA up by 6.2%, to new record of € 109.5 million
- Rising prices and positive cost evolution boost EBITDA/Sales margin to 26.7%
- Group repays € 200 million in bonds and restructures debt, lowering borrowing costs
- 1<sup>st</sup> Sustainability Forum, devoted to Forestry Protection and fire-fighting/prevention

## 1. LEADING INDICATORS – IFRS (UNAUDITED)

	9M 2015	9M 2014	Change <sup>(5)</sup> 9M15 / 9M14
Million euros			
<b>Total sales</b>	1 204.3	1 138.0	5.8%
<b>EBITDA <sup>(1)</sup></b>	294.0	238.7	23.2%
<b>Operating profits</b>	207.7	164.0	26.6%
<b>Financial results</b>	- 44.9	- 24.6	82.2%
<b>Net earnings</b>	141.9	133.1	6.6%
<b>Cash flow</b>	228.2	207.7	9.9%
<b>Adjusted Free Cash Flow <sup>(2)</sup></b>	18.4	200.3	-90.8%
<b>Capex</b>	113.1	12.3	100.8
<b>Net debt <sup>(3)</sup></b>	587.1	309.9	277.1
<b>EBITDA / Sales (%)</b>	24.4%	21.0%	+2.0 pp
<b>ROS</b>	11.8%	11.7%	+0.5 pp
<b>ROE</b>	13.9%	12.3%	+2.1 pp
<b>ROCE</b>	15.4%	12.5%	+2.0 pp
<b>Equity ratio</b>	51.5%	52.2%	- 1.3 pp
<b>Net Debt / EBITDA <sup>(4)</sup></b>	1.5	0.9	
	<b>Q3 2015</b>	<b>Q2 2015</b>	<b>Change <sup>(5)</sup> Q3 15/Q2 T15</b>
Million euros			
<b>Total sales</b>	409.4	406.1	0.8%
<b>EBITDA <sup>(1)</sup></b>	109.5	103.1	6.2%
<b>Operating profits</b>	78.1	75.5	3.4%
<b>Financial results</b>	- 27.1	- 9.2	195.4%
<b>Net earnings</b>	41.5	58.7	-29.3%
<b>Cash flow</b>	72.9	86.3	-15.6%
<b>Free Cash Flow <sup>(2)</sup></b>	- 28.5	34.1	-183.4%
<b>Capex</b>	35.9	64.4	- 28.4
<b>Net debt <sup>(3)</sup></b>	587.1	558.6	28.5
<b>EBITDA / Sales (%)</b>	26.7%	25.4%	+ 4.5 pp
<b>ROS</b>	10.1%	14.4%	+ 3.7 pp
<b>ROE</b>	13.2%	17.3%	+ 5.9 pp
<b>ROCE</b>	17.1%	17.0%	+ 4.6 pp
<b>Equity ratio</b>	51.5%	50.1%	- 4.9 pp
<b>Net Debt / EBITDA <sup>(4)</sup></b>	1.5	1.6	

(1) Operating profits + depreciation + provisions

(2) Var. Net debt + dividends + share buyback

(3) Interest-bearing net debt – liquid assets

(4) EBITDA corresponding to last 12 months

(5) Percentage variation corresponds to figures not rounded up/down

## 2. ANALYSIS OF RESULTS

### 9 Months 2015 vs. 9 Months 2014

At the start of 2015, Portucel announced a strategic plan for a new cycle of growth, based on pursuit of three major goals: consolidating its core business as a manufacturer of printing and writing paper and eucalyptus pulp, diversifying into production of tissue paper, and expansion projects in new markets, including construction of a pulp mill in Mozambique and a pellets factory in the US. The Group's activities over the first nine months are the reflection of the implementation of this plan and the different stages involved.

Turnover in the period stood at € 1.2 billion, up by around 5.8% from the figure recorded for the first nine months of 2014, due essentially to rising pulp and paper prices (in the context of the dollar rising against the euro) and to the inclusion of tissue business in the Group's consolidated accounts. Paper sales accounted for 74% of turnover, with power sales representing 13%, pulp 8% and tissue around 3%.

In uncoated (UWF) printing and writing paper, the European market recorded a reduction in apparent consumption of approximately 1.6% whilst the dollar rose strongly against the euro. Both these factors contributed to growth in paper exports to markets outside Europe. To take advantage of foreign exchange trends, Portucel expanded its sales to USD denominated markets, recording growth of approximately 4.1% in overseas markets. As a result, the Group's average sale price evolved positively, rising by 5% in relation to the first nine months of 2014. Sales were up by 3.6% in value, although the volume of paper sales slipped by 1.5%. The slight reduction in sales volumes was due essentially to efforts to replenish stocks, which had fallen to a very low level, and to the increase in the volume in transit to clients. Over the same period, the benchmark index in Europe, PIX A4- Copy B, dropped by 1.3%.

Bleached eucalyptus pulp (BEKP) business maintained the positive performance recorded since the start of the year, with prices significantly better than in the same period in 2014. The dollar-denominated price index performed well, with an average price of 778 USD/ton, as compared to 749 USD/ton in the same period in the previous year. Due to the foreign exchange effect, this increase translated into a sharp rise in the price in Euros, with the benchmark PIX BHKP index pointing to an average of 698 €/ton, up by 26.3% year on year. The upward trend in pulp prices resulted in an increase of 15.8% in the value of sales, despite a reduction of approximately 8.1% in the quantity sold.

The reduction in the pulp sales volume in 2015 can essentially be attributed to the smaller quantities available for sale on the market, as a result of planned maintenance stoppages at the Group's production complexes, and also due to a stoppage at the Cacia mill to allow for work to expand the plant's capacity. This project, involving a 20% increase in installed capacity, has been successfully completed, and the Cacia mill went back into production at the end of June.

Output figures have been consistent with the anticipated learning curve as the mill moves towards stability at the new target output levels established for the expansion project: 350 000 tons per annum of BEKP.

Energy output and sales were also affected by the maintenance stoppage and a lengthy service of one of the turbogenerators at the Cacia mill, significantly affecting the energy balance at this unit. Even so, the Group's gross output in the first nine months was up by 0.1% on the same period in 2014, although power sales to the national grid were down by 4.9%. Lower prices for power from natural gas co-generation plants were influenced by falling Brent prices and the weakness of the euro against the US dollar.

In tissue business, AMS' sales of finished products grew by approximately 7.7% in the first nine months of 2015, thanks to increased converting capacity. The completion and start-up in September of the second reel production machine was a significant milestone, and will make it possible to double annual production capacity from 30,000 to 60,000 tons. The increase in quantities sold, combined with a 2.2% increase in the average sales price, resulted in growth of 10.1% in tissue sales.

On the production side, raw material costs improved significantly. In the first nine months of 2015, the Group's supply mix included an increasing proportion of wood sourced from within Portugal, and decreased supply from the Spanish market. This change, combined with optimisation of logistical costs, caused a downwards trend in the average cost of wood purchases.

In personnel costs, an increase of approximately € 13.4 million was due essentially to additional redundancy settlements under the workforce rejuvenation programme, adjustment of the cost estimate for the 2015 performance bonus, growth in the workforce for the project in Mozambique and inclusion of AMS' personnel costs.

In this scenario, consolidated EBITDA performed very strongly, rising by 23.2% to € 294.0 million. In addition to the results generated by the Group's traditional operations, the figure for EBITDA also includes a positive amount of € 5.5 on AMS' operations and also a negative figure of approximately € 3.4 million relating to the impact of future business operations - the project in Mozambique and the pellets project in the United States, both at the investment phase.

The EBITDA / Sales margin also improved, standing at 24.4%. Operating cash flow stood at € 228.2 million, up by 9.9 % on the same period in 2014.

Operating income also improved significantly, up by 26.6% to € 207.7 million.

The Group recorded a financial loss in the period of € 44.9 million euros, as compared with a loss of € 24.6 million recorded in the first nine months of 2014. As previously disclosed, the financial loss for the 3<sup>rd</sup> quarter includes recognition of the costs relating to partial early repayment of a bond issue (Portucel Senior Notes 5.375%). The amount repaid was € 200 million (of a total issue of € 350 million), and the price paid corresponded to the face value of the notes repaid, plus the contractual premium for early repayment, totalling approximately € 14.6 million, together with the recognition of approximately € 2.3 million referring to issue costs for this loan, not yet reflected in results at the repayment date. This repayment will allow for a significant reduction in borrowing costs, as the Group simultaneously renegotiated a bond issue for the same amount (€ 200 million), on more advantageous terms and a longer maturity. The financial results also include the cost of foreign exchange hedges contracted for 2015 (€ 4.8 million), which more than offset the reduction in borrowing costs.

As a result, consolidated net income for the period stood at € 141.9 million, representing growth of 6.6% in relation to the first nine months of 2014.

### **3<sup>rd</sup> Quarter 2015 vs. 2<sup>nd</sup> Quarter 2015**

The Group's performance in the third quarter of 2015 was again stronger than in the previous quarter, with turnover standing at € 409.4 million, up by 0.8%. Rising pulp prices and the reduction in certain production costs were the main factors affecting results in this quarter.

Paper sales in the 3<sup>rd</sup> quarter were around 1.1% down in volume on the 2<sup>nd</sup> quarter, as could be expected after the steep growth in the previous quarter. Paper sales to markets outside Europe remained high and the Group's average sales price stayed in line with the previous quarter.

In volume, pulp sales (BEKP) rose by 9.2% in relation to the 2<sup>nd</sup> quarter, and the Group's average price performed very favourably, in line with the FOEX BHKP index in euros, resulting in growth of 11.2% in the value of sales.

EBITDA for the quarter recorded outstanding performance, growing by 6.2% to € 109.5 million, the highest quarterly figure since 2010. The EBITDA/Sales margin improved significantly, rising 1.3 percentage points to 26.7%. Operating income also performed strongly, climbing by 3.4% to a level of € 78.1 million.

### 3. MARKET ANALYSIS

#### 3.1 UWF Paper

In comparison with the same period in 2014, apparent UWF consumption in 2015 is estimated to have fallen by 1.6% (with a reduction in cut-size of approximately 1.3%), whilst the main benchmark index for UWF prices (PIX A4 - Copy B) dropped by 0.5%. In this environment, as already observed in the first half, the weakness of the euro against the dollar drove the European industry to look for more profitable opportunities, boosting the volume of exports and consequently reducing the volume sold to the European market. The capacity utilization rate stood at approximately 93% in the first nine months of 2015, 1.7 percentage points higher year on year. Order books in the industry in the same period were 2.9% higher than in the same period in the previous year, and up by 8.2% when comparing the third quarter with the same period in 2014.

In the US, apparent consumption of UWF paper dropped by 0.3% in the first 9 months of the year, and by 1.5% in the case of cut-size. The leading price index for the sector (Risi 20lb A4) fell by 1.6% in the first nine months of 2015 in relation to the same period in the previous year.

In this context, the Group achieved accrued growth in sales to export markets of 4.1%, with continued expansion into new regions and growing penetration in Latin America and the Middle East. Sales in Europe were cooler, as a result of slowing consumption and the search for higher returns in USD-denominated markets. As usual, the Group continued to operate at 100% of its capacity, with order books at fairly comfortable levels. The Navigator brand remained the Group's top performer, achieving growth of 1.9% and maintaining an impressive level of brand recognition and market share.

As previously reported, the Group implemented two price increases in Europe over the year (in late March and in July), and then successfully implemented a third increase at the end of September.

#### 3.2 BEKP Pulp

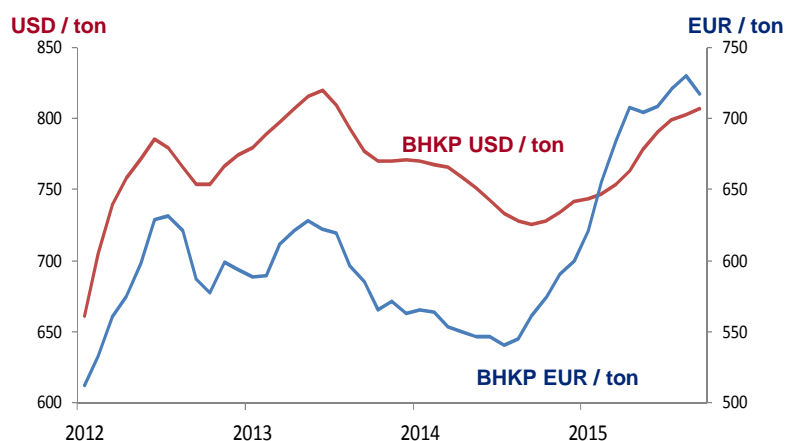
As was to be expected, the recovery which started in the fourth quarter of 2014 continued into this quarter, thanks to a combination of positive market factors, including a slowdown in the launch of new capacity and a reduction in



supply due to the unexpected stoppage of two lines at the Rizhao mill in China, causing market demand to increase, especially in China.

These market developments fuelled continuing price increases, and the average PIX benchmark index rose by 3.6% in relation to the same period in 2014, from USD 750 to USD 778 for the first nine months of 2015. In euros, due to the currency's weakness against the dollar, the price increase was even more significant, as can be seen from the following graph, rising from € 552 to € 698 over the same period.

Monthly PIX Price Europe - BHKP



As reported above, the Chinese market remains the main driving force behind demand. PPPC W-20 figures for pulp sales to this market up to August 2015 point to an overall increase of 10.1%, with eucalyptus pulp leading the way with growth of 16.3%.

The Group's BEKP pulp sales totalled approximately 185 thousand tons in the first three quarters of 2015, with an improved position in the decorative and special papers segment, which accounted for more than 76%.

#### 4. Operating indicators

##### Pulp and paper

(in 000 tons)	9 Months 2015	9 Months 2014	%	3 <sup>rd</sup> Quarter 2015	2 <sup>nd</sup> Quarter 2015	%
<b>BEKP Output</b>	1,059	1,063	-0.4%	370	347	+6.8%
<b>BEKP Sales</b>	185	201	-8.1%	67	61	+9.2%
<b>UWF Output</b>	1,145	1,169	-2.1%	372	399	-6.9%
<b>UWF Sales</b>	1,130	1,147	-1.1%	382	387	-1.1%
<b>Foex – BHKP Euros /ton</b>	698	588	+26.3%	724	709	+2.1%
<b>Foex – A4-B copy Euros / ton</b>	818	829	-1.3%	826	814	+1.4%

##### Energy

(in 000 tons)	9 Months 2015	9 Months 2014	%	3 <sup>rd</sup> Quarter 2015	2 <sup>nd</sup> Quarter 2015	%
<b>Output (GWh)</b>	1,784	1,783	+0.1%	611	580	+5.3%
<b>Sales (GWh)</b>	1,547	1,627	-4.9%	524	506	+3.5%

##### Tissue

(in 000 tons)	9 Months 2015	3 <sup>rd</sup> Quarter 2015	2 <sup>nd</sup> Quarter 2015	1 <sup>st</sup> Quarter 2015
<b>Reels Output</b>	14	8	7	7
<b>Output: finished products</b>	17	9	8	9
<b>Sales: finished products</b>	17	9	9	8

## 5. STRATEGIC DEVELOPMENT

Over the course of the year, the Group pursued the various alternatives for growth defined in its strategic plan, and made significant progress on its development projects. Capital expenditure stood at approximately € 113.1 million, including € 56.5 million on pulp and paper business (of which € 40.2 million related to the expansion plan at Cacia), € 34 million on expanding tissue capacity at the mill in Vila Velha de Rodão, € 11.2 on the project in Mozambique and €11.4 on building the pellets factory in the United States.

### Tissue project

In view of the Portucel Group's strategic option to diversify its business and move into the tissue segment, Portucel has approved (subject to acceptance of its application for financial and tax incentives to be submitted to AICEP) investment on a tissue production and converting line with capacity of 70 thousand tons per annum, representing estimated expenditure of € 121 million. As a result of this project, the Group will have total annual capacity in this sector of 130 000 tons.

The business model that the Group has adopted is based on a strategy of direct incorporation of pulp in tissue production, meaning that this capital project will be located at the Cacia industrial site.

Preparatory work has got under way in recent months, including market studies, feasibility studies and preliminary engineering, in order to identify the best technical solutions, the ideal location and the production and converting capacity to install, as well as identifying the target markets and segments with the greatest potential. Provided the necessary conditions are met for implementing this project, Portucel envisages that operation can start up as early as the first half of 2017.

### Pellets

The project for a new pellets factory in the United States has continued to make good progress, in particular by consolidating the project team working in Greenwood, South Carolina. Contracts have been signed for phase 2 of the construction plans, with work starting in August 2015 and currently progressing on the foundations and the buildings to house the plant. Contracts already signed account for close to 90% of the planned investment, and work is due to start in the next quarter on fitting the main equipment, scheduled for completion in mid-March 2016.

## **Mozambique**

Forestry plantation operations have expanded significantly in 2015 with a view to supplying the future industrial complex.

In an important breakthrough, Portucel Moçambique successfully obtained the environmental license needed for forestry operations in Zambézia and Manica provinces.

Work was also completed on the Luá nurseries, in Zambézia province, which will produce cloned saplings on an industrial basis, with capacity for 6 million plants a year, set to double in the near future. The nurseries were officially opened at the start of September, at a ceremony attended by the senior executives of the Portucel Group, and also by the President of Mozambique and representatives from the International Finance Corporation.

The Group is also building complementary nurseries (in Maquiringa and Mugulama) for strategic and logistical reasons, and also to ensure the necessary production capacity. Despite poor weather conditions, it was possible to continue plantation operations, albeit at a slower pace than originally envisaged.

The organisation continues to adjust to the increasing pace of local operations, and work is practically complete on the housing centre to provide accommodation for staff located in Zambézia (Nipiode).

## **6. FINANCIAL PERFORMANCE**

Over the course of the first nine months, Portucel continued to demonstrate excellent capacity for generating cash flow, with operational cash flow standing at approximately € 233 million. This cash generation capacity, combined with the Group's sound financial situation, allowed it to meet its considerable financial commitments maturing in the first nine months without any disruption.

In addition to repaying two bond issues, which matured in February and March 2015, with a total value of € 160 million, the Group distributed dividends and reserves totalling € 310.5 million in May, and completed the process of acquiring AMS, with a payment of € 41 million in June. Portucel also made an extraordinary allocation of € 9.2 million to its pension funds.

In addition, the Group recorded a large figure (approximately € 113.1 million) for capital expenditure in the period.

As a result of these disbursements, interest-bearing net debt rose to € 587.1 million. Gross debt stood at € 649.1 million, down by € 124.0 million in relation to gross debt at 31 December 2014.

Considering the current strategic development plan, the need for a high level of financial flexibility and an appropriate level of liquidity, Portucel has contracted new credit facilities and renegotiated the terms on some of its existing borrowing.

In the first quarter of 2015, the Group contracted a commercial paper programme of € 100 million, underwritten by the bank over 5 years, and in the third quarter it contracted two further commercial paper programmes with a total value of € 125 million, also maturing in 5 years.

The Group also renegotiated the terms of a commercial paper programme of € 125 million, maturing in November 2015, extending the term until May 2020, on conditions more favourable than those previously existing.

In September, the Group made a partial early repayment on a bond issue (Portucel Senior Notes 5.375%), with a value of € 200 million. This operation reduced the value of this issue to € 150 million.

At the same time, the Group made a new bond issue, underwritten by two banks, also for a value of € 200 million. This new issue matures in 8 years and has a substantially lower interest rate than the loan repaid.

As a result of these operations, the Group has ensured a perfectly adequate level of liquidity at the same time as cutting the financial costs of the facilities available to it and extending the associated maturity.

At the end of June, financial autonomy stood at 51.5%, again reflecting a sound financial situation. The Net Debt/EBITDA ratio stood at 1.5 at the end of September, as compared with 0.8 at the end of 2014; this alteration was in line with expectations, considering the events reported above and the investment plan currently being implemented.

## 7. CAPITAL MARKETS

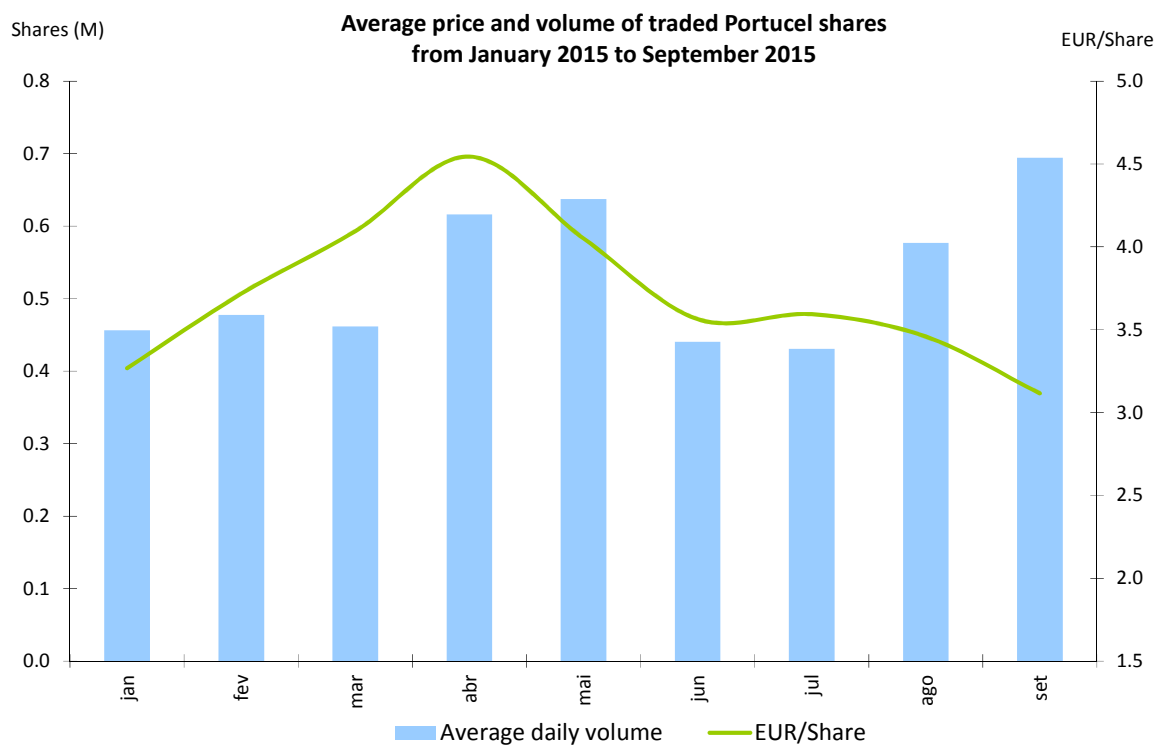
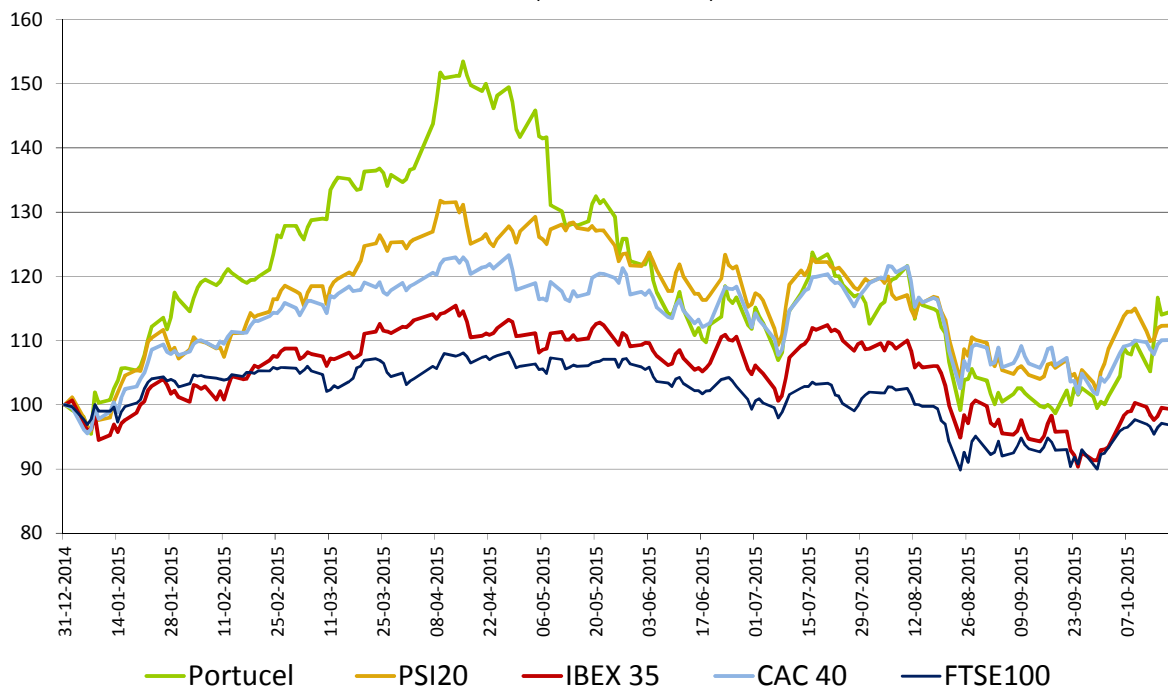
The capital markets were again extremely volatile in the third quarter, especially in September, when most stock exchanges recorded significant downward adjustments in share prices. Some of the European indexes fell to levels lower than at the start of 2015: these included the FTSE (down 7.7%), IBEX 35 (down 7%) and GDAX (down 1.5%). The indexes most representative of the Portuguese and French stock exchanges fared more positively, with gains of 5.1% and 4.3%, respectively.

Shares in the pulp and paper sectors continued to perform well during the quarter, especially for pulp manufacturers in Europe and Latin America, who continue to benefit from rising market prices for their products.

After extremely positive performance in the early months of 2015, Portucel's shares closed the first nine months at practically the same level as at the start of the year, with a listed price of 3,10€/share (up 0.5%). Over the course of 2015, the shares reached their highest level of 4.735 on 15 April, and a gross dividend of 0.433 € per share was paid on 12 May, representing a dividend yield of 10%.

In August and September, after the public exchange offer for shares of the majority shareholder, which increased its free float to 28.6%, Portucel shares recorded an increase in daily trading, to approximately 700 thousand shares in September, compared to average daily trading of 500 thousand shares from January to July 2015, levels which were also higher than in 2014.

Portucel vs. European Indexes in 2015  
 (31-12-2014 = 100)



## 8. OUTLOOK

Recent economic projections for 2015 continue to point to downwards revision of expectations for global growth, despite strong performance by the US economy and expectations of recovery in the Euro zone. The main factors of uncertainty come from emerging economies, due essentially to a slowdown in growth in China, the worsening recession in Russia and Brazil, and falling prices for the main commodities, in particular for oil. The weakness of the currencies of the main emerging economies, especially the leading exporters of raw materials, has also continued to create significant volatility on the foreign exchanges.

Despite of this uncertainty, the pulp sector remains buoyant, with prices at rewarding levels and a healthy level of demand. High levels of consumption, particularly in the Chinese market, combined with the carefully managed entry of new capacity onto the market should continue to benefit pulp manufacturers for the rest of the year, especially if the current exchange rate situation is maintained between the dollar and the euro.

The tissue paper segment continues to perform well, in particular in terms of demand, with interesting levels of growth in consumption in Europe and the emerging economies such as China, Turkey and Latin America, which should help to maintain a dynamic pulp market.

In the UWF paper market, as reported above, Portucel announced in July a further increase in its prices in Europe as from 18 September. Before the close of the quarter, Portucel, like other paper manufacturers, announced a further price increase to its customers in Europe, taking effect in early January 2016.

However, mention should be made of a number of factors which could trigger a degree of instability in the paper market in the months ahead. The impact of the anti-dumping measures initiated by the US authorities against a number of paper manufacturers (requiring these producers to apply high margins to their price when exporting to this market) will cause changes to the balance between supply and demand in a number of regions, in particular by increasing the pressure of supply in certain countries in Asia, Latin America and Europe. At the same time, falling currency values and currency controls in a number of countries in the Middle East, Africa and Latin America could also cause additional difficulties to international trade.



As previously reported, these measures adopted by the US Department of Commerce have also affected Portucel, in the form of a provisional rate of 29.53%. The Company has expressed its complete disagreement, having cooperated with the Department of Commerce throughout the 3<sup>rd</sup> quarter to provide all the information needed to support its case. Portucel is confident that it will prove that there are no grounds for applying a rate as high as that provisionally set. Until year end, the application of this provisional rate is estimated to represent a collateral deposit of approximately USD 13.3 million. The definitive rate to substitute the provisional one will be set in January 2016.

Setúbal, 29 October 2015

## 9. FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT

FOR THE NINE MONTH PERIODS ENDED 30 SEPTENBR 2015 AND 2014

Amounts in Euro	Note	9 months 30-09-2015	9 months 30-09-2014	3rd Quarter 2015	3rd Quarter 2014
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues	3				
Sales		1,201,264,438	1,134,687,434	408,247,679	389,659,087
Services rendered		3,053,160	3,267,482	1,146,295	1,125,860
Other operating income					
Gains on the sale of non-current assets		98,700	137,751	30,600	88,420
Other operating income		15,500,229	5,366,709	4,442,745	2,387,328
Change in the fair value of biological assets	11	(2,124,969)	(47,815)	(1,783,073)	(1,253,589)
Costs					
Cost of inventories sold and consumed		(525,685,228)	(507,473,183)	(174,765,051)	(165,996,471)
Variation in production		27,740,926	12,410,859	13,650,713	1,678,156
Cost of materials and services consumed		(311,716,788)	(311,246,121)	(104,943,087)	(113,212,194)
Payroll costs		(101,048,002)	(87,688,488)	(30,737,620)	(27,782,757)
Other costs and losses		(13,078,616)	(10,734,487)	(5,788,827)	(6,199,864)
Provisions	18	8,563,351	6,859,737	2,572,636	862,255
Depreciation, amortization and impairment losses		(94,855,771)	(81,500,573)	(34,014,378)	(29,573,380)
<b>Operational results</b>		<b>207,711,430</b>	<b>164,039,305</b>	<b>78,058,632</b>	<b>51,782,851</b>
Net financial results	4	(44,906,875)	(24,645,694)	(27,059,522)	(8,586,163)
<b>Profit before tax</b>		<b>162,804,556</b>	<b>139,393,611</b>	<b>50,999,110</b>	<b>43,196,688</b>
Income tax	5	(21,287,661)	(6,277,796)	(9,938,816)	(667,501)
<b>Net Income</b>		<b>141,516,895</b>	<b>133,115,815</b>	<b>41,060,294</b>	<b>42,529,187</b>
Non-controlling interests		404,074	(9,667)	407,036	(5,488)
<b>Net profit for the period</b>		<b>141,920,969</b>	<b>133,106,148</b>	<b>41,467,330</b>	<b>42,523,699</b>
Earnings per share					
Basic earnings per share, Eur	6	0.198	0.186	0.072	0.050
Diluted earnings per share, Eur	6	0.198	0.186	0.072	0.050

The notes on pages 23 to 64 are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 SEPTEMBER 2015 AND 31 DECEMBER 2014

Amounts in Euro	Note	September 2015	December 2014
		(unaudited)	
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Goodwill	8	388,559,447	376,756,383
Other intangible assets	9	4,118,507	3,416,269
Plant, property and equipment	10	1,315,295,072	1,250,351,511
Biological assets	11	111,844,454	113,969,423
Available-for-sale financial assets	12	229,136	229,136
Deferred tax assets	16	60,881,913	23,418,573
		<b>1,880,928,528</b>	<b>1,768,141,295</b>
<b>Current Assets</b>			
Inventories		230,160,946	188,859,834
Receivable and other current assets	13	216,576,714	188,808,093
State and other public entities	14	92,426,109	62,929,572
Cash and cash equivalents	19	62,072,980	499,552,853
		<b>601,236,749</b>	<b>940,150,351</b>
<b>Total Assets</b>		<b>2,482,165,277</b>	<b>2,708,291,646</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	15	767,500,000	767,500,000
Treasury shares	15	(96,974,466)	(96,974,466)
Fair value reserves		(3,408,448)	(2,329,120)
Other reserves		91,781,112	83,644,527
Translation reserves		2,799,522	724,832
Retained earnings		363,145,382	519,395,217
Net profit for the period		141,920,969	181,466,696
		<b>1,266,764,070</b>	<b>1,453,427,686</b>
Non-controlling interests		6,836,520	235,253
		<b>1,273,600,590</b>	<b>1,453,662,938</b>
<b>Non-current liabilities</b>			
Deferred taxes liabilities	16	105,971,829	95,893,297
Post-retirement benefits	17	206,057	-
Provisions	18	44,717,883	41,148,805
Interest-bearing liabilities	19	590,758,954	468,458,255
Other non-current liabilities	19	58,961,355	38,551,650
		<b>800,616,078</b>	<b>644,052,007</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	19	58,395,460	304,735,140
Payables and other current liabilities	20	275,557,383	211,924,917
State and other public entities	14	73,995,767	93,916,644
		407,948,609	610,576,701
<b>Total liabilities</b>		<b>1,208,564,688</b>	<b>1,254,628,708</b>
<b>Total equity and liabilities</b>		<b>2,482,165,277</b>	<b>2,708,291,646</b>

The notes on pages 23 to 64 are an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME

FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2015 AND 2014

Amounts in Euro	Note	9 months 30-09-2015 (unaudited)	9 months 30-09-2014 (unaudited)
<b>Net profit for the period</b>		141,516,895	133,115,815
<b>Items that can be reclassified subsequently to profit or loss</b>			
Fair value in derivative financial instruments		(1,410,311)	(1,885,584)
Currency translation differences		2,074,690	1,532,377
Tax on items above when applicable	15	330,983	525,805
		<u>995,362</u>	<u>172,599</u>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Share of other comprehensive income of associates		(19,261)	30,302
Actuarial gains / (losses)		(12,159,392)	(1,504,523)
Tax on items above when applicable	15	69,391	258,312
		<u>(12,109,262)</u>	<u>(1,215,908)</u>
		<b>(11,113,900)</b>	<b>(1,043,309)</b>
<b>Total recognized income and expense for the period</b>		<b>130,402,994</b>	<b>132,072,506</b>
Attributable to:			
Portucel's shareholders		123,801,727	132,060,510
Non-controlling interests		6,601,267	11,995
		<u>130,402,994</u>	<u>132,072,506</u>

The notes on pages 23 to 64 are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2015 AND 2014

Amounts in Euro	1 January 2015	Gains/losses recognized in the period	Dividends paid and reserves distributed (Note 7)	Treasury shares (Note 14)	Application of prior year's net profit (Note 14)	30 September 2015
Share capital	767,500,000	-	-	-	-	767,500,000
Treasury shares	(96,974,466)	-	-	-	-	(96,974,466)
Fair value reserves	(2,329,120)	(1,079,328)	-	-	-	(3,408,448)
Other reserves	83,644,527	-	-	-	8,136,585	91,781,112
Translation reserves	724,832	2,074,690	-	-	-	2,799,522
Retained earnings	519,395,217	(19,114,604)	(310,465,342)	-	173,330,111	363,145,382
Net profit for the period	181,466,696	141,920,969	-	-	(181,466,696)	141,920,969
<b>Total</b>	<b>1,453,427,685</b>	<b>123,801,727</b>	<b>(310,465,342) -</b>	<b>-</b>	<b>-</b>	<b>1,266,764,070</b>
Non-controlling interests	235,253	6,601,267	-	-	-	6,836,520
<b>Total</b>	<b>1,453,662,938</b>	<b>130,402,994</b>	<b>(310,465,342)</b>	<b>-</b>	<b>-</b>	<b>1,273,600,590</b>

Amounts in Euro	1 January 2014	Gains/losses recognized in the period	Dividends paid and reserves distributed (Note 7)	Treasury shares (Note 14)	Application of prior year's net profit (Note 14)	30 September 2014
Share capital	767,500,000	-	-	-	-	767,500,000
Treasury shares	(94,305,175)	-	-	(2,467,796)	-	(96,772,971)
Fair value reserves	213,354	(1,359,778)	-	-	-	(1,146,424)
Other reserves	75,265,842	-	-	-	8,378,685	83,644,527
Translation reserves	(1,296,817)	1,532,377	-	-	-	235,561
Retained earnings	522,172,435	(1,218,236)	(200,783,584)	-	201,659,067	521,829,682
Net profit for the period	210,037,752	133,106,148	-	-	(210,037,752)	133,106,148
<b>Total</b>	<b>1,479,587,391</b>	<b>132,060,511</b>	<b>(200,783,584)</b>	<b>(2,467,796) -</b>	<b>-</b>	<b>1,408,396,522</b>
Non-controlling interests	238,543	11,995	-	-	-	250,538
<b>Total</b>	<b>1,479,825,935</b>	<b>132,072,506</b>	<b>(200,783,584)</b>	<b>(2,467,796) -</b>	<b>-</b>	<b>1,408,647,061</b>

The notes on pages 23 to 64 are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2015 AND 2014

Amounts in Euro	Notes	9 months 30-09-2015	9 months 30-09-2014
		(unaudited)	(unaudited)
<b>OPERATING ACTIVITIES</b>			
Payments from customers		1,221,246,375	1,234,128,635
Payments to suppliers		953,433,018	969,315,471
Payments to personnel		83,885,079	68,500,931
<b>Cash flow from operations</b>		<b>183,928,278</b>	<b>196,312,233</b>
Income tax received / (paid)		(8,345,589)	(22,242,161)
Other receipts / (payments) relating to operating activities		7,799,907	59,318,916
<b>Cash flow from operating activities (1)</b>		<b>183,382,597</b>	<b>233,388,987</b>
<b>INVESTING ACTIVITIES</b>			
Inflow s			
Investment Grants		6,631,584	-
Interest and similar income		323,385	3,049,044
<b>Inflows from investment activities (A)</b>		<b>6,954,969</b>	<b>3,049,044</b>
Outflow s			
Investments in subsidiaries	8	40,949,794	-
Tangible assets		94,401,840	7,209,654
<b>Outflows from investment activities (B)</b>		<b>135,351,634</b>	<b>7,209,654</b>
<b>Cash flows from investment activities (2 = A - B)</b>		<b>(128,396,665)</b>	<b>(4,160,610)</b>
<b>FINANCING ACTIVITIES</b>			
Inflow s			
Borrow ings		200,000,000	-
<b>Inflows from financing activities (C)</b>		<b>200,000,000</b>	-
Outflow s			
Borrow ings		354,851,191	49,851,190
Interest and similar costs		36,888,292	27,562,941
Acquisition of treasury shares	15	-	2,467,796
Dividends paid and distributed reserves	7	310,465,342	200,783,584
<b>Outflows from financing activities (D)</b>		<b>702,204,825</b>	<b>280,665,511</b>
<b>Cash flows from financing activities (3 = C - D)</b>		<b>(502,204,825)</b>	<b>(280,665,511)</b>
<b>CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)</b>		<b>(447,218,893)</b>	<b>(51,437,134)</b>
<b>CHANGES IN CONSOLIDATION SCOPE</b>		<b>9,739,020</b>	-
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>499,552,853</b>	<b>524,293,683</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>19</b>	<b>62,072,980</b>	<b>472,856,549</b>

The notes on pages 23 to 64 are an integral part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of 30 September 2015 and 2014

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

The Portucel Group (“Group”) comprises Portucel, S.A. (hereafter referred to as the Company or Portucel) and its subsidiaries.

The 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, through Decree-Law 859-A/76, 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. and Celuloses do Guadiana, S.A.R.L. (Mourão).

Years after, as a result of the restructuring of Portucel – Empresa de Celulose e Papel de Portugal, S.A. that led to its privatization, Portucel S.A. was created, on 31 May 1993, through Decree-law 39/93, with the assets of the two main subsidiaries, located 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 acquired Papeis Inapa (Setúbal) in 2000 and Soporcel (Figueira da Foz) in 2001. Those key strategic decisions resulted in the Portucel 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 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, by moving Parpublica SGPS sell the remaining 25,72% it still held.

The company has been held in more than 75% by the Semapa Group since 2009 (excluding treasury shares). The interest held by Semapa has been reduced to 70% in July 2015, following the public exchange offer of ordinary shares of Semapa, SGPS, S.A. with Portucel shares.

In February 2015, the Group entered in the tissue segment, following the acquisition of AMS-BR Star Paper, S.A., that holds and operates a production unit in Vila Velha de Ródão.

The 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.

Portucel is a publicly traded company with its share capital represented by nominal shares.

**Head Office:** Mitrena, 2901-861 Setúbal

**Share Capital:** Euro 767,500,000

**Registration No:** 503 025 798

These consolidated financial statements were approved by the Board of Directors on 27 October 2015.

The 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 Group's consolidation scope.



## 1. Basis of preparation

The Group's consolidated financial statements for the nine period ended 30 September 2015 have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting.

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 24), 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 21 and 10).

## 2. Summary of the principal accounting policies

The accounting policies used in interim consolidated financial statements are those used to prepare the financial statements for the year ended on 31 December 2014, and are described in the respective notes.

## 3. Segment information

The Board of Directors is the group's chief operating decision maker. Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance.

Segment information is presented for identified business segments, namely Forestry, Pulp, Paper and Energy. 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 nine month periods ended 30 September 2015 and 2014 is shown as follows:

	30 September 2015					TOTAL
	FORESTRY	PULP STAND ALONE	INTEGRATED PULP AND PAPER	ENERGY	ELIMINATIONS/ UNALLOCATED	
<b>REVENUE</b>						
Sales and services - external	8,901,323	101,900,036	990,640,313	99,179,608	3,696,318	1,204,317,598
Sales and services - intersegmental	344,003,696	18,432,983		4,126,664	(366,563,343)	-
<b>Total revenue</b>	<b>352,905,019</b>	<b>120,333,019</b>	<b>990,640,313</b>	<b>103,306,272</b>	<b>(362,867,025)</b>	<b>1,204,317,598</b>
<b>Profit/(loss)</b>						
<b>Segmental Profit</b>	803,939	15,635,045	176,502,555	5,552,611	9,217,281	207,711,431
Operating Profit	-	-	-	-	-	<b>207,711,431</b>
Financial costs- net	-	-	-	-	(44,906,875)	(44,906,875)
Income tax	-	-	-	-	(21,287,661)	(21,287,661)
Net profit before non-controlling interest	-	-	-	-	-	141,516,895
Non-controlling interest	-	-	-	-	404,074	404,074
Net profit	-	-	-	-	-	141,920,969
<b>Other Information</b>						
Capital expenditure	12,484,345	44,587,326	59,302,654	227,467	1,399,493	118,001,286
Depreciation and impairments	(557,989)	(3,319,110)	(79,474,504)	(11,135,328)	(368,840)	(94,855,771)
Provisions (gains/(losses))	-	-	-	-	8,563,351	8,563,351
<b>Other information</b>						
Segment assets	257,537,269	167,295,819	1,866,146,142	122,363,481	68,593,430	2,481,936,141
Financial investments	-	-	229,136	-	-	229,136
<b>Total assets</b>	<b>257,537,269</b>	<b>167,295,819</b>	<b>1,866,375,278</b>	<b>122,363,481</b>	<b>68,593,430</b>	<b>2,482,165,277</b>
Segment liabilities	33,008,330	45,158,160	1,097,429,617	16,819,339	16,149,241	1,208,564,688
<b>Total liabilities</b>	<b>33,008,330</b>	<b>45,158,160</b>	<b>1,097,429,617</b>	<b>16,819,339</b>	<b>16,149,241</b>	<b>1,208,564,688</b>

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	30 September 2014					TOTAL
	FORESTRY	PULP STAND ALONE	INTEGRATED PULP AND PAPER	ENERGY	ELIMINATIONS/ UNALLOCATED	
<b>REVENUE</b>						
Sales and services - external	13,556,301	98,396,233	911,658,881	110,289,357	4,054,144	1,137,954,916
Sales and services - intersegmental	367,606,415	16,095,901		6,186,503	(389,888,820)	-
<b>Total revenue</b>	<b>381,162,716</b>	<b>114,492,134</b>	<b>911,658,881</b>	<b>116,475,860</b>	<b>(385,834,676)</b>	<b>1,137,954,916</b>
<b>Profit/(loss)</b>						
<b>Segmental Profit</b>	<b>9,552,580</b>	<b>9,200,523</b>	<b>130,549,149</b>	<b>8,150,796</b>	<b>6,586,257</b>	<b>164,039,305</b>
Operating Profit	-	-	-	-	-	164,039,305
Financial costs- net	-	-	-	-	(24,645,694)	(24,645,694)
Income tax	-	-	-	-	(6,277,796)	(6,277,796)
Net profit before non-controlling interest	-	-	-	-	-	133,115,815
Non-controlling interest	-	-	-	-	(9,667)	(9,667)
Net profit	-	-	-	-	-	133,106,148
<b>Other Information</b>						
Capital expenditure	2,314,579	3,964,340	6,212,896	1,950,694	1,038,202	15,480,711
Depreciation and impairments	(435,141)	(2,760,168)	(65,922,856)	(12,081,444)	(300,964)	(81,500,573)
Provisions (gains/(losses))	-	-	-	-	6,859,737	6,859,737
<b>Other information</b>						
Segment assets	241,758,882	112,798,962	1,804,611,504	142,352,498	396,346,603	2,697,868,449
Financial investments	-	-	229,136	-	-	229,136
<b>Total assets</b>	<b>241,758,882</b>	<b>112,798,962</b>	<b>1,804,840,641</b>	<b>142,352,498</b>	<b>396,346,603</b>	<b>2,698,097,585</b>
Segment liabilities	46,160,719	32,241,735	1,124,261,922	86,304,491	481,657	1,289,450,524
<b>Total liabilities</b>	<b>46,160,719</b>	<b>32,241,735</b>	<b>1,124,261,922</b>	<b>86,304,491</b>	<b>481,657</b>	<b>1,289,450,524</b>

#### 4. Net financial costs

Financial costs are detailed as follows for the nine month periods ended 30 September 2015 and 2014:

Amounts in Euro	9 months 30-09-2015	9 months 30-09-2014
Interest paid on borrowings	(37,579,114)	(23,737,591)
Interest earned on investments	203,294	2,864,065
Exchange rate differences	(2,074,478)	4,724,149
Gains / (losses) on financial instruments - trading	1,974,471	(3,825,350)
Gains / (losses) on financial instruments - hedging	(5,132,307)	(407,264)
Warranties and other financial expenses	(2,774,389)	(2,560,079)
Compensatory interest	72,296	291,593
Other financial income / (expenses)	403,353	(1,995,217)
	<b>(44,906,875)</b>	<b>(24,645,694)</b>

On 24 September 2015, the group proceeded to the early redemption of Euro 200,000,000 of the loan denominated Euro 350 million 5.375 % Senior Notes due 2020, that amounted to Euro 350,000,000. This redemption resulted in the early recognition of Euro 1,647,865 regarding the expenses with the issue, together with Euro 14,555,706 regarding the premium due as per the conditions for early redemption of the issue.

## 5. Income Tax

Income tax is detailed as follows for the nine month periods ended 30 September 2015 and 2014:

Amounts in Euro	9 months 30-09-2015	9 months 30-09-2014
Current tax	52,005,182	32,394,097
Provision / (reversal) for current tax	(14,249,879)	(37,046,276)
Deferred tax	(16,467,642)	10,929,975
	<b>21,287,661</b>	<b>6,277,796</b>

From 2003 to 2013, most of the Group's Portuguese subsidiaries were taxed as a group, through "Regime Especial de Tributação de Grupos de Sociedades (RETGS)", a taxation group that was led by Portucel S.A..

In 2014, considering the changes in the corporate income tax code introduced by its reform, those companies became part of a new taxation group that is now led by Semapa, SGPS, S.A..

In July 2015, following the public exchange offer of ordinary shares of Semapa, SGPS, S.A. with Portucel shares, Semapa ceased to have more than a 75% interest in Portucel, and therefore the necessary conditions for the maintenance of Portucel and its subsidiaries in its taxation group.

In that sense, Semapa group companies, including Portucel group companies, have changed their taxation period to the period starting on 1 July and ending 30 June, following the disposed in nº2 of article 8º of the Corporate Income Tax Code.

As this change occurred during 2015, the 2015 taxation period will be less than a year, starting on 1 January 2015 and ending on 20 June 2015. In this period, Portucel, S.A. and its subsidiaries located in Portugal are still included in Semapa taxation group.

With effect from 1 July 2015, a new taxation group including Portucel and its subsidiaries will be headed by Portucel, S.A..

In this sense, current income tax includes:

Amounts in Euro	9 months 30-09-2015	9 months 30-09-2014
Fiscal Group - Semapa	34,150,871	30,413,003
Fiscal Group - Portucel	13,910,286	-
Others companies	3,944,025	1,981,094
	<b>52,005,182</b>	<b>32,394,097</b>

For the nine month periods ended 30 September 2015 and 2014, the reconciliation of the effective income tax rate was as follows:

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Amounts in Euro	9 months 30-09-2015		9 months 30-09-2014	
Profit before tax	<b>162,804,556</b>		<b>139,393,611</b>	
Expected tax	21.00%	34,188,957	23.00%	32,060,530
Municipal surcharge	2.03%	3,306,888	1.22%	1,695,410
State surcharge	5.50%	8,962,139	3.83%	5,180,384
Differences (a)	6.72%	10,937,318	6.33%	8,826,119
Impairment and reversal of provisions	(15.89%)	(25,864,875)	(13.43%)	(18,727,452)
Excess tax estimation	(1.41%)	(2,289,042)	(16.33%)	(22,757,195)
Tax benefits	(4.89%)	(7,953,725)	0.00%	-
	<b>13.08%</b>	<b>21,287,661</b>	<b>4.50%</b>	<b>6,277,796</b>

(a) This amount is made up essentially of:

	9 months 30-09-2015		9 months 30-09-2014	
Capital gains / (losses) for tax purposes	58,538,888		-	
Capital gains / (losses) for accounting purposes	(26,528)		(45,585)	
Taxable provisions	(8,542,070)		317,284	
Tax benefits	(1,469,189)		(359,460)	
Effect of pension funds	(8,744,292)		(734,385)	
Other	15,258		30,741,193	
	<b>39,772,067</b>		<b>29,919,047</b>	
<b>Tax Effect (27,5%)</b>	<b>10,937,318</b>		<b>8,826,119</b>	

## 6. Earnings per share

Earnings per share were determined as follows:

Amounts in Euro	9 months 30-09-2015	9 months 30-09-2014
Profit attributable to the Company's shareholders	141,920,969	133,106,148
Total number of issued shares	767,500,000	767,500,000
Treasury shares - yearly average	(50,489,973)	(50,321,820)
	<b>717,010,027</b>	<b>717,178,180</b>
Basic earnings per share	0.198	0.186
Diluted earnings per share	0.198	0.186

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

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

	2015		2014	
	Quant.	Accumulated	Quant.	Accumulated
<b>Treasury shares held on 1 January</b>		50,489,973		49,622,497
Acquisitions				
January	-	50,489,973	-	49,622,497
February	-	50,489,973	494,111	50,116,608
March	-	50,489,973	264,165	50,380,773
April	-	50,489,973	35,000	50,415,773
May	-	50,489,973	-	50,415,773
June	-	50,489,973	-	50,415,773
July	-	50,489,973	-	50,415,773
August	-	50,489,973	-	50,415,773
September	-	50,489,973	-	50,415,773
<b>Treasury shares held on 30 September</b>	-	50,489,973	867,476	50,489,973
<b>Average number of treasury shares</b>		<b>50,489,973</b>		<b>50,321,820</b>

## 7. Appropriation of previous years' profit

The appropriations made over the 2014 and 2013 net profits were as follows:

Amounts in Euro	2014	2013
Distribution of dividends (excluding treasury shares)	150,572,106	159,192,698
Legal reserves	8,136,585	8,378,685
Net income from prior years	22,758,005	42,466,369
	<b>181,466,696</b>	<b>210,037,752</b>

The resolution for the appropriation of the 2014 net profit, that passed at Portucel's General Meeting held on 29 April 2015, was based on the net profit for the year as defined by the accounting principles generally accepted in Portugal (Portuguese GAAP). The difference in net profit between the two standards, totalling Euro 18,734,999 (2014: Euro 42,466,369) was transferred to retained earnings.

In the same General Meeting, it was decided to distribute Euro 159.893.236 of prior years' reserves. Therefore, the total amount distributed to shareholders totalled Euro 310.465.342 (2013: Distribution of reserves of Euro 41.590.886 and total amount distributed to shareholders of Euro 200,783,584).

## 8. Goodwill

### Soporcel, S.A.

Goodwill amounting to Euro 428,132,254 was determined following the acquisition of 100% of the share capital of Soporcel – Sociedade Portuguesa de Papel, 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 Soporcel's tangible assets.

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

As at 31 December 2010, assets and liabilities related to pulp production were transferred to another Group company, as a result of a split.

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 September 2015 the net book value of the Goodwill would amount to Euro 175,534,225 (31 December 2014: Euro 188,378,192).

Every year, the Group calculates the recoverable amount of Soporcel'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:

	2015	2014
Inflation rate	2.0%	2.0%
Discount rate (post-tax)	8.7%	8.7%
Production Growth	0.0%	0.0%
Perpetuity growth rate	-1.0%	-1.0%

The discount rate presented above is a post-tax rate equivalent to a pre-tax discount rate of 12,33%, and has been calculated in accordance with the WACC (Weighted Average Cost of Capital) methodology, based in the following assumptions:

	2015	2014
Risk-free interest rate	5.6%	5.6%
Equity risk premium (market and entity)	5.8%	5.8%
Tax rate	29.5%	29.5%
Debt risk premium	5.8%	5.8%

#### **AMS BR Star Paper, S.A.**

As reported as a subsequent event in the financial statements for the year ended 31 December 2014, on 6 February 2015 the procedures and contracts for the acquisition of 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 three month period ended 31 March 2015, the Group proceeded to the initial consolidation of AMS, having computed the following initial acquisition difference:

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Amounts in Euro	
Shares	38,622,294
Credits for additional paid-in capital	2,327,500
<b>Acquisition cost</b>	<b>40,949,794</b>
AMS adjusted equity as at 31 December 2014	17,284,378
% of shares acquired	99.87%
	<b>17,261,908</b>
Credits for additional paid-in capital	2,327,500
Total Equity + Acquired Credits	19,589,408
<b>Initial acquisition difference</b>	<b>21,360,386</b>

Amounts in Euro	31-12-2014
<b>Non-current assets</b>	
Other intangible assets	288,276
Property, plant and equipment	41,482,116
Investment properties	428,484
Other	5,952,483
<b>Current assets</b>	
Inventories	7,631,176
State and other public entities	715,326
Receivables and other current assets	14,593,916
Cash and cash equivalents	6,604,565
<b>Non-current liabilities</b>	
Interest-bearing liabilities	(29,554,249)
Other non-current liabilities	(1,452,888)
<b>Current liabilities</b>	
State and other public entities	(85,051)
Interest-bearing liabilities	(7,852,095)
Payables and other current liabilities	(19,140,181)
<b>Total assets and liabilities</b>	<b>19,611,878</b>
Goodwill	21,360,386
Non-controlling interests	(22,470)
<b>Acquisition cost</b>	<b>40,949,794</b>

As allowed by IFRS 3, the procedures related to the allocation of the purchase price will be performed over the 12 month period after the reference date of the initial consolidation (1 January 2015) and will set, if applicable, the final amount of any goodwill. As such, the consolidated amounts detailed below are considered as provisional. In the six month period ended 30 June 2015, a set of assets and liabilities was already evaluated, with an impact in the initial acquisition difference that is shown as follows:

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Amounts in Euro	31-12-2014	Net assets acquired	Adjusted
<b>Non-current assets</b>			
Other intangible assets	288,276	-	288,276
Property, plant and equipment	41,482,116	4,015,308	45,497,424
Investment properties	428,484	-	428,484
Other	5,952,483	-	5,952,483
<b>Current assets</b>			
Inventories	7,631,176	-	7,631,176
State and other public entities	715,326	-	715,326
Receivables and other current assets	14,593,916	-	14,593,916
Cash and cash equivalents	6,604,565	-	6,604,565
<b>Non-current liabilities</b>			
Deferred taxes liabilities	-	(3,525,651)	(3,525,651)
Interest-bearing liabilities	(29,554,249)	-	(29,554,249)
Other non-current liabilities	(1,452,888)	-	(1,452,888)
<b>Current liabilities</b>			
State and other public entities	(85,051)	-	(85,051)
Interest-bearing liabilities	(7,852,095)	-	(7,852,095)
Payables and other current liabilities	(19,140,181)	9,067,665	(10,072,516)
<b>Total assets and liabilities</b>	<b>19,611,878</b>	<b>9,557,322</b>	<b>29,169,200</b>
Goodwill	21,360,386	(9,557,322)	11,803,063
Non-controlling interests	(22,470)	-	(22,470)
<b>Acquisition cost</b>	<b>40,949,794</b>	<b>-</b>	<b>40,949,794</b>

## 9. Other intangible assets

Over the nine month periods ended 30 September 2015 and year ended 31 December 2014, the changes in other intangible assets were as follows:



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Amounts in Euro	Industrial property and other rights	CO2 emission allowances	Total
<b>Acquisition costs</b>			
<b>Amount as of 1 January 2014</b>	<b>59,979</b>	<b>3,781,346</b>	<b>3,841,325</b>
Acquisitions	-	2,743,408	2,743,408
Adjustments, transfers and write-off's	-	(2,966,361)	(2,966,361)
<b>Amount as of 30 September 2014</b>	<b>59,979</b>	<b>3,558,393</b>	<b>3,618,372</b>
Acquisitions	-	59,572	59,572
Adjustments, transfers and write-off's	-	(201,696)	(201,696)
<b>Amount as of 31 December 2014</b>	<b>59,979</b>	<b>3,416,269</b>	<b>3,476,248</b>
Variation in Group Companies	-	274,658	274,658
Acquisitions	-	5,360,090	5,360,090
Adjustments, transfers and write-off's	(58,879)	(4,932,511)	(4,991,389)
<b>Amount as of 30 September 2015</b>	<b>1,100</b>	<b>4,118,506</b>	<b>4,119,606</b>
<b>Accumulated amortization and impairment losses</b>			
<b>Amount as of 1 January 2014</b>	<b>(58,888)</b>	<b>(432,180)</b>	<b>(491,068)</b>
Amortizations and impairment losses	(1,091)	69,111	68,020
Adjustments, transfers and write-off's	-	363,069	363,069
<b>Amount as of 30 September 2014</b>	<b>(59,979)</b>	<b>-</b>	<b>(59,979)</b>
Amortizations and impairment losses	-	1,091	1,091
Adjustments, transfers and write-off's	-	(1,091)	(1,091)
<b>Amount as of 31 December 2014</b>	<b>(59,979)</b>	<b>-</b>	<b>(59,979)</b>
Amortizations and impairment losses	-	(72,982)	(72,982)
Adjustments, transfers and write-off's	58,879	72,982	131,861
<b>Amount as of 30 September 2015</b>	<b>(1,100)</b>	<b>-</b>	<b>(1,100)</b>
Amount as of 1 January 2014	1,091	3,349,166	3,350,257
Amount as of 30 September 2014	-	3,558,393	3,558,393
Amount as of 31 December 2014	-	3,416,269	3,416,269
Amount as of 30 September 2015	-	4,118,506	4,118,507

The acquisitions in the nine month periods ended 30 September 2015 and 2014 regard the award of CO2 emission rights allowances under CELE - 498,008 Ton and 499,710 Ton respectively, which are detailed by company as follows:

Tons	2015	2014
Portucel, S.A.	29,215	29,747
Soporcel, S.A.	241,576	245,975
Soporcel Pulp, S.A.	823	838
Portucel Papel Setúbal, S.A.	91,038	92,696
About the Future, S.A.	128,121	130,454
AMS BR Star Paper, S.A.	7,235	-
	<b>498,008</b>	<b>499,710</b>

The change in the consolidation scope is due to the initial consolidation of AMS BR Star Paper, SA, which held an additional 7,235 CO2 emission allowances (Note 8).

## 10. Property, plant and equipment

During the nine month periods ended 30 September 2015 and the year ended 31 December 2014, the movements in tangible fixed assets, depreciations and impairment losses were as follows:

	Land	Building and other constructions	Equipments and other tangibles	Assets under construction	Total
Amounts in Euro					
<b>Acquisition costs</b>					
<b>Amount as of 1 January 2014</b>	<b>114,896,358</b>	<b>500,607,206</b>	<b>3,242,936,479</b>	<b>10,994,156</b>	<b>3,869,434,198</b>
Acquisitions	-	-	9,953,983	9,695,112	19,649,095
Disposals	-	(14,198)	(1,970,680)	-	(1,984,878)
Adjustments, transfers and write-off's	-	21,819	335,920	(4,217,755)	(3,860,016)
<b>Amount as of 30 September 2014</b>	<b>114,896,358</b>	<b>500,614,827</b>	<b>3,251,255,702</b>	<b>16,471,512</b>	<b>3,883,238,400</b>
Acquisitions	838,692	-	(9,152,647)	39,742,467	31,428,512
Disposals	-	-	(2,450,955)	-	(2,450,955)
Adjustments, transfers and write-off's	1,603,217	35,115	12,156,856	(9,957,382)	3,837,806
<b>Amount as of 31 December 2014</b>	<b>117,338,267</b>	<b>500,649,942</b>	<b>3,251,808,957</b>	<b>46,256,598</b>	<b>3,916,053,763</b>
Variation in Group Companies	349,744	10,138,894	40,488,364	7,482,968	58,459,971
Acquisitions	308,031	56,581	8,141,609	109,495,065	118,001,286
Disposals	-	-	(109,385)	-	(109,385)
Adjustments, transfers and write-off's	(3,445)	1,060,078	93,353,199	(93,789,905)	619,927
<b>Amount as of 30 September 2015</b>	<b>117,992,598</b>	<b>511,905,496</b>	<b>3,393,682,743</b>	<b>69,444,726</b>	<b>4,093,025,562</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Amount as of 1 January 2014</b>	<b>-</b>	<b>(327,488,828)</b>	<b>(2,225,759,369)</b>	<b>-</b>	<b>(2,553,248,197)</b>
Amortizations and impairment losses	-	(7,486,037)	(78,471,919)	-	(85,957,956)
Disposals	-	-	1,204,595	-	1,204,595
Adjustments, transfers and write-off's	-	-	1,622,442	-	1,622,442
<b>Amount as of 30 September 2014</b>	<b>-</b>	<b>(334,974,865)</b>	<b>(2,301,404,252)</b>	<b>-</b>	<b>(2,636,379,116)</b>
Amortizations and impairment losses	(18,232)	(2,512,687)	(28,890,847)	-	(31,421,767)
Disposals	-	-	3,062,096	-	3,062,096
Adjustments, transfers and write-off's	-	12,597	(976,062)	-	(963,464)
<b>Amount as of 31 December 2014</b>	<b>(18,232)</b>	<b>(337,474,954)</b>	<b>(2,328,209,064)</b>	<b>-</b>	<b>(2,665,702,250)</b>
Variation in Group Companies	-	(1,701,236)	(11,261,311)	-	(12,962,547)
Amortizations and impairment losses	(11,877)	(7,901,794)	(91,507,137)	-	(99,420,808)
Disposals	-	-	29,021	-	29,021
Adjustments, transfers and write-off's	-	(57,515)	383,609	-	326,094
<b>Amount as of 30 September 2015</b>	<b>(30,109)</b>	<b>(347,135,500)</b>	<b>(2,430,564,882)</b>	<b>-</b>	<b>(2,777,730,490)</b>
Amount as of 1 January 2014	114,896,358	173,118,378	1,017,177,110	10,994,156	1,316,186,002
Amount as of 30 September 2014	114,896,358	165,639,962	949,851,450	16,471,512	1,246,859,284
Amount as of 31 December 2014	117,320,035	163,174,989	923,599,892	46,256,598	1,250,351,511
Amount as of 30 September 2015	117,962,488	164,769,996	963,117,861	69,444,726	1,315,295,070

Changes in the consolidation scope regard the initial consolidation of AMS BR Star Paper, SA, as described in note 8.

In 2009, with the start of operations in the new paper mill, the Group recognized as a finance lease contract 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 paper mill. The acquisition contract states that the transfer of the assets' ownership will occur in 2019, upon the end of the contract.

Following the above-mentioned agreement, the Group applies "IFRIC 4 – Determining whether an arrangement contains a lease".

By following this interpretation, until 31 December 2012 Property, plant and equipment – equipment and other tangibles were increased by Euro 58,003,950, from which the respective accumulated depreciation of Euro 43,055,676 was deducted. As at 30 September 2015, the net book value of these equipments amounted to Euro 5,724,604 (2014: 7,567,567) (Note 19).

As of 30 September 2015, assets under construction included Euro 6,971,464 (31 December 2014: Euro 11,237,460), related to advance payments and supplies of Property Plant and Equipment, under the scope of the investment projects being developed by the Group. These amounts are fully guaranteed by first demand bank guarantees, handed by the respective suppliers that are promoting the investments of the Group companies, in accordance with the implemented policies for the mitigation of credit risk.

As of 30 September 2015, Land included Euro 78,877,167 of forest land where the Group has installed part of its forestry assets, the remainder being installed on leased land (see note 22.2). It also includes Euro 1,609,030 of land in which will be built the new pellets plant in the USA, land where the industrial facilities in Portugal are located (Euro 35,749,999) and Euro 1,134,847 of expenditure with land preparation in Mozambique, that is being depreciated through the period of the concession.

## 11. Biological assets

During the nine month period ended 30 September 2015 and the year 2014, the movements in biological assets were as follows::

Amounts in Euro	2015	2014
<b>As of 1 January</b>	<b>113,969,423</b>	<b>111,339,306</b>
Logging in the period	(18,471,559)	(17,944,399)
Growth	1,416,294	2,477,934
New plantations	2,789,650	2,566,077
Other changes in fair value	12,140,646	12,852,572
	(2,124,969)	(47,816)
<b>As of 30 September</b>	<b>111,844,454</b>	<b>111,291,490</b>
Remaining quarters		2,677,933
<b>As of 31 December</b>		<b>113,969,423</b>

The amounts shown as other changes in fair value mainly regards forestry costs, costs of asset management and rents incurred in the period, as well as the effect of the discount rate included in the model, and are detailed as follows:

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Amounts in Euro	9 months 30-09-2015	9 months 30-09-2014
Costs of asset management		
Forestry	2,954,032	2,592,553
Structure	3,412,329	2,871,559
Fixed and variable rents	5,774,286	7,388,460
	<b>12,140,646</b>	<b>12,852,572</b>

As of 31 March 2015 and 31 December 2014, biological assets were detailed as follows:

Amounts in Euro	9 months 30-09-2015	9 months 30-09-2014
Eucalyptus (Portugal)	103,722,221	106,489,354
Pine (Portugal)	4,901,496	4,901,496
Cork (Portugal)	995,962	995,962
Other species (Portugal)	137,542	176,494
Eucalyptus (Mozambique)	2,087,234	1,406,117
	<b>111,844,455</b>	<b>113,969,423</b>

This amounts result from the management expectation of extraction of related production detailed as follows:

Amounts in Euro	30-09-2015	31-12-2014
Eucalyptus (Portugal) - m3 ssc'000	11,409	11,409
Pine - Wood - Ton '000	496	496
Pine - cones - Ton '000	n/a	n/a
Other species - @ '000	636	636
Eucalyptus (Mozambique) - m3 ssc'000 (1)	406	406

(1) Only evaluated in areas with a year or more old as at June 2015

Concerning Eucalyptus, the most relevant biological asset, for the period ended 30 September 2015 and 2014 the Group extracted 469,718m3ssc and 457,261 m3ssc of wood from its forests.

## 12. Other financial assets

### 12.1. Financial assets at fair value through profit and loss

This caption includes the interest held by the Group in Liaison 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 intend to sell the remaining interest held in Liaison Techonolgies in 2015, and has already started to contact the company's shareholders. Given these circumstances, the participation is now recognized as a financial asset at fair value through profit and loss, and its shares valued based on the partial disposal occurred in 2013.

### 13. Receivables and other current assets

As of 30 September 2015 and 31 December 2014, Receivables and other current assets were detailed as follows:

Amounts in Euro	9 months 30-09-2015	31-12-2014
Accounts Receivable	198,420,839	176,576,769
Other Accounts Receivable	12,566,088	8,181,541
Derivative financial instruments	1,150,492	-
Accrued income	276,417	868,689
Deferred costs	4,162,878	3,181,093
	<b>216,576,714</b>	<b>188,808,093</b>

The amounts receivable presented above are net of the respective adjustments.

As of 30 September 2015 and 31 December 2014, other receivables are detailed as follows:

Amounts in Euro	9 months 30-09-2015	31-12-2014
Advances to employees	414,784	438,556
Advances to suppliers	240,453	291,006
Financial incentives to receive	9,864,309	111,320
Corporate income tax receivable to corporate income tax group Leader (Semapa, SGPS)	-	6,035,395
Other	2,046,543	1,305,264
	<b>12,566,088</b>	<b>8,181,541</b>

The amount shown as “Advances to suppliers” refers to advances made to wood suppliers. As a way of ensuring sustainability of value chain of forestry to industry, the Group advances payments to its suppliers, after they present guarantees, for the wood to be bought throughout the year. These advances are settled as supplies are performed.

The movements in financial incentives to receive were as follows:

Amounts in Euro	2015	2014
<b>Amount as at 1 January</b>	111,320	161,930
Increase/(adjustment)	(111,320)	-
Amount to be received	9,864,309	-
Received in the year	-	(155,228)
<b>Amounts as at 30 September</b>	<b>9,864,309</b>	<b>6,702</b>
Remaining quarters		104,618
<b>As at 31 December</b>		<b>111,320</b>

As of 30 September 2015 and 31 December 2014, accrued income and deferred costs were detailed as follows:

Amounts in Euro	30-09-2015	31-12-2014
<b>Accrued income</b>		
Interest receivable	4,038	125,569
Other	272,379	743,120
	<b>276,417</b>	<b>868,689</b>
<b>Deferred costs</b>		
Pensions and other post-employment benefits	-	1,477,709
Insurance	466,614	-
Other	3,696,264	1,703,384
	<b>4,162,878</b>	<b>3,181,093</b>
	<b>4,439,295</b>	<b>4,049,783</b>

In 2013, the Group completed the necessary procedures to convert the defined benefit plans of its subsidiaries Soporcel S.A., PS Florestal, S.A., Empremedia, S.A., Raiz and PS Lusa, S.A., to defined contribution plans for the current employees, keeping the acquired benefits of former employees as defined benefit plans. The full amount of the responsibilities was financed until 31 December 2014, as per the defined terms.

As of 30 September 2015 and 31 December 2014, there were overfunded plans, recognized as current assets, as they will allow the Group to reduce its future contributions.

## 14. State and other public entities

As of 30 September 2015 and 31 December 2014, 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	30-09-2015	31-12-2014
<b>State and other public entities</b>		
Value added tax - refunds claimed	84,030,220	42,375,704
Value added tax - to recover	8,395,889	20,553,868
	<b>92,426,109</b>	<b>62,929,572</b>

As at 30 September 2015, the outstanding VAT refunds requested comprised the following, by month and by company:

Amounts in Euro	June 2015	July 2015	August 2015	September 2015	Total
PortucelSoporcel Fine Paper, S.A.	-	-	20,868,019	22,694,373	43,562,391
CelSet, S.A.	35,000,000	-	-	-	35,000,000
PortucelSoporcel Cogeração de Energia, S.A.	-	-	-	750,000	750,000
AMS – BR STAR PAPER, SA	-	-	-	1,100,000	1,100,000
Bosques do Atlântico, S.L.	-	-	-	3,617,829	3,617,829
	<b>35,000,000</b>	-	<b>20,868,019</b>	<b>28,162,201</b>	<b>84,030,220</b>

Until the date of issuing this report, Euro 55,868,019 of the amounts to be received as of 30 September 2015, had already been received.

As at 31 December 2014, the outstanding VAT refunds requested comprised the following, by month and by company:

Amounts in Euro	November 2014	December 2014	Total
PortucelSoporcel Fine Paper, S.A.	18,946,517	21,158,403	40,104,920
Bosques do Atlântico, S.L.	-	2,270,784	2,270,784
	<b>18,946,517</b>	<b>23,429,187</b>	<b>42,375,704</b>

### Current liabilities

Amounts in Euro	30-09-2015	31-12-2014
<b>State and other public entities</b>		
Corporate income tax	19,301,571	3,057,571
Personal income tax - withheld on salaries	1,872,362	1,663,885
Value added tax	30,858,249	42,976,415
Social security	2,089,311	2,119,230
Additional liabilities	18,176,724	44,041,599
Other	1,697,550	57,944
	<b>73,995,767</b>	<b>93,916,644</b>

As previously mentioned, since 2014 and until 30 June 2015, Portucel, S.A. and its subsidiaries were part of the taxation group led by Semapa, SGPS, S.A.. 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, currently Semapa, SGPS, S.A., who will proceed with the overall computation and the settlement of the income tax (Note 5).

### From 1 July 2015

With effect from 1 July 2015, Portucel and its subsidiaries are no longer part of the taxation group headed by Semapa, and will be part of a new taxation group headed by Portucel, S.A..

Corporate income tax is detailed as follows:

Amounts in Euro	30-09-2015	31-12-2014
Corporate income tax (Note 5)	52,005,182	42,098,607
Payments on account of corporate income tax	(743,679)	(1,165,761)
Corporate income tax payable to corporate income tax group Leader (Semapa, SGPS)	(33,780,335)	(35,606,800)
Withholding tax	(74,204)	-
Corporate income tax - to be received	2,279,300	(1,466,152)
Other receivables / (payables)	(384,694)	(802,323)
	<b>19,301,571</b>	<b>3,057,571</b>

The changes in the provision for additional tax liabilities during the nine month period ended 30 September 2015 and the year ended 31 December 2014 were as follows (Note 5):

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Amounts in Euro	2015	2014
Amount as of 1 January	44,041,599	63,626,977
Increase	-	-
Decrease	(25,864,875)	(18,727,452)
<b>Amount as of 30 September</b>	<b>18,176,724</b>	<b>44,899,525</b>
Remaining quarters		(857,926)
<b>Amount as of 31 December</b>		<b>44,041,599</b>

On 30 September 2015 and 31 December 2014 the additional tax liabilities include interest on deferred payments and are detailed as follows:

Amounts in Euro	30-09-2015	31-12-2014
Corporate income tax payable to corporate income tax group		
Leader	13,860,605	39,529,505
Tax Benefits 2009 and 2010	6,886,284	-
Other	(2,570,165)	4,512,094
	<b>18,176,724</b>	<b>44,041,599</b>

## 15. Share capital and treasury shares

Portucel is a public company with its shares quoted on the Euronext Lisbon.

As at 30 September 2015, Portucel's share capital was fully subscribed and paid for; it is represented by 767,500,000 shares with nominal value of 1 Euro each, of which 50,489,973 were held as treasury shares (31 December 2014: 50,489,973 treasury shares)

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

Amount in Euro	2015		2014	
	Quant	Amount	Quant	Amount
Treasury shares held in January	50,489,973	96,974,466	49,622,497	94,305,175
Acquisitions				
January	-	-	-	-
February	-	-	494,111	1,478,009
March	-	-	264,165	877,740
April	-	-	35,000	112,047
May	-	-	-	-
June	-	-	-	-
July	-	-	-	-
August	-	-	-	-
September	-	-	-	-
	-	-	758,276	2,355,749
<b>Treasury shares held in September</b>	<b>50,489,973</b>	<b>96,974,466</b>	<b>50,380,773</b>	<b>96,660,924</b>
Remaining quarters			74,200	201,496
<b>Treasury shares held in December</b>			<b>50,489,973</b>	<b>96,974,466</b>



The market value of the treasury shares held on 30 September 2015 amounted to Euro 156,518,916 (31 December 2014: Euro 155,761,567), corresponding to an unit value of Euro 3.10 (31 December 2014: Euro 3.085) and the market capitalization as at these date is Euro 3,199,707,500 compared to an equity, net of non-controlling interests, of Euro 1,266,764,070.

As at 30 September 2015 and 31 December 2014, the shareholders with significant positions in the Company's capital were as follows:

Entity	30-09-2015		31-12-2014	
	Nr of Shares	% of Equity	Nr of Shares	% of Equity
Seinpar Investments, BV	241,583,015	31.48%	241,583,015	31.48%
Semapa, SGPS, S.A.	256,033,284	33.36%	340,571,392	44.37%
Outras entidades Grupo Semapa	1,000	0.00%	2,000	0.00%
Treasury shares	50,489,973	6.58%	50,489,973	6.58%
Free Float	219,392,728	28.59%	134,853,620	17.57%
<b>Total shares</b>	<b>767,500,000</b>	<b>100.00%</b>	<b>767,500,000</b>	<b>100.00%</b>

## 16. Deferred taxes

In 2015 and 2014, the movements in assets and liabilities as a result of deferred taxes were as follows:

Amounts in Euro	Income Statement			Equity	Other liabilities	Changes in consolidation scope	30 September 2015
	1 January 2015	Increases	Decreases				
<b>Temporary differences originating deferred tax assets</b>							
Reportable taxable losses	1,155,104	(382,013)	(773,091)	-	-	-	-
Taxed provisions	6,079,637	-	(2,316,699)	-	-	-	3,762,938
Adjustments in fixed assets	42,172,563	77,141,064	(10,278,148)	-	-	-	109,035,479
Derivative Financial Instruments	3,093,055	-	-	1,203,573	-	-	4,296,628
Deferred accounting gains on inter-group transactions	20,432,178	15,185,147	-	-	-	-	35,617,325
Valuation of biological assets	-	3,513,574	-	-	-	-	3,513,574
Government grants - Investment incentives	12,225,910	1,448,738	(1,094,209)	-	(1,432,339)	-	11,148,100
Government grants - Fiscal incentives	-	-	-	-	54,014,736	-	54,014,736
	<b>85,158,448</b>	<b>96,906,510</b>	<b>(14,462,147)</b>	<b>1,203,573</b>	<b>52,582,397</b>	-	<b>221,388,780</b>
<b>Temporary differences originating deferred tax liabilities</b>							
Revaluation of fixed assets	(7,462,129)	-	66	-	-	(12,820,549)	(20,282,612)
Retirement benefits	(1,110,761)	(28,847)	-	252,334	-	-	(887,274)
Derivative Financial Instruments at fair value	(144,728)	-	-	-	-	-	(144,728)
Deferred accounting losses on inter-group transactions	(3,068,885)	-	3,068,885	-	-	-	-
Government grants - Investment incentives	-	-	-	-	(1,518,970)	-	(1,518,970)
Extension of the useful life of the tangible fixed assets	(336,438,878)	(86,708,833)	60,629,187	-	-	-	(362,518,524)
Valuation of biological assets	(477,515)	-	477,515	-	-	-	-
	<b>(348,702,896)</b>	<b>(86,737,680)</b>	<b>64,175,653</b>	<b>252,334</b>	<b>(1,518,970)</b>	<b>(12,820,549)</b>	<b>(385,352,108)</b>
<b>Amounts as presented on Consolidated Statement Of Financial Position</b>							
Deferred tax assets	23,418,573	26,649,290	(3,977,091)	330,983	14,460,159	-	60,881,914
	<b>23,418,573</b>	<b>26,649,290</b>	<b>(3,977,091)</b>	<b>330,983</b>	<b>14,460,159</b>	-	<b>60,881,914</b>
Deferred tax liabilities	(95,893,297)	(23,852,862)	17,648,305	69,392	(417,717)	(3,525,651)	(105,971,830)
	<b>(95,893,297)</b>	<b>(23,852,862)</b>	<b>17,648,305</b>	<b>69,392</b>	<b>(417,717)</b>	<b>(3,525,651)</b>	<b>(105,971,830)</b>

In the measurement of the deferred taxes as at 30 September 2015 and 31 December 2014, the corporate income tax rate used was 27.5%.

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Amounts in Euro	Income Statement				Equity	Income Statement				
	1 January 2014	Increases	Decreases			30 September 2014	Increases	Decreases	Equity	31 December 2014
<b>Temporary differences originating deferred tax assets</b>										
Reportable taxable losses	-	-	-	-	-	1,155,104	-	-	-	1,155,104
Taxed provisions	279,819	403,358	(124,272)	-	558,905	5,520,645	88	-	-	6,079,638
Adjustments in fixed assets	71,026,797	576,484	(28,880,981)	-	42,722,300	1,837,629	(2,387,366)	-	-	42,172,563
Derivative Financial Instruments	-	-	-	804,644	804,644	-	-	-	2,288,411	3,093,055
Deferred accounting gains on inter-group transactions	19,166,611	8,253,529	(985,354)	-	26,434,786	(4,626,082)	(1,376,527)	-	-	20,432,177
Government grants - Investment incentives	13,684,719	-	(1,094,087)	-	12,590,633	-	(364,723)	-	-	12,225,910
	<b>104,157,946</b>	<b>9,233,371</b>	<b>(31,084,694)</b>	<b>804,644</b>	<b>83,111,268</b>	<b>3,887,296</b>	<b>(4,128,528)</b>	<b>2,288,411</b>	<b>-</b>	<b>85,158,447</b>
<b>Temporary differences originating deferred tax assets</b>										
Revaluation of fixed assets	(9,661,092)	-	32	-	(9,661,060)	(781)	2,199,713	-	-	(7,462,129)
Retirement benefits	(1,510,681)	(1,739,555)	566,604	875,634	(1,807,998)	1,685,013	24,371	(1,012,145)	-	(1,110,760)
Derivative Financial Instruments at fair value	(765,769)	-	159,206	1,019,541	412,978	-	159,205	(716,911)	-	(144,728)
Changes in POGAP	(1,583,281)	-	705,869	-	(877,412)	(477,515)	877,412	-	-	(477,515)
Extension of the useful life of the tangible fixed assets	(320,528,908)	(25,404,045)	12,621,422	-	(333,311,531)	(7,335,617)	4,208,270	-	-	(336,438,878)
Deferred accounting losses on inter-group transactions	(2,491,743)	(2,109,004)	-	-	(4,600,747)	1,203,911	327,951	-	-	(3,068,885)
	<b>(336,541,474)</b>	<b>(29,252,604)</b>	<b>14,053,133</b>	<b>1,895,175</b>	<b>(349,845,771)</b>	<b>(4,924,990)</b>	<b>7,796,922</b>	<b>(1,729,056)</b>	<b>-</b>	<b>(348,702,894)</b>
<b>Amounts as presented on Consolidated Statement Of Financial Position</b>										
Deferred tax assets	32,809,753	2,723,844	(9,169,985)	237,370	26,600,983	1,146,753	(1,217,915)	675,081	27,204,901	27,204,901
Effect of change in tax rate	(2,083,159)	-	-	-	(2,083,159)	(1,641,308)	-	(61,861)	-	(3,786,328)
	<b>30,726,594</b>	<b>2,723,844</b>	<b>(9,169,985)</b>	<b>237,370</b>	<b>24,517,824</b>	<b>(494,555)</b>	<b>(1,217,915)</b>	<b>613,220</b>	<b>-</b>	<b>23,418,573</b>
Deferred tax liabilities	(106,010,563)	(8,629,518)	4,145,674	559,077	(109,935,331)	(1,452,872)	2,300,092	(510,072)	(109,598,183)	(109,598,183)
Effect of change in tax rate	6,730,829	-	-	-	6,730,829	6,977,380	-	(3,322)	-	13,704,887
	<b>(99,279,735)</b>	<b>(8,629,518)</b>	<b>4,145,674</b>	<b>559,077</b>	<b>(103,204,502)</b>	<b>5,524,508</b>	<b>2,300,092</b>	<b>(513,394)</b>	<b>-</b>	<b>(95,893,296)</b>

## 17. Pensions and other post-employment benefits

### 17.1. 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 Portucel 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 Soporcel, Portucel Soporcel Florestal, Raiz, Empremédia and Portucel Soporcel 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 Soporcel, Portucel Soporcel Florestal, Empremédia, Portucel Soporcel 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 2013, the Group completed the necessary procedures to convert the defined benefit plans of its subsidiaries Soporcel S.A., PS Florestal, S.A., Empremédia, S.A., Raiz and PS Lusa, S.A., 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, will remain unchanged.

Given the conversion, in 31 December 2013 a decrease in the liabilities related to defined benefit plans arised, together with a decrease in the corresponding plan funds, which were partially allocated to the initial constitution of the defined contribution plans.

As such, the detail is as follows:

Amounts in Euro	31-12-2013
Liability prior to conversion to defined contribution	122,188,638
Liability decrease due to conversion	56,531,596
Remaining liability	65,657,042
<hr/>	
Market value of the pension funds prior to conversion to defined contribution	(124,421,648)
Decrease in pension fund assets due to conversion	(54,863,112)
Remaining pension fund assets	(69,558,536)
<b>Net liability</b>	<b>(3,901,494)</b>

After this change, the Group's liabilities related to post employment defined benefit plans of, at the date of the conversion, 13 Portucel employees (12 as of this date) that chose not to accept the conversion to defined contribution plan, together with former employees, retirees or, when applicable, with granted rights and former employees or retirees from Soporcel Plan.

As at 30 September 2015 and 31 December 2014 the coverage of the companies' liabilities by the assets of the funds was as follows:

Amount in Euro	30-09-2015	31-12-2014
Past services liabilities		
- Active Employees	21,441,969	13,900,653
- Retired Employees	57,972,029	56,287,819
Market value of the pension funds	(79,207,942)	(71,666,181)
	<b>206,057</b>	<b>(1,477,709)</b>
Liabilities with retirement bonuses	-	-
<b>Unfunded/(overfunded) liabilities</b>	<b>206,057</b>	<b>(1,477,709)</b>

As at 30 September 2015 the amount of assigned responsibilities to plans for post-employment benefits relating to two members of the Board of the Portucel Group amounted to Euro 1,787,661 (31 December 2014: Euro 1,424,279) .

## 17.2. 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 September 2015 and 31 December 2014 were based on the following assumptions:

	30-09-2015	31-12-2014	Real outcome	
			30-09-2015	31-12-2014
Disability Table	EKV 80	EKV 80	-	-
Mortality Table	TV 88/90	TV 88/90	-	-
Wage growth rate	1.00%	2.00%	1.64%	1.77%
Technical interest rate	2.00%	3.50%	-	-
Return rate on plan assets	2.00%	3.50%	6.51%	8.39%
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 rate of the expected return on assets was determined based on the historical monthly returns over the last 20 years for the different types of assets integrating the strategic allocation of the pension's fund.

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 31 December 2011 to 30 September 2015 was as follows:

Amounts in Euro	2011	2012	2013	2014	Sep 2015
Present value of liabilities	121,323,084	122,365,002	65,657,042	70,188,472	79,413,999
Fair value of plan assets	104,716,904	117,050,324	65,657,042	70,188,472	79,207,942
<b>Surplus/(deficit)</b>	<b>(16,606,180)</b>	<b>(5,314,678)</b>	-	-	<b>(206,057)</b>

### 17.3. Retirement and pension supplements

The movements in liabilities with retirement and pensions plans in 2015 and 2014 were as follows:

Amount in Euro	2015	2014
<b>Opening Balance</b>	<b>70,188,472</b>	<b>65,657,042</b>
Changes in assumptions	11,523,925	-
Curtailment	(1,238,358)	(915,178)
Costs recognised in the Income Statement	1,861,576	3,905,476
Pensions paid	(2,921,617)	(2,178,690)
Actuarial (gains)/losses	-	2,096,886
<b>Closing Balance at 30 September</b>	<b>79,413,999</b>	<b>68,565,535</b>
Remaining quarters		1,622,937
<b>Closing Balance at 31 December</b>		<b>70,188,472</b>

The funds set up to cover the above mentioned liabilities had the following movement in 2015 and 2014:

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Amount in Euro	2015	2014
Opening balance	71,666,181	69,558,535
Contributions made in the period	9,454,123	-
Expected return in the period	1,939,611	3,681,730
Actuarial gains/(losses) (difference between actual and expected returns)	(635,466)	592,364
Pensions paid	(3,216,506)	(2,178,690)
<b>Closing Balance at 30 September</b>	<b>79,207,942</b>	<b>71,653,938</b>
Remaining quarters		12,243
<b>Closing Balance at 31 December</b>		<b>71,666,181</b>

In the nine month period ended 30 September 2015 and year ended 31 December 2014 the effect in the income statement of these plans was as follows:

Amounts in Euro	30-09-2015	30-09-2014
<b>Defined Benefit Plans</b>		
Current services	70,760	292,662
Interest expenses	1,790,817	3,612,815
Return of the plan assets	(1,939,610)	(3,681,730)
Curtailment	911,203	732,143
Other	(1,056,355)	(911,460)
	<b>(223,185)</b>	<b>44,429</b>
<b>Defined Contribution Plans</b>		
Contribution to the plan	1,405,818	1,612,970
	<b>1,405,818</b>	<b>1,612,970</b>
	<b>1,182,633</b>	<b>1,657,399</b>

The costs with current service include Euro 10,770 corresponding to 1 Board members (30 September 2014: Euro 44,840).

## 18. Provisions

In 2015 and 2014, changes in provisions were as follows:

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Amounts in Euro	Legal claims	Tax claims	Other	Total
<b>Amount as of 1 January 2014</b>	<b>1,308,010</b>	<b>30,700,077</b>	<b>17,309,304</b>	<b>49,317,391</b>
Increases	2,588,449	-	69,424	2,657,873
Reversals	(1,194,488)	(2,537,729)	(5,785,393)	(9,517,610)
Adjustments and transfers	310,924	(1,855,684)	(3,106,307)	(4,651,067)
<b>Amount as of 30 September 2014</b>	<b>3,012,895</b>	<b>26,306,664</b>	<b>8,487,028</b>	<b>37,806,587</b>
Increases	(2,265,996)	-	5,740,851	3,474,855
Reversals	(538,384)	2,537,729	48,882	2,048,226
Adjustments and transfers	2,734,955	(4,736,728)	(179,090)	(2,180,863)
<b>Amount as of 31 December 2014</b>	<b>2,943,469</b>	<b>24,107,665</b>	<b>14,097,671</b>	<b>41,148,804</b>
Increases	19,910	-	-	19,909
Reversals	(52,236)	-	(8,531,025)	(8,583,261)
Adjustments and transfers	1,281	12,131,149	-	12,132,430
<b>Amount as of 30 September 2015</b>	<b>2,912,424</b>	<b>36,238,814</b>	<b>5,566,645</b>	<b>44,717,883</b>

The amount shown as “Others” relates to provisions for multiple risks, which may originate cash outflows in the future.

The amount 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.

## 19. Interest bearing liabilities

As at 30 September 2015 and 31 December 2014, non-current interest-bearing debt comprised the following:

Amounts in Euro	30-09-2015	31-12-2014
<b>Non-current</b>		
Bond loans	350,000,000	350,000,000
Bank Loans	245,983,949	124,940,476
	<b>595,983,949</b>	<b>474,940,476</b>
Expenses with the issue of bond loans	(4,465,105)	(5,756,007)
Expenses with bank loans	(759,891)	(726,214)
	<b>(5,224,996)</b>	<b>(6,482,221)</b>
	<b>590,758,954</b>	<b>468,458,255</b>

As at 30 September 2015 and 31 December 2014, current interest-bearing debt was as follows:

Amounts in Euro	30-09-2015	31-12-2014
<b>Current</b>		
Bond loans	-	160,000,000
Bank loans - short-term	58,395,460	144,735,140
	<b>58,395,460</b>	<b>304,735,140</b>

As at 30 September 2015 and 31 December 2014, the Group's net debt was detailed as follows:

Amounts in Euro	30-09-2015	31-12-2014
<b>Interest-bearing liabilities</b>		
Non-current	590,758,954	468,458,255
Current	58,395,460	304,735,140
	<b>649,154,414</b>	<b>773,193,395</b>
<b>Cash and cash equivalents</b>		
Cash	92,998	89,520
Short term bank deposits	18,745,087	6,752,954
Other	43,234,895	492,710,379
	<b>62,072,980</b>	<b>499,552,853</b>
<b>Interest-bearing net debt</b>	<b>587,081,433</b>	<b>273,640,542</b>

As at 30 September 2015 and 31 December 2014, the interest-bearing liabilities of the Group comprised the following:

Amounts in Euro	30-09-2015		
	Non-current	Current	Total
Bond loans	345,534,895	-	345,534,895
Bank Loans	245,224,058	58,395,460	303,619,518
	<b>590,758,954</b>	<b>58,395,460</b>	<b>649,154,414</b>

Amounts in Euro	31-12-2014		
	Non-current	Current	Total
Bond loans	344,243,993	160,000,000	504,243,993
Bank Loans	124,214,262	144,735,140	268,949,402
	<b>468,458,255</b>	<b>304,735,140</b>	<b>773,193,395</b>

The Movements in the Group's net debt in the nine month periods ended 30 September 2015 and 2014, and the year ended 31 December 2014 was as follows:

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Amounts in Euro	9 months 30-09-2015	9 months 30-09-2014	Remaining quarters	12 months 2014
<b>As of 1 January</b>	<b>273,640,542</b>	<b>307,041,153</b>	-	<b>307,041,153</b>
Variation in Group Companies	17,146,601	-	-	-
Expenses with the issue of bond loans	1,908,000	-	-	-
Interest paid	36,888,292	28,879,708	2,104,220	30,983,928
Interest received	(323,385)	(3,049,044)	(411,823)	(3,460,867)
Dividens paid and reserves distributed	310,465,342	200,783,584	-	200,783,584
Acquisition of treasury shares	-	2,467,796	201,495	2,669,291
Receipts related to investment activities	(6,631,584)	-	-	-
Payments related to acquisition of subsidiaries	40,949,794	-	-	-
Payments related to investment activities	94,401,840	7,209,654	15,077,162	22,286,816
Accumulated exchange rate differences	2,018,589	-	1,560,940	1,560,940
Net receipts of operating activities	(183,382,597)	(233,388,987)	(54,835,315)	(288,224,302)
	<b>313,440,892</b>	<b>2,902,711</b>	<b>(36,303,321)</b>	<b>(33,400,611)</b>
<b>As of 31 December</b>	<b>587,081,433</b>	<b>309,943,864</b>	<b>(36,303,321)</b>	<b>273,640,542</b>

Also, the movements in the Group's net debt in 2015 and 2014, were as follows:

Amounts in Euro	9 months 30-09-2015	9 months 30-09-2014	Remaining quarters	12 months 2014
Net profit for the year	141,516,895	133,115,815	48,353,602	181,469,417
Depreciation, amortization and impairment losses	94,855,771	81,500,573	30,001,772	111,502,345
Net changes in provisions	(8,563,351)	(6,859,737)	5,523,082	(1,336,655)
	<b>227,809,315</b>	<b>207,756,650</b>	<b>83,878,456</b>	<b>291,635,106</b>
Change in working capital	(46,085,274)	11,455,471	(17,345,303)	(5,889,832)
Variation in Group Companies	(19,851,832)	-	-	-
Acquisitions of tangible fixed assets	(159,726,350)	(12,212,964)	(33,524,002)	(45,736,966)
Dividens paid and reserves distributed	(310,465,342)	(200,783,584)	-	(200,783,584)
Acquisition of treasury shares	-	(2,467,796)	(201,496)	(2,669,291)
Net changes in post-employment benefits	(1,683,766)	(813,091)	(1,610,693)	(2,423,784)
Other changes in equity	(11,113,900)	(1,043,309)	(3,136,228)	(4,179,538)
Expenses with the issue of bond loans	1,257,225	1,316,767	211,414	1,528,181
Other	6,419,033	(6,110,855)	8,031,174	1,920,319
<b>Change in net debt (Free Cash Flow)</b>	<b>(313,440,892)</b>	<b>(2,902,711)</b>	<b>36,303,321</b>	<b>33,400,611</b>

### **Bond loans**

During the first half of 2015, the Group proceeded to the repayment of loans Portucel 2010/2015 and Portucel 2010/2015 - 2nd issue, amounting to Euro 60 million and Euro 100 million respectively

Additionally, in September 2015, the Group proceeded to the partial early redemption of the loan denominated Euro 350 million 5.375 % Senior Notes due 2020, in the amount of Euro 200,000,000. This operation reduced the value of this issue to Euro 150 million.

Simultaneously, the Group issued a new bond loan amounting to Euro 200,000,000, for an eight year period, which was underwritten by two banks. This issue is indexed to an interest rate based on Euribor 6 months plus a 1.9% spread.



### **Commercial paper**

During the first quarter of 2015, the Portucel contracted a new commercial paper program, amounting to Euro 100 million, whose emissions are underwritten by the Bank for a period of five years, and revoked the commercial paper program of Euro 50 million that would mature in 2016. As at 30 September 2015, no issues were in place.

In addition, in December 2012, Portucel issued a commercial paper program amounting to Euro 125 million, underwritten by the Bank for a period of three years. During the first half of 2015, its conditions were renegotiated, and its maturity date was extended to May 2020. As at 30 September 2015, the amount of Euro 125 million was being used in full.

In July 2015, Portucel hired two new commercial paper programmes amounting to Euro 125,000,000, also for a period of five years, that was partially used as of 30 September 2015.

With these operations, the Group ensured an adequate level of liquidity, having reduced the financial costs associated to the available lines and extended its maturity.

### **Non-current bank loans**

In April 2009, Portucel received Euro 65,000,000 related to a credit facility which had been contracted during 2008 with the European Investment Bank (EIB) designated Portucel – Environment A. In March 2010, Portucel used two contracted credit facilities with the European Investment Bank (EIB) of Euro 30,000,000 and Euro 85,000,000 designated BEI – Environment B and BEI – Energy, respectively.

The loan designated BEI – Environment A has a 10 year maturity and is being repaid in 14 semi-annual instalments, the first of which was due 3 years after the loan date. As such, on 15 June 2012, Portucel made the first payment, amounting to Euro 4,642,857. The outstanding amount due at 30 September 2015 was Euro 32,500,000. The loan is indexed to the six months Euribor plus a variable spread associated to financial ratios.

The loan designated BEI – Environment B has an 11 year maturity and it will be repaid in 18 semi-annual instalments, the first of which was paid in December 2012 amounting to Euro 1,666,667. As a result, the outstanding amount due at 30 September 2015 was Euro 20,000,000. This loan is indexed to the six months Euribor plus a fixed spread.

The loan designated BEI – Energy has a 14 year maturity and it will be repaid in 24 semi-annual instalments, the first of which was due on 15 June 2013 and the last one on 15 December 2024, each of them amounting to Euro 3,541,667. As such, the outstanding amount due at 30 September 2015 was Euro 67,291,667. This loan is indexed to the six months Euribor plus a fixed spread.

These two loans are guaranteed by one bank.

Also, in February 2013, Portucel hired a new 3 year loan amounting to Euro 15,000,000. This loan is indexed to the six months Euribor plus a fixed spread.

In July 2014, AMS contracted a loan with a bank syndicate consisting of three banks designated Loan Agreement (Mutual) in order to finance the investment in the increase of the production capacity. The loan amounts to Euro 19.5 million, it was contracted for a seven year period and is indexed to three month Euribor plus a fixed spread. This loan is guaranteed by a mortgage over a set of buildings used for warehousing and the industrial activity of AMS and by a lien over part of the industrial equipment of the company.

In July 2014, AMS also contracted a loan designated Loan Agreement (Credit Opening) with the same banking syndicate as the Loan Agreement (Mutual) described above, amounting to Euro 4 million, which was also intended to invest in the increase of the production capacity. The financial conditions applicable to this loan are identical to those applicable to the Loan Agreement (Mutual) described above namely in what concerns its guarantees.

AMS also contracted a treasury financing line of up to Euro 975,000. This loan was contracted in January 2014 for a four year period, and is indexed to 3 month Euribor plus a fixed spread. This loan is guaranteed by a financial lien over two financial instrument emissions designated 'Notes DB Rendimento CGD 3ªversão' and 'Notes DB Rendimento CGD 4ªversão' that were underwritten by AMS, with a global nominal value of Euro 6 million. As at 30 September 2015, the amount due under this agreement was Euro 575,743.

In March 2015, also with the purpose of financing its treasury, AMS contracted a short term loan amounting to Euro 10 million for a period of 9 months with an interest rate indexed to 3 month Euribor plus a fixed spread. As at 30 September 2015, the amount due was Euro 2,003,437.

As at 30 September 2015, the average overall cost of these bank loans was 1.04%.

#### ***Other interest-bearing liabilities***

As at 30 September 2015 , in addition to commercial paper , the Group had contracted credit lines available and unused of Euro 20,450,714. AMS had also contracted a bank overdraft amounting to Euro 3.6 million, from which Euro 3,507,767 are being used.

The repayment terms related to non-current loans show the following maturity profile:

Amounts in Euro	30-09-2015	31-12-2014
Non current		
1 to 2 years	20,746,192	34,702,381
2 to 3 years	23,868,030	19,702,381
3 to 4 years	18,997,085	19,702,381
4 to 5 years	164,333,330	10,416,667
More than 5 years	368,039,312	390,416,667
	<b>595,983,949</b>	<b>474,940,476</b>

#### ***Finance leases – IFRIC 4***

As at 30 September 2015 and 31 December 2014, the Group showed the following equipment under finance lease plans recognized under IFRIC 4:

Amounts in Euro	30-09-2015		
	Acquisition amount	Accumulated depreciation	Net book value
Equipments - GE	2,404,639	(972,654)	1,431,985
Equipments - Omya	14,000,000	(9,081,081)	4,918,919
	<b>16,404,639</b>	<b>(10,053,735)</b>	<b>6,350,904</b>

Amounts in Euro	31-12-2014		
	Acquisition amount	Accumulated depreciation	Net book value
Equipments - Omya	14,000,000	(7,945,946)	6,054,054
	<b>14,000,000</b>	<b>(7,945,946)</b>	<b>6,054,054</b>

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

Amounts in Euro	30-09-2015	31-12-2014
<b>Non-current</b>		
Government grants	56,251,679	31,641,551
Fixed assets	2,709,676	6,910,099
	<b>58,961,355</b>	<b>38,551,650</b>
Current (Note 20)	3,302,531	1,508,396
	<b>62,263,886</b>	<b>40,060,046</b>

In 2009, with the launch of the new paper mill in Setubal, the Group recognized as a finance lease contract 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.

In addition to this recognition, on 30 September 2015 this caption also records as non-current payables, Euro 56,251,679 (from which Euro 14,854,052 relate to investment tax incentives) and Euro 31,641,551 respectively, relating to investment grants described in Note 20, with regard to its non-current component.

## 20. Current liabilities

As at 30 September 2015 and 31 December 2014, “Payables and other current liabilities” were detailed as follows

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Amounts in Euro	30-09-2015	31-12-2014
Accounts payable to suppliers	154,515,270	145,783,905
Accounts payable to fixed assets suppliers	2,388,259	543,302
Accounts payable to fixed assets suppliers - leases (Note 19)	3,302,531	1,508,396
Accounts payable - Related parties	299,398	2,549,415
Derivative financial instruments	1,657,561	4,184,865
Other creditors - CO2 emissions	5,233,963	6,009,449
Sales commissions	103,500	90,752
Fiscal Group (Semapa) (not2 14)	33,780,335	-
Other creditors	10,685,918	9,914,241
Accrued costs	56,732,983	35,498,118
Deferred income	6,857,665	5,842,473
	<b>275,557,383</b>	<b>211,924,917</b>

The balance payable to Semapa on 30 September 2015 and 31 December 2014 was as follows:

Amounts in Euro	30-09-2015	31-12-2014
Corporate income tax payable to corporate income tax group Leader (Semapa, SGPS)	(34,145,077)	(35,606,800)
Payments on account of corporate income tax	260,065	40,927,880
Withholding corporate tax	104,678	714,315
	<b>(33,780,335)</b>	<b>6,035,395</b>

As at 30 September 2015 and 31 December 2014, accrued costs and deferred income were detailed as follows:

Amounts in Euro	30-09-2015	31-12-2014
<b>Accrued costs</b>		
Payroll expenses	28,060,773	22,357,760
Interests payable, including compensatory interest	7,696,761	6,155,081
Other	20,975,449	6,985,278
	<b>56,732,983</b>	<b>35,498,118</b>
<b>Deferred income</b>		
Government grants	5,941,030	5,777,414
CO2 emission rights granted	851,575	-
Other	65,059	65,059
	<b>6,857,665</b>	<b>5,842,473</b>

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As at 30 September 2015 and 31 December 2014, deferred income on government grants was detailed by company as follows:

Amounts in Euro	30-09-2015	31-12-2014
<b>AICEP investment contracts</b>		
Portucel, S.A.	12,194,804	14,163,266
Celcacia, S.A.	21,548,195	6,746,976
SoporcelPulp, S.A.	11,132,080	12,225,937
PortucelSoporcel Parques Industriais, S.A.	2,240,707	2,285,491
AMS	12,485,824	-
Soporcel, S.A.	675,710	1,010,620
	<b>60,277,321</b>	<b>36,432,291</b>
<b>Other</b>		
AMS	1,077,337	-
Raiz	90,070	128,774
Viveiros Aliança, SA	747,981	857,900
	<b>1,915,389</b>	<b>986,674</b>
	<b>62,192,709</b>	<b>37,418,965</b>

As at 30 September 2015 and 31 December 2014, deferred income on government grants was detailed as follows:

Amounts in Euro	30-09-2015	31-12-2014
Non-current (Note 19)	56,251,679	31,641,551
Current	5,941,030	5,777,414
	<b>62,192,709</b>	<b>37,418,965</b>

During 2015 and 2014, the movements in Grants – CO2 emissions were as follows:

Amounts in Euro	2015	2014
<b>CO2 emission rights granted</b>		
Balance at the beginning of the year	-	-
Increase	3,197,487	2,793,379
Utilization	(2,336,372)	(2,049,195)
<b>Balance as of 30 September</b>	<b>861,115</b>	<b>744,184</b>
Remaining quarters		(744,184)
<b>Balance as of 31 December</b>	<b>-</b>	<b>-</b>

This amount regards the CO2 emission allowances granted for free to several group companies (2015: 498,008 Ton and 2014: 499,710 Ton).

## 21. Financial assets and liabilities

### 21.1. Financial instruments held for trading

As at 30 September 2015 and 31 December 2014, the fair value of derivative financial instruments was as follows:

Amounts in Euro	30-09-2015			31-12-2014	
	Notional	Positive	Negative	Net	Net
<b>Trade</b>					
Exchange rate forwards	79,757,731	632,246	-	632,246	(1,342,225)
	<b>79,757,731</b>	<b>632,246</b>	<b>-</b>	<b>632,246</b>	<b>(1,342,225)</b>

The Group has a currency exposure on sales invoiced in foreign currencies, namely US dollars (USD) and pounds sterling (GBP). As the Group's financial statements are translated into Euro, it runs an economic risk on the conversion of these currency flows to the Euro. The 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 September 2015 amounts to Euro 632,246 (31 December 2014: Euro (1,342,225)).

### 21.2. Derivative financial instruments designated as hedging instruments

As at 30 September 2015 and 31 December 2014, the fair value of derivative financial instruments designated as hedging instruments was as follows:

Amounts in Euro	30-09-2015			31-12-2014	
	Notional	Positive	Negative	Net	Net
<b>Hedging</b>					
Foreign Exchange Forwards (net investment)	22,360,082	518,246	-	518,246	(576,895)
Foreign Exchange Forwards (future sales)	201,910,203	13,048	(1,127,575)	(1,114,526)	(1,233,629)
Interest rate swap - Comercial Paper	125,000,000	-	(543,035)	(543,035)	(1,032,116)
		<b>531,294</b>	<b>(1,670,609)</b>	<b>(1,139,315)</b>	<b>(2,842,640)</b>

### **Net investment**

The Group hedges the economic risk associated with exposure to the exchange rate of its participation in PortugalSoporcel North America. To this end, the Group has entered into a foreign exchange forward maturing in November 2015, with a notional outstanding of USD 25,050,000

This instrument is designated as an hedging of the investment in the North America subsidiary of the Group, with fair value changes recognized in comprehensive income. As at 30 September 2015, the fair value reserve associated with this coverage was Euro 518,246 (31 December 2014: Euro (578,895)).

### **Cash Flow Hedge – Interest Rate Risk**

The 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. The credit risk is not part of the hedging relationship.

The hedged risk corresponds to the index of the variable interest rate at which interest is associated. On 30 September 2015, the total amount of loans with associated interest rate hedges amounts to Euro (543,035) (31 December 2014: Euro (1,032,116)).

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

### **Cash Flow Hedge – Exchange rate risk (EUR/USD)**

The 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, throughout 2014, the Group signed a set of financial structures to cover a portion of net foreign currency exposure on estimated sales in USD for 2015. Zero cost collars amounting to USD 151.2 million together with a put option of USD amounting to Euro 75 million were hired. These derivative financial instruments mature in 31 December 2015.

### **21.3. 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.

### **21.4. 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.

### **21.5. 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:

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Amounts in Euro	30-09-2015	30-09-2014
Exchange currency gain/ (loss) on receivables	(2,074,478)	4,724,149
Gains / (losses) on financial instruments - hedging	(5,132,307)	(407,264)
Gains / (losses) on financial instruments - trading	1,974,471	(3,825,350)
Interest income:		
From deposits and other receivables	203,294	3,006,495
Interest expense:		
Financial liabilities measured at amortized cost	(37,579,114)	(23,880,020)
Other	(2,298,740)	(4,263,704)
	<b>(44,906,875)</b>	<b>(24,645,694)</b>

The fair value of derivative financial instruments is included in “Receivables and other current assets” (Note 21) and “Payables and other current liabilities” (Note 19).

The movement in the balances recognized in the statement of financial position (Notes 12 and 19) related with financial instruments was as follows:

	Change in fair value (Trading)	Change in fair value (Hedging)	Total
<b>Amount as of 1 January 2014</b>	<b>549,601</b>	<b>(1,087,492)</b>	<b>(537,891)</b>
Maturity	(3,825,350)	(407,320)	(4,232,670)
Increase in fair value	-	(1,478,320)	(1,478,320)
<b>Amount as of 30 September 2014</b>	<b>(3,275,749)</b>	<b>(2,973,132)</b>	<b>(6,248,881)</b>
Maturity	2,144,542	(466,951)	1,677,591
Increase in fair value	(211,018)	597,443	386,425
<b>Amount as of 31 December 2014</b>	<b>(1,342,225)</b>	<b>(2,842,639)</b>	<b>(4,184,864)</b>
Maturity	1,974,471	(5,132,307)	(3,157,836)
Increase in fair value	-	6,835,632	6,835,632
<b>Amount as of 30 September 2015</b>	<b>632,246</b>	<b>(1,139,315)</b>	<b>(507,069)</b>

As at 30 September 2015 and 31 December 2014, the derivative financial instruments previously summarised had the following maturities:

		Nominal value	Maturity	Type	30-09-2015	31-12-2014
					Fair Value	Fair Value
Exchange rate forw ards	USD	73,500,000	03-Feb-2016	Trading	161,202	(1,231,143)
	GBP	10,450,000	10-Feb-2016	Trading	471,044	(111,082)
					<b>632,246</b>	<b>(1,342,225)</b>
Foreing Exchange Forw ards - Net Equity	USD	25,050,000	30-Nov-2015	Hedging	518,246	(576,895)
Hedging for future sales	USD	226,200,000	31-Dec-2015	Hedging	(1,114,526)	(1,233,629)
Interest rate sw ap for Comercial Paper issued	EUR	125,000,000	22-Nov-2015	Hedging	(543,035)	(1,032,116)
					<b>(1,139,315)</b>	<b>(2,842,640)</b>
					<b>(507,069)</b>	<b>(4,184,865)</b>



## 22. Commitments

### 22.1 Commitments in favour of third parties

As at 30 September 2015 and 31 December 2014, the Group had presented the following bank guarantees to the following entities:

Amounts in Euro	30-09-2015	31-12-2014
Duties with wood imports	2,713,320	2,715,419
Simria	327,775	327,775
Other	616,181	693,548
	<b>3,657,276</b>	<b>3,736,742</b>

### 22.2 Purchase commitments

In addition to the commitments described in the preceding Note, purchase commitments assumed with suppliers at 30 September 2015 amounted to Euro 4,250,493 and referred to capital expenditure on Property, plant and equipment. In 31 December 2014 these commitments amounted to Euro 11,143,270.

IAs at 30 September 2015 and 31 December 2014, commitments relating to operating lease contracts comprised the following:

Amounts in Euro	30-09-2015	31-12-2014
<b>Liquidação</b>		
2015	313,370	1,556,858
2016	1,178,399	1,023,453
2017	1,002,653	758,314
2018	613,460	492,826
2019	261,611	143,754
	<b>3,369,493</b>	<b>3,975,205</b>

As at 30 September 2015 and 31 December 2014, the undiscounted commitments relating to forestry land rents comprised the following:

Amounts in Euro	30-09-2015	31-12-2014
2015	1,467,355	4,316,507
2016	4,441,933	4,260,826
2017	4,265,913	4,063,550
2018	3,988,437	3,784,862
2019	3,818,749	3,610,885
After 2019	47,982,747	43,271,440
	<b>65,965,134</b>	<b>63,308,069</b>

## 23. Contingent assets

### 23.1. Tax matters

#### 23.1.1. Public Debt Settlement Fund

According to Decree-Law no. 36/93 of 13 February, the tax debts of privatised companies relating to periods prior to the privatisation date (in the case of Portucel, 25 November 2006) are the responsibility of the Public Debt Settlement Fund. Portucel 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, Portucel 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 30,539,065, detailed as follows:

Amounts in Euro	Period	Amounts Requested	1st Refund	Decrease due to the Special Regime of Debt Settlement (RERD)	Processes decided in favour of the Group	Outstanding
<b>Portucel</b>						
VAT Germany	1998-2004	5,850,000	(5,850,000)	-	-	-
Corporate Income Tax	2002	625,033	(625,033)	-	-	-
Value added tax	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 (Withheld)	2004	3,324	-	-	-	3,324
Corporate Income Tax	2004	766,395	-	-	(139,023)	627,372
Corporate Income Tax (Withheld)	2005	1,736	(1,736)	-	-	-
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
Expenses		314,957	-	-	-	314,957
		<b>32,964,288</b>	<b>(8,210,546)</b>	<b>(2,468,472)</b>	<b>(139,023)</b>	<b>22,146,247</b>
<b>Soporcel</b>						
Corporate Income Tax	2002	18,923	-	-	-	18,923
Corporate Income Tax	2003	5,725,771	-	-	-	5,725,771
Value added tax	2003	2,509,101	-	-	-	2,509,101
Stamp duty	2004	497,669	-	-	(497,669)	-
		<b>8,751,464</b>	<b>-</b>	<b>-</b>	<b>(497,669)</b>	<b>8,253,795</b>
		<b>41,715,752</b>	<b>(8,210,546)</b>	<b>(2,468,472)</b>	<b>(636,692)</b>	<b>30,400,042</b>

#### 23.1.2. Taxes paid in litigation

As at 30 September 2015 the additional tax assessments that are paid and disputed by the group are summarized as follows:

Amounts in Euro	Period	Amount
Corporate Income Tax	2005	10,394,386
Corporate Income Tax	2006	8,150,146
Corporate Income Tax - Additional assessment - art. 92nd	2010	4,860,281
Corporate Income Tax - Energy RFAI	2011	4,649,948

**i) Group Corporate Income Tax 2005 and 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 of Portuguese Corporate Tax Law as it was in place as of that date.

The 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, specially 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 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 Group has disputed this correction.

**ii) Aggregate corporate income tax 2010 – result of the income tax calculation**

In 2010, the Group deducted the available RFAI tax incentive up to 25% of the tax collection as permitted by the legislation that approved the tax regime. However, article 92 of the Portuguese Corporate Income Tax Law limits the utilization of tax benefits to 10% of the tax collection, conflicting with the 25% mentioned in RFAI. The deduction of this tax benefit in 2010 resulted in an additional income tax settlement of Euro 4,860,281, having the Group paid and disputed the mentioned amount. It is therefore the Group and Arbitral Court understanding that this amount can be used in following years.

**iii) Aggregate corporate income tax 2010 – RFAI Energy**

Part of the investment considered relevant in terms of RFAI tax incentives, as foreseen in the Law nº10/2009 of 10 March, regards the biomass power generation units acquired by Portucel, BY Euro 7,826,793. It is the Portuguese tax authorities understanding that Portucel cannot benefit from the mentioned tax incentives regarding the mentioned units, as the company's main activity is not the production of energy. Following this understanding, the tax authorities corrected the income tax determined by the Group, in the part concerning that tax benefit.

The settlement was paid and is now under discussion with the Portuguese tax authorities, following the foreseen administrative procedures.

It should be noted that Portucel intends to appeal to the courts if the decisions about the above mentioned administrative procedures are contrary to its interests. Note that the Group is determined to pursue the defense of its position in the Courts if it will be denied because the administrative process described above.

**23.2. Non-tax matters**

**23.2.1. 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, totalling Euro 136,243,939. These amounts regard adjustments in the financial statements of the 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 Group's proposal to present testimony evidence, alternatively proposing written submissions. On 30 June 2014 Group appealed against this decision, but continuously presented written evidence. The Court subsequently confirmed the Group's views on this matter.

**23.2.2. 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 Portucel 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. Portucel 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, Portucel appealed. This lawsuit is awaiting the decision of TCA since 4 July 2013.

**24. Companies included in consolidation**

RELATÓRIO DO 3º TRIMESTRE 2015  
INTERIM REPORT FOR THE 3<sup>RD</sup> QUARTER OF 2015

Company	Head office	Share equity owned		
		Directly	Indirectly	Total
<b>Parent-Company:</b>				
Portucel, S.A.	Setúbal	-	-	-
<b>Subsidiaries:</b>				
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100.00	-	100.00
PortucelSoporcel Cogeração de Energia, SA	Setúbal	-	100.00	100.00
Portucel Florestal, SA	Setúbal	100.00	-	100.00
About the Balance - SGPS, SA	Lisbon	100.00	-	100.00
AMS-BR Star Paper, SA	Vila Velha de Ródão	-	100.00	100.00
PortucelSoporcel Parques Industriais, SA	Setúbal	100.00	-	100.00
PortucelSoporcel Tissue, SA	Aveiro	100.00	-	100.00
PortucelSoporcel Internacional SGPS SA	Setúbal	100.00	-	100.00
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	25.00	55.00	80.00
Portucel Florestal Brasil - Gestão de Participações, Ltda	Brazil	25.00	75.00	100.00
Colombo Energy Inc.	USA	25.00	75.00	100.00
Portucel Finance, Zoo	Poland	25.00	75.00	100.00
PortucelSoporcel Floresta, SGPS, SA	Setúbal	100.00	-	100.00
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, SA	Setúbal	-	100.00	100.00
Gavião - Sociedade de Caça e Turismo, S.A.	Setúbal	-	100.00	100.00
PortucelSoporcel Florestal – Sociedade para o Desenvolvimento Agro-Florestal, SA	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, SA	Palmela	-	100.00	100.00
Atlantic Forests, SA	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
PortucelSoporcel Pulp SGPS, S.A.	Setúbal	100.00	-	100.00
Soporcel Pulp - Sociedade Portuguesa de Celulose, SA	Figueira da Foz	-	100.00	100.00
CELSET - Celulose de Setúbal, S.A.	Setúbal	-	100.00	100.00
CELCACIA - Celulose de Cacia, S.A.	Aveiro	-	100.00	100.00
Portucel International GmbH	Germany	-	100.00	100.00
PortucelSoporcel Papel, SGPS SA	Setúbal	100.00	-	100.00
About the Future - Empresa Produtora de Papel, SA	Setúbal	-	100.00	100.00
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, SA	Setúbal	-	100.00	100.00
Portucel Papel Setúbal, S.A.	Setúbal	-	100.00	100.00
Portucel Soporcel North America Inc.	USA	-	100.00	100.00
PortucelSoporcel Sales & Marketing NV	Belgium	25.00	75.00	100.00
PortucelSoporcel Lusa, Lda	Figueira da Foz	-	100.00	100.00
PortucelSoporcel Fine Paper , S.A.	Setúbal	-	100.00	100.00
PortucelSoporcel Sw itzerland	Sw itzerland	25.00	75.00	100.00
PortucelSoporcel Afrique du Nord	Morocco	-	100.00	100.00
PortucelSoporcel España, SA	Spain	-	100.00	100.00
PortucelSoporcel International, BV	Netherlands	-	100.00	100.00
PortucelSoporcel France, EURL	France	-	100.00	100.00
PortucelSoporcel United Kingdom, Ltd	United Kingdom	-	100.00	100.00
PortucelSoporcel Italia, SRL	Italy	-	100.00	100.00
PortucelSoporcel Deutschland, GmbH	Germany	-	100.00	100.00
PortucelSoporcel Handels, GmbH	Austria	-	100.00	100.00
PortucelSoporcel Poland SP Z O	Poland	-	100.00	100.00
PortucelSoporcel Eurasia	Turkey	-	100.00	100.00
PortucelSoporcel International	Sw itzerland	-	100.00	100.00
PortucelSoporcel Energia, SGPS SA	Setúbal	100.00	-	100.00
Enerpulp – Cogeração Energética de Pasta, SA	Setúbal	-	100.00	100.00
PortucelSoporcel Participações, SGPS SA	Setúbal	100.00	-	100.00
Arboser – Serviços Agro-Industriais, SA	Setúbal	-	100.00	100.00
EMA21 - Engenharia e Manutenção Industrial Século XXI, SA	Setúbal	-	100.00	100.00
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Aveiro	-	91.15	91.15
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	92.56	92.56
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91.47	91.47
Empremédia - Corretores de Seguros, Lda	Lisbon	-	100.00	100.00
EucaliptusLand, SA	Setúbal	-	100.00	100.00
Headbox - Operação e Contolo Industrial, SA	Setúbal	-	100.00	100.00
Cutpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50.00	50.00
PortucelSoporcel Serviços Partilhados, SA	Figueira da Foz	-	100.00	100.00
PortucelSoporcel Abastecimento de Madeira, ACE	Setúbal	33.33	66.66	100.00

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