

The Navigator Company, S.A.
Public Limited Company

Share Capital
500 000 000 Eur

Corporate Entity
503 025 798
Registered at
the Commercial
Register of Setúbal

Headquarters
Península
de Mitrena
Freguesia
do Sado
- Setúbal

1ST **QUARTER**
REPORT
2018

1/3



THE
NAVIGATOR
COMPANY

DIRECTORS' REPORT

1ST QUARTER 2018

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1. HIGHLIGHTS 1ST QUARTER 2018 (VS. 1ST QUARTER 2017)

- Quarterly EBITDA grew 23% to € 111 million, with the positive impact of pulp and paper prices and sale of pellets business
- Navigator concluded the sales of its pellets business during the quarter, representing a cash inflow of € 67.6 million (67% of sales value) and a capital gain of € 15.8 million
- The impact of the pellets business on the 1st quarter EBITDA was € 9.4 million, and EBITDA excluding pellets sales would be € 101 million (up 8%) and EBITDA/Sales margin 26% (up 2.2 pp)
- Turnover of € 385 million (down 2%), affected by reduction in pulp sales volume
- Free cash flow generation of € 134 million (compared to € 24 million), driven by sound operating performance, but also by partial inflow from sale of pellets business
- Net income up 50% to € 53.2 million
- Stronger balance sheet thanks to reduction in net debt to € 559 million, with Net debt/EBITDA ratio standing at 1.3
- M2 cost reduction programme continues, with estimated positive impact on EBITDA of € 3.8 million
- Navigator sees confirmation of reduction in anti-dumping duty to 0% by US authorities for period August 2015 to February 2017

2. LEADING INDICATORS – IFRS

(quarterly indicators unaudited)

Million euros	Q1 2018	Q1 2017	% Change ⁽⁷⁾ Q1 18/Q1 17
Total Sales	384.9	392.7	-2.0%
EBITDA ⁽¹⁾	110.9	90.2	23.0%
EBITDA Without Pellets ⁽²⁾	101.5	94.3	7.6%
Operating Profits (EBIT)	78.0	52.0	49.8%
Financial Results	- 5.5	-3.9	40.1%
Net Earnings	53.2	35.6	49.7%
Cash Flow	86.2	73.7	17.0%
Free Cash Flow ⁽³⁾	134.0	24.2	109.8
Capex	28.6	14.3	14.3
Net Debt ⁽⁴⁾	558.7	616.6	-57.8
EBITDA/Sales	28.8%	23.0%	5.9 pp
EBITDA Without Pellets/Sales ⁽⁵⁾	26.4%	24.2%	2.2 pp
ROS	13.8%	9.1%	4.8 pp
ROE	17.7%	11.4%	6.3 pp
ROCE	17.0%	11.1%	6.0 pp
Equity Ratio	49.7%	51.8%	-2.0 pp
Net Debt/EBITDA ⁽⁶⁾	1.3	1.6	-0.2

(1) Operating profits + depreciation + provisions

(2) EBITDA without net impact of pellets business

(3) Net debt + dividends + purchase of own shares

(4) Interest-bearing net debt – liquid assets

(5) EBITDA margin excl. pellets/value of sales excl. pellets

(6) EBITDA corresponding to last 12 months

(7) Variation in figures not rounded up/down

3. ANALYSIS OF RESULTS

1st Quarter 2018 vs. 1st Quarter 2017

Turnover in the first quarter of 2018 stood at € 385 million, down by 2%, as a result of a series of maintenance shutdowns at pulp and paper mills over the quarter, affecting the quantity of pulp available for sale on the market.

Navigator's pulp business was affected by the reduction in the volume of pulp available for sale due both to the planned maintenance shutdown at the Setúbal

pulp mill (with no stoppage in the same quarter in 2017), and to the built up of pulp stocks at the Figueira da Foz mill, in advance of the production stoppage planned for April, to complete the capacity expansion project. As a result, pulp sales stood at 53 thousand tons, as compared to 90 thousand tons in the first quarter of 2017, when the Group recorded its highest figure ever. The upward trend in pulp prices observed in the previous year continued, and the average PIX BHKP index in Euros was up 28% in the quarter in relation to the average benchmark price in the 1st quarter of 2017. The Group's average selling price also improved 28%, allowing to partially mitigate the drop in sales volume, with total sales value reaching € 33 million (down 24%).

In paper business, market conditions evolved positively, and at the end of the quarter most producers had order books at the comfortable level of 34 days' output, well above the average level of orders for the past 10 years. Over the course of the quarter, Navigator took the lead in 2 price rises in Europe, announced in January and March (for implementation in April), as well as announcing other price increases in the United States and International markets. In this context, the average PIX A4 B-copy benchmark index in Euros for the quarter stood at 845 €/ton, up by 5.2% in relation to the same quarter in 2017.

The Group recorded positive evolution in its product mix, with the premium segment and mill brands representing a growing proportion of sales, but registering a change in the market mix, with less sales going to Europe and the United States. Navigator's average price improved by 3.1% in relation to the 1st quarter of 2017 but with very different developments depending on the markets. In Europe, the price recovered significantly, having also grown in International markets, although penalized by the evolution of the Euro/USD exchange rate. It should be noted that the average exchange rate for the quarter was 1.23 (vs. 1.06 in the 1st quarter of 2017), which caused a sharp erosion in sales prices in the United States, which evolved negatively YoY. The increase in the average sales price combined with a slight decline in the volume available for sale resulted in a modest increase in the value of paper sales, which totalled € 283 million.

The tissue market suffered a sharp increase in production costs in the 1st quarter, in particular in pulp prices which, despite the efforts of the main manufacturers, have not been reflected in higher prices for sales of tissue products to retailers. At Navigator, tissues grew in volume to approximately € 19 million, benefiting from an

increase in the average sales price, due essentially to an improvement in the mix (with reels representing a smaller proportion of sales) and to step-by-step implementation of a price increase which started in October, with the second rise taking place in January.

In energy business, electricity sales edged down by 1% in value to € 42 million, nonetheless reflecting smooth operation of our power generation assets. It is significant to note that the power sales recorded in the 1st quarter of 2017 occurred in the historical context of strong performance in the past five years, and were second only to the figures recorded in 2015. Navigator's total gross power output at the end of the first quarter of 2018 was also slightly lower, down by 1% YoYr, mainly due to production stoppages in pulp mills.

In this context, EBITDA totalled € 110.9 million, roughly 23% up on the previous year, including the gains recorded on disposal of the pellets business, completed in February 2018. The value of EBITDA excluding pellets business would be € 101.5 million and the recurrent EBITDA/Sales margin would have been 26.4%, 2.2 pp up on the same period last year.

On the costs side, attention should be drawn to rising prices for certain chemicals, in particular caustic soda, for which unit prices increased by more than 60% over the quarter. Also significant was the increase in personnel costs, due essentially to the growing workforce because of the new tissue project in Cacia, but also to severance pay and pension fund costs associated with the rejuvenation programme under way.

Navigator has pressed ahead with its M2 programme, improving operational efficiency through sustained reduction of production costs. This programme has had an estimated impact of € 3.8 million YoY on EBITDA, thanks in particular to successful savings initiatives in consumption of fibres (€ 1.3 million) and chemicals (€ 0.6 million). In addition to this reduction, the Group was also active in the renegotiation of its electricity and natural gas contracts, with savings estimated at market prices of around € 7.3 million.

Financial results showed a loss of € 5.5 million, as compared to a loss of € 3.9 million in 2017. This increase was caused essentially by the recording of a loss of € 3.3 million resulting from advance recognition of the difference between the

nominal and present values of the differed amount related to the disposal of the pellets business (USD 45 million). The nominal interest receivable shall bear interest at the rate of 2.5%.

Pre-tax profits totalled € 72.4 million, as compared to € 48.1 million in 2017, and net income stood at € 53.2 million, up by 50% in relation to the first quarter of 2017.

At the end of March, the Group's net debt stood at € 558.7 million, representing a significant reduction in relation to year-end 2017 (€ 692.7 million) and reflecting the inflow from sale of the pellets business (€ 67.6 million) as well as strong cash flow generation over the period. It should be stressed that the Group is going through a period of heavy investment, with capital expenditure of € 29 million in the first half (as compared to € 14 million), relating to construction of the new tissue plant in Cacia, expansion of capacity in Figueira da Foz and other investment projects in regular pulp, paper and tissue operations.

With regard to working capital, the amount invested during the first quarter was significantly lower, with a crucial contribution from the very considerable improvement in balances receivable/payable to the State, thanks to the high amount of VAT refunds in the period. The Group recorded a balance receivable from the State of approximately € 51 million, which more than offset the increase of € 14 million in the value of inventories.

In this context, free cash flow generated in the period rose to € 134.0 million (vs. € 24.28 million in 2017). The Net debt/EBITDA ratio is 1.3, representing a significant improvement from the figure of 1.7 recorded at year-end 2017.

4. OPERATING INDICATORS

Pulp and Paper

(in 000 tons)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	1T 2018
BEKP Output	382.4	377.4	357.3	371.9	346.1
BEKP Sales	90.4	92.0	68.8	59.7	53.1
UWF Output	396.4	383.4	406.1	406.7	385.8
UWF Sales	371.3	400.6	386.4	419.9	361.2
FOEX – BHKP Euros/ton	645	719	747	805	824
FOEX – BHKP USD/ton	686	792	877	948	1013
FOEX – A4- BCopy Euros/ton	803	808	819	831	845

Tissue

(in 000 tons)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	1T 2018
Reels Output	14.7	13.6	13.0	14.8	14.1
Output of finished products	11.7	12.6	12.2	12.4	13.6
Sales of reels and goods	2.7	1.7	1.1	1.8	0.7
Sales of finished products	11.3	12.3	12.3	12.2	12.8
Total sales of tissue	14.0	14.0	13.3	14.0	13.5

Energy

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	1T 2018
Production (GWh)	561.3	556.4	535.9	573.7	553.5
Sales (GWh)	449.4	446.8	426.0	462.8	444.7

5. STRATEGIC DEVELOPMENT

The Group's capital expenditure in the first quarter of 2018 totalled approximately € 28.6 million. Two major development projects - construction of a new tissue mill in Cacia (able to produce 70 thousand reels and including converting capacity) and improvements to pulp production efficiency and environmental performance at the Figueira da Foz mill - accounted for 53% of this figure.

As a result, in the first quarter of 2018, the project to expand capacity in Figueira da Foz represented investment of € 4.2 million and the new tissue mill in Cacia approximately € 11 million. Recurrent investment in pulp and paper business totalled € 11.4 million, as well as € 1.9 million in the current tissue operation in Vila Velha de Rodão and other projects.

6. OUTLOOK FOR 2018

The pulp sector again recorded surprisingly strong performance in the first quarter of 2018, as the upward pressure on prices continued. Demand in the market remains robust and has been able to absorb the resumption of the normal pace of operations at mills which unexpectedly shut down production in 2017, as well as the new capacities which came on line last year and continue to ramp-up production.

In UWF paper, order books remain strong and the Group again took the lead in 2 price increases during the quarter in Europe, as well as announcing increases in the US market and in international markets. New price increases have already been announced for May and June in the United States and in International markets, and Navigator has announced to its clients (already in May) a further price increase in Europe taking effect from 1 July.

There are currently no foreseeable signs to a significant change in conditions in the pulp and paper market, and the main factors of uncertainty continue to be exchange rates and the costs of certain chemicals. It is important to note that the Group's pulp business performance in the second quarter will be affected by the maintenance stoppage at the Figueira da Foz mill, which will also be used to finalise and start up the project for expanded pulp capacity.

The tissue market will remain under strong pressure from the high level of pulp prices, and it is absolutely critical that tissue producers should succeed in passing on part of this increase in their sales prices for the rest of the year.

Setúbal, 10 May 2018

Subsequent Events

Navigator sees confirmation of reduction in anti-dumping duty to 0% by US authorities for period August 2015 to February 2017

In the course of April, Navigator was informed by the US authorities that the provisional anti-dumping duty to be applied retroactively to paper sales to the United States for the period from August 2015 to February 2017 will be 0%. This decision confirms the position consistently defended by Navigator, i.e. that there were no grounds for applying measures of this type to its products sold in the United States.

It should be recalled that the rate initially applied between 20 August 2015 and 11 January 2016 was 29.53% and was revised to 7.8%. This rate was in force until February 2017. The Company deposited an amount equivalent to about € 30 million until that date and, once the decision to apply the 0% rate has been confirmed, will proceed with the request for reimbursement of the amount already deposited.

7. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED INCOME STATEMENT

For the three months period ended at 31 March 2018 and 2017

Amounts in Euro	Note	3 months 31-03-2018 (unaudited)	3 months 31-03-2017 (unaudited)
Revenue	3		
Sales		383,558,961	391,254,865
Services rendered		1,380,538	1,402,109
Other operating income	4		
Gains on the sale of non-current assets		17,199,398	1,427
Other operating income		2,471,951	4,250,654
Changes in the fair value of biological assets	14	1,215,853	(502,582)
Operating expenses	5		
Costs of inventories sold and consumed		(172,993,517)	(181,731,681)
Variation in production		22,176,632	15,764,876
Cost of materials and services consumed		(96,196,092)	(97,862,055)
Payroll costs		(40,839,377)	(37,084,975)
Other costs and losses		(7,051,157)	(5,323,909)
Provisions		890,419	(1,736)
Depreciation, amortisation and impairment losses	6	(33,861,430)	(38,143,318)
Operating results		77,952,180	52,023,674
Net financial results	7	(5,516,289)	(3,936,664)
Profit before tax		72,435,892	48,087,010
Income tax	8	(19,187,500)	(13,244,421)
Net income		53,248,392	34,842,589
Attributable to:			
Navigator Company's Shareholders		53,247,462	35,573,405
Non-controlling interests		929	(730,816)
Earnings per share			
Basic earnings per share, Euro	9	0.074	0.050
Diluted earnings per share, Euro	9	0.074	0.050

The notes on pages 15 to 61 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 March 2018 and 31 December 2017

Amounts in Euro	Notes	31-03-2018 (unaudited)	31-12-2017
Assets			
Non-current assets			
Goodwill	11	377,339,466	377,339,466
Other intangible assets	12	7,988,725	3,878,245
Plant, property and equipment	13	1,166,837,122	1,171,125,052
Investment properties		98,762	99,174
Biological assets	14	130,612,789	129,396,936
Other financial assets	15	33,699,231	424,428
Deferred tax assets	19	44,874,221	44,727,571
		1,761,450,316	1,726,990,872
Current assets			
Inventories		202,356,559	187,795,595
Receivables and other current assets	16	254,830,356	237,704,322
State and other public entities	17	33,696,309	75,076,422
Cash and cash equivalents	22	206,227,572	125,331,036
		697,110,796	625,907,375
Non-current assets held for sale			
Non-current assets held for sale	23	-	86,237,049
		-	86,237,049
Total Assets		2,458,561,112	2,439,135,296
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	18	500,000,000	500,000,000
Treasury shares	18	(1,002,084)	(1,002,084)
Fair value reserves		(2,138,684)	(3,020,990)
Legal reserve		109,790,475	109,790,475
Free reserves		217,500,000	217,500,000
Currency translation reserves		(27,191,426)	(13,966,898)
Retained earnings		371,874,638	167,388,264
Net profit for the period		53,247,462	207,770,604
		1,222,080,381	1,184,459,371
Non-controlling interests		208,959	420,277
		1,222,289,340	1,184,879,648
Non-current liabilities			
Deferred tax liabilities	19	60,672,120	83,023,517
Pension liabilities	20	9,939,618	5,090,242
Provisions	21	39,750,844	19,536,645
Interest-bearing liabilities	22	670,248,062	667,851,880
Other liabilities	22	23,998,979	25,466,139
		804,609,624	800,968,424
Current liabilities			
Interest-bearing liabilities	22	94,702,381	150,205,591
Payables and other current liabilities	24	284,160,997	259,509,848
State and other public entities	17	52,798,770	43,571,785
		431,662,148	453,287,224
Total Liabilities		1,236,271,772	1,254,255,647
Total Equity and Liabilities		2,458,561,112	2,439,135,296

The notes on pages 15 to 61 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME

For the three months period ended at 31 March 2018 and 2017

Amounts in Euro	3 months 31-03-2018 (unaudited)	3 months 31-03-2017 (unaudited)
Net profit for the period	53,248,392	34,842,589
Items that can be reclassified subsequently to profit or loss		
Fair value in derivative financial instruments	1,216,974	1,679,195
Currency translation differences	(13,224,528)	2,617,030
Tax on items above when applicable	(334,668)	(201,904)
Tax on conventional capital remuneration	-	-
	(12,342,222)	4,094,321
Items that will not be reclassified subsequently to profit or loss		
Other changes in shareholders' equity of subsidiaries	(191,665)	(11,736)
Post-employment benefits (actuarial deviations)	(3,294,774)	1,366,590
Tax on items above when applicable	(10,037)	(59)
	(3,496,477)	1,354,796
	(15,838,698)	5,449,117
Total recognised income and expense for the period	37,409,693	40,291,706
Attributable to:		
The Navigator Company's shareholders	37,621,011	41,418,496
Non-controlling interests	(211,318)	(1,126,790)
	37,409,693	40,291,706

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months period ended at 31 March 2018 and 2017

Amounts in Euro	1 January 2018	Gains and losses recognised in the period	Dividends paid and reserves distributed	Early earnings	Application of prior year's net profit	31 March 2018
Share capital	500,000,000	-	-	-	-	500,000,000
Treasury shares	(1,002,084)	-	-	-	-	(1,002,084)
Fair value reserves	(3,020,990)	882,306	-	-	-	(2,138,684)
Legal reserve	109,790,475	-	-	-	-	109,790,475
Free reserves	217,500,000	-	-	-	-	217,500,000
Currency translation reserve	(13,966,898)	(13,224,528)	-	-	-	(27,191,426)
Prior year's net profit	167,388,264	(3,284,230)	-	-	207,770,604	371,874,638
Net profit for the period	207,770,604	53,247,462	-	-	(207,770,604)	53,247,462
Early earnings	-	-	-	-	-	-
Total	1,184,459,371	37,621,011	-	-	-	1,222,080,381
Non-controlling interests	420,277	(211,318)	-	-	-	208,959
Total	1,184,879,648	37,409,693	-	-	-	1,222,289,340

Amounts in Euro	1 January 2017	Gains and losses recognised in the period	Dividends paid and reserves distributed	Early earnings	Application of prior year's net profit	31 March 2017
Share capital	717,500,000	-	-	-	-	717,500,000
Treasury shares	(1,002,084)	-	-	-	-	(1,002,084)
Fair value reserves	(7,571,781)	1,477,291	-	-	-	(6,094,490)
Legal reserve	99,709,036	-	-	-	-	99,709,036
Currency translation reserve	(779,369)	2,617,030	-	-	-	1,837,661
Prior year's net profit	205,639,863	1,750,769	-	-	217,501,437	424,892,069
Net profit for the period	217,501,437	35,573,405	-	-	(217,501,437)	35,573,405
Early earnings	-	-	-	-	-	-
Total	1,230,997,102	41,418,496	-	-	-	1,272,415,598
Non-controlling interests	2,272,606	(1,126,790)	-	-	-	1,145,816
Total	1,233,269,708	40,291,706	-	-	-	1,273,561,414

The notes on pages 15 to 61 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months period ended at 31 March 2018 and 2017

Amounts in Euro	Notes	31-03-2018	31-03-2017
OPERATING ACTIVITIES			
Receipts from customers		488,129,175	423,661,575
Payments to suppliers		320,900,825	344,995,551
Payments to employees		24,263,889	24,067,577
Cash flow from operations		142,964,461	54,598,448
Income tax received/ (paid)		(35,158)	(15,136,406)
Other receipts/ (payments) relating to operating activities		25,403,956	(1,134,606)
Cash flow from operating activities (1)		168,333,260	38,327,436
INVESTMENT ACTIVITIES			
Inflows:			
Financial investments		-	-
Property, plant and equipment		-	-
Intangible assets (CO2 allowances)		-	-
Investment grants		-	-
Interest and similar income		(169,356)	1,009,615
Inflows from investment activities (A)		(169,356)	1,009,615
Outflows:			
Property, plant and equipment		32,498,110	24,858,834
Outflows from investment activities (B)		32,498,110	24,858,834
Cash flows from investment activities (2 = A - B)		(32,667,465)	(23,849,219)
FINANCING ACTIVITIES			
Inflows:			
Borrowings		-	12,000,000
Inflows from financing activities		-	12,000,000
Outflows:			
Borrowings		50,000,000	-
Amortisation of financial leasing contracts		-	-
Interest and similar expense		4,769,258	3,511,386
Acquisition of treasury shares		-	-
Dividends paid and distributed reserves		-	-
Outflows from financing activities (D)		54,769,258	3,511,386
Cash flows from financing activities (3 = C - D)		(54,769,258)	8,488,614
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		80,896,536	22,966,831
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		125,331,036	67,541,588
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	22	206,227,572	90,508,420

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of 31 March 2018 and 2017

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

Company's presentation

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

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

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

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

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

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

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

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

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

In February 2015, Portucel group started its activity in the Tissue segment with the acquisition of AMS- BR Star Paper, SA (currently denominated Navigator Tissue

Ródão, SA), a company that holds and explores a tissue paper mill, located in Vila Velha de Ródão.

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

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

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

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

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

Head Office: Mitrena, 2901-861 Setúbal

Share Capital: Euros 500 000 000

Registration N°: 503 025 798

These consolidated financial statements were approved by the Board of Directors on 10th May 2018.

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

1. BASIS OF PREPARATION

The Navigator group's consolidated interim financial statements for the three months period ended at 31 March 2018 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 28), 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 23 and 14).

2. MAIN ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim consolidated financial statements are consistent to those used in the preparation of the financial statements as of 31 December 2017 and described in the respective accompanying notes.

2.1 New standards, changes and interpretations of existing standards

The interpretations and amendments to the existing standards identified below, are mandatory by the European Union, for the periods starting on or after 1 January 2018:

Standards and effective amendments, on or after 1 January 2018, already endorsed by the EU	Effective date*
IFRS 9 – Financial instruments	1 January 2018
IFRS 15 – Revenue from contracts with customers	1 January 2018
IFRS 16 – Leases	1 January 2019
IFRS 4 – Insurance contracts	1 January 2018
Amendments to IFRS 15 – Revenue from contracts with customers	1 January 2018

* Periods beginning on or after

New standards and interpretations without mandatory application in the European Union

There are new standards, interpretations and amendments of existing standards that, despite having already been published, are only mandatory for annual periods starting after 1 January 2018 and which the Navigator group decided not to early-adopt in the current period, as follows:

Standards and effective amendments, on or after 1 January 2018, not yet endorsed by the EU	Effective date*
2014 – 2016 Improvements to standards	1 January 2018
IAS 40 – Investment property	1 January 2018
IFRS 2 – Shared-based payments	1 January 2018
Amendments to IFRS 9 – Financial instruments	1 January 2019
IAS 28 – Investments in associates and joint ventures	1 January 2019
2015-2017 Improvements to standards	1 January 2019
IFRS 17 – Insurance contracts	1 January 2021
IFRIC 22 – Foreign currency transactions and advance consideration	1 January 2018
IFRIC 23 – Uncertainty over income tax treatments	1 January 2019

* Periods beginning on or after

Regarding the standards presented above, for which the mandatory entry into force has not yet occurred, the Navigator group had not yet concluded the estimate of the effects of changes arising from the adoption of these standards, for which it decided not to early-adopt them. However, no material effect is expected in the financial statements as a result of their adoption.

As of 1 January 2018, the Group adopted IFRS 9 and IFRS 15 without significant impacts on the consolidated results for the period.

3. SEGMENT INFORMATION

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

- (i) that engages in business activities from which it may earn revenues and incur expenses;
- (ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- (iii) for which discrete financial information is available.

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

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

- Market pulp;
- UWF Paper;
- Tissue paper; and
- Other.

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

Financial data by operational segment for the three months periods ended 31 March 2018 and 2017 is presented as follows:

	31-03-2018					
	PULP MARKET	UWF PAPER	TISSUE PAPER	OTHERS	ELIMINATIONS/ UNALLOCATED	TOTAL
REVENUE						
Sales and services - external	36,917,617	315,257,619	18,980,317	13,783,946	-	384,939,499
Sales and services - intersegment	28,192	-	-	148,679,518	(148,707,710)	-
Total revenue	36,945,809	315,257,619	18,980,317	162,463,464	(148,707,710)	384,939,499
PROFIT/ (LOSS)						
Segmental profit	8,636,115	66,951,916	(615,110)	2,979,259	-	77,952,180
Operating profit	-	-	-	-	-	77,952,180
Financial results	-	-	-	-	(5,516,289)	(5,516,289)
Income tax	-	-	-	-	(19,187,500)	(19,187,500)
Profit after income tax	-	-	-	-	-	53,248,391
Non-controlling interests	-	-	-	-	(929)	(929)
Net profit	-	-	-	-	-	53,247,462
OTHER INFORMATION						
Capital expenditure	2,817,659	11,046,655	12,985,356	1,701,604	-	28,551,274
Depreciation and impairment	(2,754,431)	(20,745,574)	(2,299,944)	(8,061,481)	-	(33,861,430)
Provisions ((increases) / reversal)	-	-	546,717	343,702	-	890,419
OTHER INFORMATION						
SEGMENT ASSETS						
Property, plant and equipment	126,899,786	706,943,925	100,093,832	232,899,578	-	1,166,837,122
Biological assets	-	-	-	130,612,789	-	130,612,789
Financial investments	-	260,486	-	33,438,745	-	33,699,231
Inventories	13,490,557	119,150,164	12,285,966	57,429,871	-	202,356,559
Accounts receivable	20,095,147	184,862,551	23,580,142	26,292,517	-	254,830,357
Other assets	1,244,269	487,101,193	5,349,059	176,530,534	-	670,225,054
Total assets	161,729,759	1,498,318,320	141,308,999	657,204,034	-	2,458,561,112
SEGMENT LIABILITIES						
Interest-bearing liabilities	2,805,080	-	3,617,978	758,527,385	-	764,950,443
Accounts payable	11,985,860	85,371,770	9,867,421	176,935,946	-	284,160,997
Other liabilities	28,591,587	91,625,051	3,169,646	63,774,048	-	187,160,332
Total liabilities	43,382,526	176,996,821	16,655,046	999,237,379	-	1,236,271,772

The Navigator group's energy sales are reported under different business segments. The amount corresponding to the total energy sales was Euro

42,022,223 in 2018 and Euro 42,509,780 in 2017. Energy sales originated in the cogeneration process, in the amount of Euro 36,522,051 (31 March 2017: Euros 36,934,259), are reported under the "Market Pulp" (31 March 2018: Euros 4,300,136; 31 March 2017: 4,461,062) and "UWF Paper" (31 March 2018: Euros 32,221,915; 31 March 2017: Euros 32,473,197) segments. Sales of electricity exclusively produced in units dedicated to the production of electricity from biomass are reported under the segment "Other", in the amount of Euro 5,500,172 (31 March 2017: Euros 5,575,521).

The capital expense during the first 3 months of 2018 is related to the already announced investments in progress, namely the pulp capacity increase in Figueira da Foz (Euros 7,298,111), the building of the new tissue facility in Cacia (Euros 11,086,335) and other regular investments of pulp, paper and tissue production (Euros 10,166,828).

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

Amounts in Euro	31-03-2018	31-03-2017
Forrestry lands	74,729,535	78,837,443
Real estate - manufacturing site of Setúbal	57,871,183	58,307,433
Real estate - manufacturing site of Cacia	12,393,499	12,221,468
Real estate - manufacturing site of Figueira da Foz	49,164,888	53,021,849
Thermoelectric plant biomass	31,151,489	36,948,534
Pellets Project - USA	-	103,665,598
Others	7,588,984	24,876,872
	232,899,578	367,879,197

Forest land (Euros 74,729,535) and industrial real estate (Euros 119,429,570) in a total amount of Euros 194,159,106 (Euros 202,388,193 in 2017), consolidated amounts, are reported in the individual financial statements as investment properties. The real estate property of Vila Velha de Ródão, in the amount of Euro 8,851,309 (Euros 9,153,634 in 2017), is included in the segment "Tissue Paper".

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

31-03-2017

	PULP MARKET	UWF PAPER	TISSUE PAPER	OTHERS	ELIMINATIONS/ UNALLOCATED	TOTAL
REVENUE						
Sales and services - external	47,664,569	314,742,932	18,118,210	12,131,263	-	392,656,974
Sales and services - intersegment	3,600,686	-	-	176,423,403	(180,024,089)	-
Total revenue	51,265,255	314,742,932	18,118,210	188,554,666	(180,024,089)	392,656,974
PROFIT/ (LOSS)						
Segmental profit	10,800,293	55,460,097	1,237,445	(15,474,161)	-	52,023,674
Operating profit	-	-	-	-	-	52,023,674
Financial results	-	-	-	-	(3,936,664)	(3,936,664)
Income tax	-	-	-	-	(13,244,421)	(13,244,421)
Profit after income tax	-	-	-	-	-	34,842,589
Non-controlling interests	-	-	-	-	730,816	730,816
Net profit	-	-	-	-	-	35,573,405
OTHER INFORMATION						
Capital expenditure	1,644,153	11,727,768	262,411	712,158	-	14,346,490
Depreciation and impairment	(2,759,860)	(22,771,731)	(2,297,657)	(10,314,070)	-	(38,143,318)
Provisions ((increases) / reversal)	-	-	-	-	(1,736)	(1,736)
OTHER INFORMATION						
SEGMENT ASSETS						
Property, plant and equipment	124,535,508	715,953,407	63,278,038	367,879,197	-	1,271,646,151
Biological assets	-	-	-	125,110,366	-	125,110,366
Financial investments	-	260,486	-	-	-	260,486
Inventories	15,955,437	132,942,533	9,130,015	71,892,616	-	229,920,601
Accounts receivable	2,957,530	184,566,826	16,489,419	17,914,988	-	221,928,762
Other assets	887,958	448,260,954	3,905,190	135,822,538	-	588,876,639
Total assets	144,336,433	1,481,984,206	92,802,662	718,619,704	-	2,437,743,005
SEGMENT LIABILITIES						
Interest-bearing liabilities	2,805,080	-	1,432,616	702,835,740	-	707,073,435
Accounts payable	12,176,849	112,278,527	8,087,711	120,277,799	-	252,820,886
Other liabilities	29,888,355	109,022,696	1,860,803	63,515,416	-	204,287,270
Total liabilities	44,870,283	221,301,222	11,381,130	886,628,955	-	1,164,181,591

Sales and services rendered by region

Amounts in Euro	31-03-2018	31-03-2017
PORTUGAL		
UWF Paper (includes energy sales)	37,789,865	39,031,243
Pulp (includes energy sales)	6,749,519	6,517,213
Tissue	10,932,049	11,489,740
Others (includes energy sales)	13,066,347	8,855,412
	68,537,780	65,893,608
REST OF EUROPE		
UWF Paper	166,341,467	180,203,327
Pulp	30,137,545	31,422,548
Tissue	7,488,880	6,338,501
Others	717,599	3,275,852
	204,685,491	221,240,228
NORTH AMERICA		
UWF Paper	25,704,843	33,289,641
Pulp	-	-
	25,704,843	33,289,641
OTHER MARKETS		
UWF Paper	85,421,444	62,218,721
Pulp	30,554	9,724,807
Tissue	559,388	289,969
	86,011,385	72,233,497
	384,939,500	392,656,974

The geographical distribution of Sales and Services rendered is presented according with the reporting segments shown above.

4. OTHER OPERATING INCOME

Other operating income is detailed as follows for the three months periods ended 31 March 2018 and 2017:

Amounts in Euro	3 months 31-03-2018	3 months 31-03-2017
Supplementary income	280,092	127,437
Grants - CO2 Emission allowances	1,318,616	917,606
Reversal of impairment losses in current assets	80,326	-
Gains on disposals of non-current assets	17,199,398	1,427
Gains on inventories	31,824	2,405,682
Government grants	8,732	1,509
Own work capitalised	25,753	43,004
Other operating income	726,607	755,415
	19,671,349	4,252,080

Gains with CO2 licenses correspond to the recognition of the free allocation of licenses for 156,906 tons of CO2, at the average price of Euro 8.35 (173,699 tons in 31 March 2017, at the average price of Euro 5.28).

Gains on disposals of non-current assets includes Euros 15,765,258 regarding the gain generated with the sale of the pellets business concluded in February 2018, as well as Euros 1,434,140 regarding the sale of forest lands.

5. OPERATING EXPENSES

Operating expenses are detailed as follows for the three months periods ended 31 March 2018 and 2017:

Amounts in Euro	3 months 31-03-2018	3 months 31-03-2017
Cost of inventories sold and consumed	(172,993,517)	(181,731,681)
Variation in production	22,176,632	15,764,876
Cost of services and materials consumed	(96,196,092)	(97,862,055)
Payroll costs		
Remunerations		
Statutory bodies - fixed	(1,075,882)	(1,116,188)
Statutory bodies - variable	(958,222)	(1,166,208)
Other remunerations	(27,005,744)	(25,757,709)
	<u>(29,039,847)</u>	<u>(28,040,104)</u>
Social charges and other payroll cost		
Costs with defined benefit plans (Note 20)	(1,555,001)	(218,015)
Costs with defined contribution plans (Note 20)	(291,605)	(295,091)
Contributions to social security	(5,593,422)	(5,273,122)
Other payroll costs	(4,359,502)	(3,258,642)
	<u>(11,799,530)</u>	<u>(9,044,870)</u>
	<u>(40,839,377)</u>	<u>(37,084,975)</u>
Other costs and losses		
Membership fees	(104,325)	(180,930)
Losses in inventories	(981,380)	(2,264,455)
Impairment losses in receivables	(544)	-
Indirect taxes	(1,004,151)	(247,020)
Shipment costs	(500,567)	(1,002,789)
Water resources charges	(377,149)	(392,212)
Costs with CO2 emissions	(1,738,727)	(917,606)
Other operating costs	(1,144,315)	(318,897)
	<u>(7,051,157)</u>	<u>(5,323,909)</u>
Provisions (Note 21)	890,419	(1,736)
Total	(294,013,092)	(306,239,479)

The increase in Personnel expenses recorded in 2018 is mainly explained by the increase of employees related with the new Tissue project in Cacia, and by the recognition of responsibilities with the pensions fund associated to the rejuvenation programme.

The costs with CO2 emissions correspond to the emission of 191,161 tons of CO2 at the average price of Euro 8.35 (31 March 2017: Euro 173,699 tons, at the average price of Euro 5.35).

For the three months periods ended 31 March 2018 and 2017 the consumed and sold inventory was detailed as follows:

Amounts in Euro	3 months 31-03-2018	3 months 31-03-2017
Wood / Biomass	70,107,255	80,025,529
Natural gas	13,093,046	14,705,567
Other fuels	3,269,995	4,241,396
Water	530,252	452,030
Chemicals	40,376,577	35,089,378
Pine pulp	14,585,047	12,441,018
Paper (heavyweight)	2,187,814	2,083,303
Consumables / warehouse material	10,101,826	14,803,573
Packaging material	18,186,837	17,480,323
Other materials	554,868	409,563
	172,993,517	181,731,681

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

The reduction recorded in relation to the same period of the previous year results mainly from less costs with wood supply, due to the mix of sources (less quantity of imported wood).

During this period, there was an unfavorable evolution in the prices of some chemical products, namely caustic soda, whose unit price has considerably deteriorated in the quarter.

For the three months periods ended 31 March 2018 and 2017, the cost of Services and Material Consumed was detailed as follows:

Amounts in Euro	3 months 31-03-2018	3 months 31-03-2017
Energy and fluids	28,349,742	28,266,824
Transportation of goods	25,914,931	27,441,397
Specialised services	18,832,669	18,249,858
Maintenance and repair	5,332,267	7,326,540
Rentals	4,035,343	4,077,775
Advertising and marketing	3,728,552	3,594,465
Insurance	3,528,665	3,024,017
Fees	1,631,761	1,130,585
Travel and accommodation	1,514,326	1,232,842
Other	1,278,573	677,970
Materials	896,211	2,203,056
Communications	866,122	314,649
Subcontracts	286,930	322,078
	96,196,092	97,862,055

For the three months periods ended 31 March 2018 and 2017, the costs incurred with investigation and research activities amounted to Euro 1,149,222 and Euro 1,073,230, respectively.

Other payroll costs are detailed as follows for the three months periods ended 31 March 2018 and 2017:

Amounts in Euro	3 months 31-03-2018	3 months 31-03-2017
Training	333,358	454,143
Social action	320,429	326,038
Insurance	923,445	972,807
Others	2,782,270	1,505,655
	4,359,502	3,258,642

The amount booked as "Others" essentially regards the compensation paid to the employees in the amount of Euro 1,493,330 (31 de March 2017: Euro 1,042,806) that adhered to the rejuvenation program initiated by the Navigator group in 2014.

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

For the three months periods ended 31 March 2018 and 2017, depreciation, amortization and impairment losses, net of the effect of investment grants recognized in the period were as follows:

Amounts in Euro	3 months 31-03-2018	3 months 31-03-2017
Depreciation of property, plant and equipment		
Land	-	-
Buildings	(2,690,548)	(2,929,260)
Equipments	(31,606,091)	(34,335,885)
Other tangible assets	(1,019,455)	(1,282,412)
	(35,316,094)	(38,547,557)
Investment grants	1,454,979	1,472,449
	(33,861,115)	(37,075,108)
Impairment losses		
Amortisation of intangible assets	(315)	-
Mozambique land 's impairment	-	(1,068,210)
	(315)	(1,068,210)
	(33,861,430)	(38,143,318)

7. NET FINANCIAL RESULTS

Financial results are detailed as follows for the three months periods ended 31 March 2018 and 2017:

Amounts in Euro	3 months 31-03-2018	3 months 31-03-2017
Interest paid on borrowings	(2,636,366)	(2,420,619)
Interest earned on financial investments	310,046	601,984
Exchange rate differences	1,093,103	(2,965,585)
Gains/ (losses) on financial instruments - trading (Note 25)	414,782	1,851,119
Gains/ (losses) on financial instruments - hedging (Note 25)	(412,132)	(767,144)
Guarantees and bank charges	(762,417)	(834,913)
Gains/ (losses) on compensatory interest	(229,810)	617,148
Other expenses and financial losses	(3,293,494)	(18,653)
	(5,516,289)	(3,936,664)

Other expenses and financial losses include Euro 3,273,536 regarding the recognition of the difference between the nominal and the present amount to be received in respect of the sale of the pellets business (USD 45 million). Over the nominal amount will be calculated interests at a 2.5% rate.

8. INCOME TAX

Income tax is detailed as follows for the three months periods ended 31 March 2018 and 2017:

Amounts in Euro	3 months 31-03-2018	3 months 31-03-2017
Current tax	22,405,046	14,085,585
Provision/ (reversal) for current tax	19,598,100	(2,131,957)
Deferred tax (Note 15)	(22,815,645)	1,290,793
	19,187,500	13,244,421

As of 31 March 2018, current tax includes Euros 21,551,715 (31 March 2017: Euros 13,214,150) regarding the liability created under the aggregated income tax regime of The Navigator Company S.A.

For the three months periods ended 31 March 2018 and 2017, the reconciliation of the effective income tax rate was as follows:

Amounts in Euro		3 months 31-03-2018		3 months 31-03-2017
Profit before tax		72,435,892		48,087,010
Expected tax	21.00%	15,211,537	21.00%	10,098,272
Municipal surcharge	2.18%	1,581,801	1.73%	833,628
State surcharge	5.42%	3,926,759	2.99%	1,437,773
Differences (a)	(2.12%)	(1,532,597)	1.82%	874,748
Provisions - impairment and reversal	0.00%	-	0.00%	-
Tax benefits	0.00%	-	0.00%	-
	26.49%	19,187,500	27.54%	13,244,421

(a) This amount includes essentially:

	3 months 31-03-2018	3 months 31-03-2017
Gains/ (losses) for tax purposes	38,814,220	-
Gains/ (losses) for accounting purposes	(75,029,539)	-
Taxable provisions	27,355,855	3,203,794
Tax benefits	(101,716)	(91,656)
Employee benefits	1,549,039	209,207
Other	1,839,062	(140,442)
	(5,573,080)	3,180,904
Tax effect (27,5%)	(1,532,597)	874,748

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

9. EARNINGS PER SHARE

Earnings per share were determined as follows:

Amounts in Euro	3 months 31-03-2018	3 months 31-03-2017
Profit attributable to the Company's shareholders	53,247,462	35,573,405
Total number of issued shares	717,500,000	717,500,000
Treasury shares - period average	(489,973)	(489,973)
	717,010,027	717,010,027
Basic earnings per share	0.074	0.050
Diluted earnings per share	0.074	0.050

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

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

	3 months 31-03-2018		3 months 31-03-2017	
	Acquisitions in the period (quantity)	Accumulated Quantity	Acquisitions in the period (quantity)	Accumulated Quantity
Treasury shares held on January		489,973		489,973
Acquisitions				
January	-	489,973	-	489,973
February	-	489,973	-	489,973
March	-	489,973	-	489,973
Treasury shares held on 31 March		489,973		489,973
Average treasury shares held for the period		489,973		489,973

10. APPROPRIATION OF PREVIOUS YEARS' PROFIT AND RETAINED EARNINGS

The application of the results for 2016 and 2015 is detailed as follows:

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

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

As a complement of the proposed 2016 net income distribution at The Navigator Company's General Meeting, it was approved the distribution of free reserves in the amount of Euro 0.11158 per share, in the total amount of Euro 80,003,979, distributed in 5 July 2017.

11. GOODWILL

NAVIGATOR PAPER FIGUEIRA, S.A.

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

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

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

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

The book value of goodwill amounts to Euro 376,756,383, as it was amortized up to 31 December 2003 (transition date). As of that date, the accumulated depreciation amounted to Euro 51,375,870. From that date on, depreciation ceased and was replaced by annual impairment tests. If this amortization had not been interrupted, as of 31 December 2017 the net book value of the Goodwill would amount to Euro 137,002,317 (31 December 2016: Euro 154,127,609).

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

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

	2017	2016
Inflation rate	2.00%	1.00%
Discount rate (post-tax)	6.84%	6.77%
Production growth	0.00%	0.00%
Perpetuity growth rate	-1.00%	-1.00%

The discount rate presented above is a post-tax rate equivalent to a pre-tax discount rate of 9.60% (31 December 2016: 9.60%) and has been calculated in accordance with the WACC (Weighted Average Cost of Capital) methodology, based in the following assumptions:

	2017	2016
Risk free interest rate	2.39%	2.59%
Equity risk premium (market and Equity)	5.00%	5.00%
Tax rate	29.50%	29.50%
Debt risk premium	2.89%	3.22%

NAVIGATOR *TISSUE RÓDÃO, S.A.*

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

Therefore, for the purpose of preparing the consolidated financial statements for the year ended 31 December 2015, the Navigator Company Group proceeded to the initial consolidation of Navigator Tissue Ródão, S.A., acquired by Euro 40,949,794, which at acquisition date, had equity amounting Euro 17,284,378, plus the acquisition of additional paid-in capital for Euro 2,327,500, totaling Euro 19,611,878.

To the initial acquisition difference, Euro 21,337,916, was deducted the AICEP's investment subsidy and the fair value of the acquired tangible assets, which amounts Euro 583,083 Goodwill.

For the purpose of goodwill allocation, it was deemed allocable to the tissue paper production cash-generating unit in Vila Velha de Ródão Industrial Complex.

Every year, the Navigator Company Group calculates the recoverable amount of Navigator Tissue Ródão'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 in goodwill.

12. OTHER INTANGIBLE ASSETS

During 2018 and 2017, the movement occurred in the caption of other intangible assets is detailed as follows:

Amounts in Euro	Industrial property and other rights	CO2 emission licences	Total
Acquisition cost			
Amounts as of 1 January 2017	4,400	4,299,648	4,304,048
Acquisitions	-	4,397,896	4,397,896
Disposals	-	-	-
Adjustments, transfers and write-offs	-	-	-
Amounts as of 31 March 2017	4,400	8,697,544	8,701,944
Acquisitions	1,870	(3,335,896)	(3,334,025)
Disposals	-	-	-
Adjustments, transfers and write-offs	-	(1,485,824)	(1,485,824)
Amounts as of 31 December 2017	6,270	3,875,825	3,882,095
Acquisitions	165	4,110,630	4,110,795
Disposals	-	-	-
Adjustments, transfers and write-offs	-	-	-
Amounts as of 31 March 2018	6,435	7,986,455	7,992,890
Accumulated depreciation and impairment losses			
Amounts as of 1 January 2017	(3,407)	-	(3,407)
Amortisations and impairment losses	(103)	-	(103)
Disposals	-	-	-
Adjustments, transfers and write-offs	-	-	-
Amounts as of 31 March 2017	(3,510)	-	(3,510)
Amortisations and impairment losses	(340)	-	(340)
Disposals	-	-	-
Adjustments, transfers and write-offs	-	-	-
Amounts as of 31 December 2017	(3,850)	-	(3,850)
Amortisations and impairment losses	(315)	-	(315)
Disposals	-	-	-
Adjustments, transfers and write-offs	-	-	-
Amounts as of 31 March 2018	(4,165)	-	(4,165)
Net book value as of 1 January 2017	993	4,299,648	4,300,641
Net book value as of 31 March 2017	890	8,697,544	8,698,435
Net book value as of 31 December 2017	2,420	3,875,825	3,878,245
Net book value as of 31 March 2018	2,270	7,986,455	7,988,725

On 31 March 2018, the Group held 1,074,620 ton of CO2 emission licenses with a market value as of that date of Euros 12,401,110 (31 March 2017: 1,102,401 licenses with a market value of Euro 5,170,261).

It also holds contracts for the right to acquire 250,000 CO2 emission licenses that were signed in in 2016 and 2017, amounting to Euro 2,884,998, as of 31 March 2018 (31 December 2017: 300,000 CO2 emission licenses with a value of Euro 1,407,000) (Note 25).

13. PROPERTY, PLANT AND EQUIPMENT

During 2018 and 2017, changes in Property, plant and equipment, as well as the respective depreciation and impairment losses, were as follows:

Amounts in Euro	Land	Buildings and other constructions	Equipments and other tangibles	Assets under construction	Total
Acquisition costs					
Amounts as of 1 January 2017	122,100,111	539,316,927	3,524,986,193	28,961,567	4,215,364,798
Acquisitions	-	-	-	14,346,490	14,346,490
Disposals	-	-	(30,914)	-	(30,914)
Impairment losses	-	-	-	(1,068,107)	(1,068,107)
Adjustments, transfers and write-offs	-	200,466	(565,091)	(3,493,385)	(3,858,010)
Amounts as of 31 March 2017	122,100,111	539,517,393	3,524,390,187	38,746,565	4,224,754,257
Acquisitions	2,868,315	-	-	97,499,888	100,368,203
Disposals	(2,547,432)	(488,735)	(1,537,536)	-	(4,573,703)
Impairment losses	(5,004,528)	-	-	33,186	(4,971,342)
Adjustments, transfers and write-offs	230,302	8,022,277	28,873,824	(31,218,493)	5,907,910
Assets available for sale (Note 23)	(1,609,029)	(32,887,565)	(77,847,177)	(924,392)	(113,268,163)
Amounts as of 31 December 2017	116,037,739	514,163,369	3,473,879,298	104,136,754	4,208,217,161
Acquisitions	-	-	-	28,551,274	28,551,274
Disposals	(1,581,301)	-	(5,986)	-	(1,587,287)
Impairment losses	-	-	-	-	-
Adjustments, transfers and write-offs	1,034,920	928,292	5,988,488	(3,893,507)	4,058,192
Amounts as of 31 March 2018	115,491,357	515,091,661	3,479,861,800	128,794,521	4,239,239,340
Accumulated depreciation and impairment losses					
Amounts as of 1 January 2017	(170,652)	(351,347,330)	(2,568,867,885)	-	(2,920,385,866)
Depreciation and impairment losses	-	(2,928,849)	(29,353,613)	-	(32,282,462)
Disposals	-	-	30,915	-	30,915
Adjustments, transfers and write-offs	-	-	(470,694)	-	(470,694)
Amounts as of 31 March 2017	(170,652)	(354,276,179)	(2,598,661,277)	-	(2,953,108,108)
Depreciation and impairment losses	-	(8,920,619)	(103,370,651)	-	(112,291,269)
Disposals	-	1,280	1,025,129	-	1,026,409
Adjustments, transfers and write-offs	-	(87,004)	(466,396)	-	(553,400)
Assets available for sale (Note 23)	-	2,055,473	25,778,785	-	27,834,258
Amounts as of 31 December 2017	(170,652)	(361,227,049)	(2,675,694,410)	-	(3,037,092,110)
Depreciation and impairment losses	-	(2,690,548)	(32,625,546)	-	(35,316,094)
Disposals	-	-	5,986	-	5,986
Adjustments, transfers and write-offs	-	-	-	-	-
Amounts as of 31 March 2018	(170,652)	(363,917,597)	(2,708,313,970)	-	(3,072,402,218)
Net book value as of 1 January 2017	121,929,459	187,969,597	956,118,308	28,961,567	1,294,978,932
Net book value as of 31 March 2017	121,929,459	185,241,214	925,728,910	38,746,565	1,271,646,150
Net book value as of 31 December 2017	115,867,087	152,936,320	798,184,889	104,136,754	1,171,125,052
Net book value as of 31 March 2018	115,320,705	151,174,064	771,547,830	128,794,521	1,166,837,122

On 31 March 2018 "Assets under construction" includes investments in projects under development already announced, in particular related with the tissue business segment Euro 12,985,356, with the highlight of the construction, in Cacia, of a Tissue mill (Euro 11,086,335) and also the tissue operation in Vila Velha de Ródão (Euro 1,899,022).

In the pulp business segment, assets under construction totals Euro 2,817,659, associated with improvements in the productive process.

Assets under construction associated with the paper segment amount to Euro 11,046,655, related with investments in the production capacity of pulp in Figueira da Foz (Euro 7,298,111), as well as other investments in productive process improvements (Euros 3,748,544).

In "others" segment are included investments under development in the amount of Euros 1,701,604 which are expected to be fulfilled until the end of the year.

Land includes Euro 114,409,697, classified in the individual financial statements as investment properties, from which Euro 74,729,535 relate to forest land and Euro 39,680,162 to land allocated to industrial sites leased to the Group.

14. BIOLOGICAL ASSETS

Over the three months period ended 31 March 2018 and 2017, changes in biological assets were as follows:

Amounts in Euro	2018	2017
Amount as of 1 January	129,396,936	125,612,948
Logging in the period	(4,010,344)	(5,200,046)
Growth	242,788	27,530
New planted areas and replanting (at cost)	630,564	614,630
Other changes in fair value	4,352,845	4,055,304
	1,215,853	(502,582)
Amounts as of 31 March	130,612,789	125,110,366
Remaining quarters		4,286,571
Amount as of 31 December		129,396,936

The amounts shown as other changes in fair value correspond to planned and actual costs of forest asset management:

Amounts in Euro	3 months 31-03-2018	3 months 31-03-2017
Costs of assets management		
Forestry	586,416	534,638
Structure	809,489	738,733
Fixed and variable rents	2,956,940	2,781,933
	4,352,845	4,055,304

As of 31 March 2018 and 31 December 2017, biological assets were detailed as follows:

Amounts in Euro	31-03-2018	31-12-2017
Eucalyptus (Portugal)	117,088,785	115,198,626
Pine (Portugal)	5,136,610	5,136,610
Coark oak (Portugal)	1,493,236	2,167,541
Other species (Portugal)	225,938	225,939
Eucalyptus (Moçambique)	6,668,220	6,668,220
	130,612,789	129,396,936

These amounts correspond to management's expectation of the volumes to be extracted from its woodlands as follows:

Amounts in Euro	31-03-2018	31-12-2017
Eucalyptus (Portugal) - Potential future of wood extractions k m3ssc	9,943	9,943
Pine (Portugal) - Potential future of wood extractions k ton	413	413
Pine (Portugal) - Potential future of pine extractions k ton	n/a	n/a
Coark Oak (Portugal) - Potential future of coark extractions k @	644	644
Eucalyptus (Mozambique) - Potential future of wood extractions k m3ssc (1)	2,057	2,057

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

Concerning Eucalyptus in Portugal, the most relevant biological asset, for the three months periods ended 31 March 2018 and 2017 the Group extracted 145,101 m3ssc and 141,344 m3ssc of wood from its owned and explored forests, respectively.

15. OTHER FINANCIAL ASSETS

Other Financial Assets includes, essentially, the present value of the amount to be received regarding the sale of the pellets business in the USA (USD 45 million). Over the nominal amount will be calculated interests at a 2.5% rate.

16. RECEIVABLES AND OTHER CURRENT ASSETS

As at 31 March 2018 and 31 December 2017, receivables and other current assets were detailed as follows:

Amounts in Euro	31-03-2018	31-12-2017
Accounts receivable	177,750,571	175,579,498
Accounts receivable - Group companies (Note 26)	228,998	82,306
Other receivables	45,351,997	34,334,922
Derivative financial instruments (Note 25)	5,206,273	3,644,395
Accrued income	15,227,751	19,198,044
Deferred costs	11,064,766	4,865,157
	254,830,356	237,704,322

The receivables shown above are net of impairment losses.

As at 31 March 2018 and 31 December 2017, other receivables were detailed as follows:

Amounts in Euro	31-03-2018	31-12-2017
Advances to employees	667,110	513,293
Advances to suppliers	6,045,068	172,466
Financial incentives receivable	3,001,060	42,105
Department of Commerce (EUA)	32,918,831	29,846,612
Other debtors	2,719,928	3,760,446
	45,351,997	34,334,922

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

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

The evolution of financial incentives to be received is detailed as follows:

Amounts in Euro	2018	2017
Amount as of 1 January	42,105	58,870
Increase/ (decrease)	2,958,955	-
Assignments	-	-
Received in the period	-	-
Amount as of 31 March	3,001,060	58,870
Remaining quarters		(16,765)
Amount as of 31 December		42,105

As at 31 March 2018 and 31 December 2017, accrued income and deferred costs were detailed as follows:

Amounts in Euro	31-03-2018	31-12-2017
Accrued income		
Interest receivable	110,445	1 288 638
Energy sales	14,564,489	15 320 310
Other	552,817	2 589 096
	15,227,751	19,198,044
Deferred costs		
Rents	3,790,444	3,604,994
Insurance	7,140,265	1,061,073
Other	134,057	199,090
	11,064,766	4,865,157
	26,292,517	24,063,201

17. STATE AND OTHER PUBLIC ENTITIES

As at 31 March 2018 and 31 December 2017, there were no overdue debts to the State and other public entities.

The balances with these entities were as follows

Current assets

Amounts in Euro	31-03-2018	31-12-2017
State and other public entities		
Value added tax - reimbursements requests	21,675,801	59,020,670
Value added tax - to recover	1,917,825	3,335,694
Amounts pending repayment (tax proceedings decided in favor of the group)	10,102,683	12,720,057
	33,696,309	75,076,422

As at 31 March 2018, the outstanding VAT reimbursement requests comprised the following, by month and by company:

Amounts in Euro	Jan/2018	Feb/2018	Mar/2018	Total
The Navigator Company, S.A.	-	-	15,798,513	15,798,513
Bosques do Atlântico, S.L.	-	-	4,436,809	4,436,809
Navigator Tissue Cacia, S.A.	1,440,478	-	-	1,440,478
	1,440,478	-	20,235,322	21,675,801

Up to the date of issuing this report, Euro 15,798,513 of the amounts to be received as of 31 March 2018, had already been received.

As at 31 December 2017, the outstanding VAT reimbursement requests comprised the following, by month and by company.

Amounts in Euro	Sep/2017	Oct/2017	Nov/2017	Dec/2017	Total
The Navigator Company, S.A.	-	9,138,486	21,047,339	20,558,615	50,744,439
Navigator Abastecimento de Madeira, ACE	1,779,313	-	-	-	1,779,313
Navigator Tissue Cacia, S.A.	1,909,225	-	-	-	1,909,225
Bosques do Atlântico, S.L.	-	-	-	4,587,693	4,587,693
	3,688,537	9,138,486	21,047,339	25,146,308	59,020,670

All these amounts were received during the first quarter of 2018.

Current liabilities

Amounts in Euro	31-03-2018	31-12-2017
State and other public entities		
Corporate income tax	26,997,539	7,120,857
Personal income tax	2,118,124	2,158,253
Value added tax	18,868,878	30,150,781
Social security contributions	2,572,233	2,525,854
Additional tax liabilities	1,463,127	1,463,127
Other	778,869	152,913
	52,798,770	43,571,785

As previously mentioned, since 1st July 2015, The Navigator Company and its subsidiaries were part of the taxation group led by The Navigator Company, S.A. Therefore, although each group company calculated its income taxes as if it was taxed independently, the determined liabilities were recognized as due to the leader of the taxation group who proceeded with the overall computation and the settlement of the income tax.

Corporate income tax is detailed as follows:

Amounts in Euro	31-03-2018	31-12-2017
Corporate income tax (Note 8)	22,405,046	47,755,492
Payments on account of corporate income tax	(129,222)	(45,087,168)
Withholding tax	(906,845)	(895,346)
Corporate income tax - Decree-Law No. 66/2016 (Revaluation Regime)	5,235,601	5,235,601
Other receivables / payables	392,959	112,278
	26,997,539	7,120,857

The "Other receivable/payables" relates, essentially, to the income tax payable by the Group's subsidiary located in Belgium.

The changes in the provision for additional tax liabilities as at 31 March 2018 and 31 December 2017 were as follows:

Amounts in Euro	2018	2017
As of 1 January	1,463,127	1,465,022
Increases	-	-
Decreases	-	-
As of 31 March	1,463,127	1,465,022
Remaining quarters		(1,895)
As of 31 December		1,463,127

As at 31 March 2018 and 31 December 2017 the additional tax liabilities are detailed as follows:

Amounts in Euro	31-03-2018	31-12-2017
Special Tax Regime for Group Companies	-	-
Bosques do Atlantico	1,463,127	1,463,127
	1,463,127	1,463,127

18. SHARE CAPITAL AND TREASURY SHARES

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

As at 31 March 2018, The Navigator Company's share capital of Euro 500,000,000 was fully subscribed and paid for being represented by 717,500,000 shares without nominal value.

At the General Meeting held on 22 September 2017, a reduction of the Company's share capital from Euro 717,500,000 to Euro 500,000,000 was approved, maintaining the number of shares representing the company's share capital and for the purpose of releasing excess capital, transferring to free reserves the amount of the capital released.

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

Amounts in Euro	2018		2017	
	Quant	Value	Quant	Value
Treasury shares held in January	489,973	1,002,084	489,973	1,002,084
Acquisitions				
January	-	-	-	-
February	-	-	-	-
March	-	-	-	-
	-	-	-	-
Treasury shares held in March	489,973	1,002,084	489,973	1,002,084
Remaining quarters			-	-
Treasury shares held in December			489,973	1,002,084

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

The market value of the treasury shares held on 31 March 2018 amounted to Euro 2,345,991 (31 December 2017: Euro 2,083,365), corresponding to a unit value of Euro 4.788 (31 December 2017: Euro 4.252) and the market capitalization amounted to Euro 3,435,390,000 compared to an equity, net of non-controlling interests, of Euro 1,222,080,381.

As at 31 March 2018 and 31 December 2017, the shareholders with significant positions in the Company's capital were as follows:

Entity	31-03-2018		31-12-2017	
	No. of shares	% Capital	No. of shares	% Capital
Seinpar Investments, BV	241.583.015	33,67%	241.583.015	33,67%
Semapa, SGPS, S.A.	256.033.284	35,68%	256.033.284	35,68%
Other Semapa's Group Companies	1.000	0,00%	1.000	0,00%
Zoom Lux S.A.L.R.	15.349.972	2,14%	15.349.972	2,14%
Own shares	489.973	0,07%	489.973	0,07%
Fundo de Pensões do Banco BPI	30.412.133	4,24%	30.412.133	4,24%
Norges Bank (the Central Bank of Norway)	11.962.931	1,67%	15.498.902	2,16%
Other Shareholders	161.667.692	22,53%	158.131.721	22,04%
Total	717.500.000	100,00%	717.500.000	100,00%

19. DEFERRED TAXES

As at 31 March 2018 and 31 December 2017, the changes in assets and liabilities as a result of deferred taxes were as follows:

Amounts in Euro	1 January 2018	Income Statement		Equity	31 March 2018
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Conventional capital remuneration	12,320,000	-	-	-	12,320,000
Taxed provisions	1,336,534	-	-	-	1,336,534
Adjustments in fixed assets	100,829,491	-	(1,654,637)	-	99,174,854
Financial instruments	3,885,952	-	-	(1,216,974)	2,668,978
Deferred accounting gains on inter-group transactions	36,424,408	3,733,298	-	-	40,157,706
Government grants	7,849,328	-	(364,685)	36,270	7,520,913
	162,645,714	3,733,298	(2,019,322)	(1,180,704)	163,178,987
Temporary differences originating deferred tax liabilities					
Revaluation of fixed assets	-	-	-	-	-
Retirement benefits	(117,966)	(514)	-	(36,497)	(154,978)
Derivative financial instruments at fair value	(144,728)	-	-	-	(144,728)
Valuation of biological assets	(10,246,504)	(2,489,748)	-	-	(12,736,253)
Deferred accounting losses on inter-group transactions	(49,497,874)	(10,191,596)	49,694,961	-	(9,994,509)
Government grants	(8,903,132)	-	330,178	62,295	(8,510,659)
Extension of useful lives of property, plant and equipment	(232,993,493)	-	43,908,726	-	(189,084,767)
	(301,903,697)	(12,681,859)	93,933,865	25,798	(220,625,893)
Amounts recognised in balance sheet					
Deferred tax assets	44,727,571	1,026,657	(555,313)	(324,694)	44,874,221
	44,727,571	1,026,657	(555,313)	(324,694)	44,874,221
Deferred tax liabilities	(83,023,517)	(3,487,511)	25,831,813	7,094	(60,672,121)
	(83,023,517)	(3,487,511)	25,831,813	7,094	(60,672,120)

Amounts in Euro	1 January 2017	Income Statement		Equity	31 December 2017
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Conventional capital remuneration	-	-	(3,080,000)	15,400,000	12,320,000
Taxed provisions	1,328,771	-	7,763	-	1,336,534
Adjustments in fixed assets	110,794,106	-	(9,964,615)	-	100,829,491
Financial instruments	8,859,457	-	-	(4,973,505)	3,885,952
Deferred accounting gains on inter-group transactions	30,432,332	10,064,988	(4,072,912)	-	36,424,408
Valuation of biological assets	-	-	-	-	-
Government grants	9,308,071	-	(1,458,743)	-	7,849,328
	160,722,738	10,064,988	(18,568,507)	10,426,495	162,645,714
Temporary differences originating deferred tax liabilities					
Revaluation of fixed assets	(37,905)	-	37,905	-	-
Retirement benefits	(16,361)	(63,649)	(428)	(37,527)	(117,966)
Derivative financial instruments at fair value	(144,728)	-	-	-	(144,728)
Valuation of biological assets	(3,979,927)	(6,266,577)	-	-	(10,246,504)
Deferred accounting losses on inter-group transactions	(2,640,661)	(49,680,286)	2,823,074	-	(49,497,874)
Government grants	(1,270,679)	(7,881,690)	-	249,237	(8,903,132)
Extension of useful lives of property, plant and equipment	(209,580,756)	(25,007,195)	1,594,457	-	(232,993,493)
	(217,671,019)	(88,899,397)	4,455,008	211,710	(301,903,697)
Amounts recognised in balance sheet					
Deferred tax assets	44,198,753	2,767,872	(5,106,340)	2,867,286	44,727,571
	44,198,753	2,767,872	(5,106,340)	2,867,286	44,727,571
Deferred tax liabilities	(59,859,532)	(24,447,334)	1,225,127	58,220	(83,023,517)
	(59,859,532)	(24,447,334)	1,225,127	58,220	(83,023,517)

In the measurement of the deferred taxes as at 31 March 2018 and 31 December 2017, the corporate income tax rate used was 27.50%.

20. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

20.1 Introduction

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

Under the prevailing Social Benefits Regulation, permanent employees of The Navigator Company that chose not to move to the defined contribution plan, together with the retired employees as of the transition date (1 January 2009) and from 1 January 2014, the former employees of Navigator Paper Figueira (ex-Soporcel), Navigator Forest Portugal (ex-PortucelSoporcel Florestal), RAIZ, Empremédia and Navigator Lusa (incorporated by merger in 2017 in-Navigator Paper Figueira), are entitled, after retirement in case of disability, to a monthly retirement pension or disability supplement. This is calculated according to a formula, which considers the beneficiary's gross monthly remuneration updated to the work category at the date of retirement and the number of years of service, up to a limit of 30 (limit of 25 to Navigator Paper Figueira, Navigator Forest Portugal, Empremédia, Navigator Lusa and RAIZ), including a survivor pension to the spouse and direct descendants.

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

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

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

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

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

Alternative A – Benefit safeguard plan

In general terms, employees that chose alternative A retain the option, as of the retirement date, of the defined benefit plan in force until 31 December 2013 based

on the employee's seniority as of that date. They also benefit from a defined contribution plan until they reach 25 year seniority in the Company

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

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

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

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

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

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

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

Alternative B – Pure defined contribution plan

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

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

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

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

The Navigator Company Group also holds liabilities related to post-employment defined benefit plans regarding The Navigator Company employees that chose not to accept the conversion to defined contribution plan (13 employees. 31 December 2016: 13 employees), together with former employees, retirees or, when applicable, with granted rights.

As at 31 March 2018 and 31 December 2017 the coverage of the companies' liabilities by the assets of the funds was as follows:

Amounts in Euro	No. Beneficiaries	31-03-2018	No. Beneficiaries	31-12-2017
Past service liabilities				
- Active employees	1,040	59,094,619	1,040	57,986,022
- Former employees	123	20,373,897	123	20,527,177
- Retired employees	492	73,012,413	492	72,686,537
Market value of the pension funds		(142,541,311)		(146,109,493)
	1,655	9,939,618	1,655	5,090,242
Insufficient funds / overfunding		9,939,618		5,090,242

The number of active employees that benefit from pension funds on 31 March 2018 is 1,040 (31 December 2017: 1,040), from 3,156 total employees (3,197 in 2017). However, the establishment of defined benefit contribution plans for all employees in Portugal is progress.

20.2 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 31 March 2018 and 31 December 2017 were based on the following assumptions:

	31-03-2018	31-12-2017	Real outcome	
			31-03-2018	31-12-2017
Disability table	EKV 80	EKV 80	-	-
Mortality table	TV 88/90	TV 88/90	-	-
Wage growth rate	1.00%	1.00%	1.00%	1.00%
Technical interest rate	2.00%	2.00%	-	-
Return rate on plan assets	2.00%	2.00%	(0.9%)	4.31%
Pensions growth rate	0.75%	0.75%	0.75%	0.75%

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

The following table presents the five-year historical information on the present value of liabilities, the market value of the funds, non-financed liabilities and net actuarial gains/ (losses). This information from 2013 to 2018 is as follows:

Amounts in Euro	2013	2014	2015	2016	2017	03 2018
Present value of liabilities	65,657,042	70,188,472	139,312,363	148,877,898	151,199,735	152,480,929
Fair value of plan assets	69,558,535	71,666,181	143,067,688	142,420,782	146,109,493	142,541,311
Surplus/ (deficit)	3,901,493	1,477,709	3,755,326	(6,457,116)	(5,090,242)	(9,939,618)

20.3 Retirement and pension supplements

The movements in liabilities with retirement and pension plans in 2018 and 2017 were as follows:

Amounts in Euro	2018	2017
Opening balance	151,199,735	148,877,899
Changes in assumptions and remeasurement	129,731	245,202
Accrued responsibility with planned withdrawals	1,082,564	-
Costs recognised in the Income Statement	1,197,641	1,244,163
Pensions paid	(1,128,742)	(1,091,843)
As of 31 March	152,480,929	149,275,421
Remaining quarters		1,924,315
As of 31 December		151,199,735

The funds set up to cover the above mentioned liabilities presented the following movements in 2018 and 2017:

Amounts in Euro	2018	2017
Opening balance	146,109,493	142,420,782
Expected income for the period	731,577	1,033,109
Remeasurement (actuarial deviations)	(3,165,044)	1,611,791
Pensions paid	(1,128,742)	(1,091,843)
Other	(5,973)	-
As of 31 March	142,541,311	143,973,840
Remaining quarters		2,135,653
As of 31 December		146,109,493

Assuming assets under the defined contribution of € 52.2 million, pension fund assets are managed by Schroders (25%), BlackRock (23%), Credit Suisse (25%) and BMO (27%), as detailed below:

Amounts in Euro	2018	2017
Defined Benefit and Account 1		
Ocidental - Pensions	22,753	2,485,748
Schroders	50,304,975	51,431,292
BlackRock	46,841,151	46,377,470
Account 1 - Credit Suisse	45,372,432	45,814,983
Total Defined Benefit and Account 1	142,541,311	146,109,493
Defined Contribution (BMO):		
Defensive Sub-Fund	10,477,722	8,681,076
Conservative Sub-Fund	22,690,624	25,263,764
Dynamic Sub-Fund	13,917,897	14,498,707
Agressive Sub-Fund	4,418,532	4,835,586
Total Defined Contribution	51,504,775	53,279,133
	194,046,086	199,388,626

The detail of the fund's assets as at 31 March 2018 and 31 December 2017 was as follows:

Amounts in Euro	31-03-2018	31-12-2017
Bonds	102,207,530	97,117,383
Shares	35,501,722	40,107,415
Liquidity	4,809,306	6,799,931
Other short-term investments	7,832	2,074,821
Property	14,921	9,943
	142,541,311	146,109,493

Of the assets that compose the fund, all the shares and obligations presented are quoted on the regulated market.

As at 31 March 2018 and 31 December 2017, the effect in the income statement of these plans was as follows:

Amounts in Euro	3 months 31-03-2018	3 months 31-03-2017
Defined Benefit Plans		
Current services	1,572,200	534,513
Interest expenses	708,005	709,650
Return of the plan assets	(731,577)	(1,033,109)
Other	6,373	6,962
	1,555,001	218,016
Defined Contribution Plan		
Contributions of the period	291,605	295,091
	291,605	275,951
Costs for the period	1,846,606	493,967

21. PROVISIONS

At 2018 and 2017, changes in provisions were as follows:

Amounts in Euro	Legal Claims	Tax Claims	Other	Total
As of 1 January 2017	2,300,344	28,748,464	-	31,048,808
Increases		1,736		1,736
Reversals				-
Transfers		(2,664,625)		(2,664,625)
As of 31 March 2017	2,300,344	26,085,575	-	28,385,919
Increases	1,887,990	647,528	1,547,301	4,082,819
Reversals	-	-	-	-
Transfers	(29,177)	(12,902,915)	-	(12,932,092)
As of 31 December 2017	4,159,157	13,830,188	1,547,301	19,536,645
Increases	-	-	810,444	810,444
Reversals	(153,535)	-	(1,547,329)	(1,700,864)
Transfers	(77,345)	21,188,974	(7,011)	21,104,618
As of 31 March 2018	3,928,276	35,019,163	803,406	39,750,844

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

22. INTEREST-BEARING LIABILITIES AND OTHER LIABILITIES

22.1 Interest-bearing liabilities

As at 31 March 2018 and 31 December 2017, interest-bearing liabilities comprised the following:

31-03-2018							
Amounts in Euro	Available amount	Outstanding amount	Maturity	Interest rate	Current	Non-current	
Bond loans							
Portucel 2015-2023	200,000,000	200,000,000	September 2023	Variable rate indexed to Euribor	-	200,000,000	
Portucel 2016-2021	100,000,000	100,000,000	April 2021	Flat rate	-	100,000,000	
Portucel 2016-2021	45,000,000	45,000,000	August 2021	Variable rate indexed to Euribor	-	45,000,000	
Commissions		(1,601,149)					(1,601,149)
European Bank Investment							
Loan BEI Ambiente A	9,285,714	9,285,714	December 2018	Variable rate indexed to Euribor	9,285,714	-	
Loan BEI Ambiente B	11,666,666	11,666,666	June 2021	Variable rate indexed to Euribor	3,333,333	8,333,333	
Loan BEI Energia	49,583,333	49,583,333	December 2024	Variable rate indexed to Euribor	7,083,333	42,500,000	
Loan BEI Cacia	25,000,000	25,000,000	May 2028	Flat rate	-	25,000,000	
Commercial Paper Program							
Commercial Paper Program 125M	125,000,000	125,000,000	May 2020	Variable rate indexed to Euribor	-	125,000,000	
Commercial Paper Program 70M	70,000,000	70,000,000	April 2021	Flat rate	-	70,000,000	
Commercial Paper Program 50M	50,000,000	50,000,000	July 2020	Variable rate indexed to Euribor	-	50,000,000	
Commercial Paper Program 25M	25,000,000	25,000,000	December 2018	Variable rate indexed to Euribor	25,000,000	-	
Commercial Paper Program 75M	75,000,000	-	July 2020	Variable rate indexed to Euribor	-	-	
Commercial Paper Program 100M	100,000,000	-	March 2020	Variable rate indexed to Euribor	-	-	
Commissions		(407,180)					(407,180)
Financing							
Short-term financing 50M	50,000,000	50,000,000	April 2018	Variable rate indexed to Euribor	50,000,000	-	
Bank lines							
Short-term line 20M	20,450,714	-			-	-	
Reimbursable grants							
Reimbursable grants	-	6,423,058					6,423,058
		764,950,442			94,702,381	670,248,061	

31-12-2017							
Amounts in Euro	Available amount	Outstanding amount	Maturity	Interest rate	Current	Non-current	
Bond loans							
Portucel 2015-2023	200,000,000	200,000,000	September 2023	Variable rate indexed to Euribor	-	200,000,000	
Portucel 2016-2021	100,000,000	100,000,000	April 2021	Flat rate	-	100,000,000	
Portucel 2016-2021	45,000,000	45,000,000	August 2021	Variable rate indexed to Euribor	-	45,000,000	
Commissions		(1,703,383)					(1,703,383)
European Bank Investment							
Loan BEI Ambiente A	9,285,714	9,285,714	December 2018	Variable rate indexed to Euribor	9,285,714	-	
Loan BEI Ambiente B	11,666,666	11,666,666	June 2021	Variable rate indexed to Euribor	3,333,333	8,333,333	
Loan BEI Energia	49,583,333	49,583,333	December 2024	Variable rate indexed to Euribor	7,083,333	42,500,000	
Loan BEI Cacia	25,000,000	25,000,000	May 2028	Flat rate	-	25,000,000	
Commercial Paper Program							
Commercial Paper Program 125M	125,000,000	125,000,000	May 2020	Variable rate indexed to Euribor	-	125,000,000	
Commercial Paper Program 70M	70,000,000	70,000,000	April 2021	Flat rate	-	70,000,000	
Commercial Paper Program 50M	50,000,000	50,000,000	July 2020	Variable rate indexed to Euribor	-	50,000,000	
Commercial Paper Program 25M	25,000,000	25,000,000	December 2018	Variable rate indexed to Euribor	25,000,000	-	
Commercial Paper Program 75M	75,000,000	-	July 2020	Variable rate indexed to Euribor	-	-	
Commercial Paper Program 100M	100,000,000	-	March 2020	Variable rate indexed to Euribor	-	-	
Commissions		(515,766)					(515,766)
Financing							
Short-term financing 50M	50,000,000	50,000,000	February 2018	Variable rate indexed to Euribor	50,000,000	-	
Short-term financing 50M	50,000,000	50,000,000	April 2018	Variable rate indexed to Euribor	50,000,000	-	
Bank lines							
Short-term line 20M	20,450,714	-			-	-	
Short-term line Usd	10,000,000	5,503,210			5,503,210		
Reimbursable grants							
Reimbursable grants	-	4,237,695					4,237,695
		818,057,471			150,205,591	667,851,880	

In 2017 The Navigator Company has finalized a thorough process of debt restructuring, begun in 2015. The restructuring was based on the extension of

maturities, maintenance of adequate liquidity levels, management of interest rate risk, cost optimization and diversification of financing sources.

On 31 March 2018, the average cost of debt, considering interest rate, annual fees and hedging operations, was 1.62% (31 December 2017: 1.59%).

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

Amounts in Euro	31-03-2018	31-12-2017
Non-current		
1 to 2 years	15,779,780	12,337,297
2 to 3 years	190,164,037	191,421,157
3 to 4 years	227,007,018	227,007,018
4 to 5 years	9,861,111	9,861,111
Above 5 years	229,444,444	229,444,444
	672,256,390	670,071,028
Commissions	(2,008,329)	(2,219,148)
	670,248,061	667,851,880

On 31 March 2018 the Navigator Group had commercial paper programs and credit lines available but not used of Euro 195,450,714 (31 December 2017: Euro 195,450,714).

As at 31 March 2018 and 31 December 2017, the Group's current interest-bearing debt was as follows:

Amounts in Euro	31-03-2018	31-12-2017
Interest-bearing liabilities		
Non-current	670,248,062	667,851,880
Current	94,702,381	150,205,591
	764,950,443	818,057,471
Cash and cash equivalents		
Cash	77,661	81,795
Short-term bank deposits	152,205,725	71,125,699
Other short-term instruments	53,944,186	54,123,542
	206,227,572	125,331,036
Interest-bearing net debt	558,722,871	692,726,434

The reconciliation of the current interest-bearing liabilities to the statement of cash flows is as follows:

Amounts in Euro	31-03-2018	31-12-2017
As of 1 January	818,057,471	708,261,286
Borrowings - outflows	(50,000,000)	(44,702,381)
Borrowings - inflows	-	155,503,210
reimbursable grants	(3,004,794)	(1,455,171)
Variation of charges on the issuance of loans	(102,234)	450,527
Variation of interest-bearing liabilities	(53,107,028)	109,796,185
Interest-bearing liabilities	764,950,443	818,057,471

The Navigator Company Group has a strict policy of approval of its financial counterparts, limiting their exposure according to an individual risk analysis and previously approved ceilings. Beyond these limits, there is also a diversification policy applied to the number of the Navigator Company Group's counterparties. On 31 March 2018, "Other" included an amount of Euro 53,942,978 related with the investment in a portfolio of bonds from issuers with adequate rating.

The fair value of the bond loans, considering the date and respective contractual conditions, determined according to level 2 of the fair value hierarchy, does not differ substantially from its book value.

The evolution of the Navigator Company Group's interest bearing net debt in 31 March 2018 and 2017 was as follows:

Amounts in Euro	3 months 31-03-2018	3 months 31-03-2017	Remaining quarters	12 months 2017
<i>As of 1 January</i>	692,726,435	640,719,698	-	640,719,698
Changes in consolidation perimeter	-	-	-	-
Expenses with the issue of bond loans	2,008,329	2,402,355	(183,207)	2,219,148
Interest paid	4,769,258	3,511,386	8,662,988	12,174,374
Interest received	169,356	(1,009,615)	(1,121,901)	(2,131,516)
Dividends paid and reserves distributed	-	-	250,007,056	250,007,056
Acquisition of own shares	-	-	-	-
Receipts related to investment activities	-	-	-	-
Payments related to investment activities	-	-	-	-
Payments related to tangible fixed assets	32,498,110	24,858,834	74,004,561	98,863,395
Accumulated exchange rate differences	(5,115,357)	(3,590,207)	6,369,625	2,779,418
Dividends received	-	-	-	-
Net receipts from operating activities	(168,333,260)	(50,327,435)	(261,577,704)	(311,905,139)
Change in net debt	(134,003,564)	(24,154,682)		52,006,737
	558,722,871	616,565,016		692,726,435

Also, the movements in the Navigator Group's interest bearing net debt in 31 March 2018 and 2017 were as follows:

Amounts in Euro	31-03-2018	31-03-2017	Remaining quarters	31-12-2017
Net profit for the period	53,248,392	34,842,589	172,926,548	207,769,137
Depreciation, amortisation and impairment losses	33,861,430	38,143,318	106,560,581	144,703,899
Net changes in provisions	(890,419)	1,736	4,082,819	4,084,555
	86,219,402	72,987,643	283,569,948	356,557,592
Changes in working capital	43,571,250	(34,670,679)	(6,170,870)	(40,841,549)
Net changes of tangible fixed assets	(29,573,499)	(14,810,434)	(91,473,048)	(106,283,481)
Dividends paid and reserves distributed	-	-	(250,007,056)	(250,007,056)
Acquisition of own shares	-	-	-	-
Net changes in post-employment benefits	4,849,376	1,155,537	211,338	1,366,874
Other changes in equity	(15,838,698)	5,449,116	(16,638,517)	(11,189,401)
Expenses with the issue of bond loans	210,819	267,319	183,207	450,526
Other changes in non current assets and liabilities	44,564,914	(6,223,821)	4,163,579	(2,060,242)
Change in net debt (Free CashFlow)	134,003,564	24,154,682	(76,161,419)	(52,006,737)

22.2 Other liabilities

As at 31 March 2018 and 31 December 2017, the other non-current liabilities were as follows:

Amounts in Euro	31-03-2018	31-12-2017
Non-current		
Grants	23,998,979	25,466,139
Equipment	-	-
	23,998,979	25,466,139

The amount of grants corresponds to the investment grants received in order to support the investment projects carried out by the group in the past, with regard to its non-current component.

Finance leases – IFRIC 4

As at 31 March 2018 and 31 December 2017, the Navigator Group presented the following equipment under finance lease plans recognized under IFRIC 4 in the statement of financial position:

Amounts in Euro	31-03-2018		
	Acquisition value	Accumulated depreciation	Net book value
Equipment - Omya	14,000,000	(12,864,865)	1,135,135
	14,000,000	(12,864,865)	1,135,135

Amounts in Euro	31-12-2017		
	Acquisition value	Accumulated depreciation	Net book value
Equipment - Omya	14,000,000	(12,486,487)	1,513,513
	14,000,000	(12,486,487)	1,513,513

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	31-03-2018	31-12-2017
Non-current		
Equipment	-	-
Current (Note 22)	3,478,473	2 213 644
	3,478,473	2,213,644

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

23. NON-CURRENT ASSETS HELD OF SALE

On December 2017, The Navigator Company celebrated a sale agreement related with its pellets business in the United States of America with a joint venture managed and operated by an associate of Enviva Holdings, LP, in the amount of USD 135 million.

As a result, in the consolidated statement of financial position at 31 December 2017, the referred assets were identified as "Non-current assets held for sale" and are composed as follows:

Amounts in Euro	31-03-2018	31-12-2017
Property, plant and equipment	-	85,433,905
Inventories	-	803,143
	-	86,237,049

This operation was concluded on February 2018.

24. PAYABLES AND OTHER CURRENT LIABILITIES

As at 31 March 2018 and 31 December 2017, "Payables and other current liabilities" were detailed as follows:

Amounts in Euro	31-03-2018	31-12-2017
Suppliers	54,340,808	88,917,184
Suppliers invoices pending - Logistics	8,403,491	13,346,881
Suppliers invoices pending - Other	94,170,552	54,953,985
Fixed asset suppliers	3,025,046	5,115,782
Finance leases (Note 21)	3,478,473	2,213,644
Suppliers - Related parties	35,891	71,753
Derivative financial instruments	2,898,655	3,256,492
Other creditors - CO2 emission allowances	6,159,106	4,420,178
Sales commissions	139,924	138,682
Tax consolidation (Semapa)	7,429,319	7,429,319
Other creditors	12,700,902	2,475,273
Accrued costs	77,362,215	65,934,375
Deferred income	14,016,615	11,236,298
	284,160,997	259,509,848

On 31 March 2018 and 31 December 2017, accrued costs and deferred income were detailed as follows:

Amounts in Euro	31-03-2018	31-12-2017
Accrued costs		
Payroll expenses - Performance Bonus	22,355,994	17,414,930
Payroll expenses - Other costs	26,417,153	22,670,683
Interest payable	2,719,162	2,687,393
Wood suppliers bonus	4,761,307	7,761,518
Water resource rate	2,388,576	2,011,427
Rents responsibility	7,390,774	6,716,206
Accrued Air Permit - Colombo Energy	4,035,005	0
Other	7,294,243	6,672,218
	77,362,215	65,934,376
Deferred income		
Government grants (note 9)	5,848,082	5,859,834
Grants - CO2 emission licenses	3,053,166	261,097
Other grants	1,190,564	1,190,564
Other deferred income - ISP	3,924,802	3,924,802
	14,016,615	11,236,298

As at 31 March 2018 and 31 December 2017, deferred income on government grants, by company, was detailed as follows:

Amounts in Euro	31-03-2018	31-12-2017
AICEP investment contracts		
The Navigator Company, S.A.	10,132	10,132
Enerpulp, S.A.	6,818,619	7,197,936
Navigator Pulp Cacia, S.A.	12,223,712	12,798,599
Navigator Pulp Setúbal, S.A.	649,472	694,637
Navigator Pulp Figueira, S.A.	7,485,023	7,849,708
Navigator Parques Industriais, S.A.	2,092,227	2,107,066
Navigator Paper Figueira, S.A.	116,567	137,250
	<u>29,395,751</u>	<u>30,795,328</u>
Other		
Raiz	58,901	60,506
Viveiros Aliança, SA	392,409	470,139
	<u>451,310</u>	<u>530,645</u>
	29,847,061	31,325,972

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

Amounts in Euro	2018	2017
Grants - CO2 emission licenses		
Opening balance	-	-
Increase	3,603,769	2,570,570
Charge-off	(546,359)	(834,779)
Balance as of 31 March	3,057,410	1,735,791
Remaining quarters		(1,735,791)
Balance as of 31 December		-

These amounts regard the CO2 emission allowances granted for free to several group companies (2018: 492,291 and 2017: 495,037).

25. FINANCIAL ASSETS AND LIABILITIES

25.1 Derivative financial instruments held for trading

As at 31 March 2018 and 31 December 2017, the fair value of derivative financial instruments was as follows:

Amounts in Euro		31-03-2018				31-12-2017
		Notional	Positive	Negative	Net	Net
Trading						
CO2 emission licenses	EUR	1,397,500	-	-	-	-
ANTI-Dumping risk hedge	USD	21,500,000	1,497,770	-	1,497,770	1,149,981
Foreign exchange forwards	USD	57,750,000	156,975	-	156,975	669,733
Foreign exchange forwards	GBP	9,550,000	-	114,410	(114,410)	8,407
Pellets - Price changes	USD	600,000	-	491,240	(491,240)	-
		90,797,500	1,654,745	605,650	1,049,094	1,828,121

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

The hedging instruments used in this operation are foreign exchange forward contracts covering the net exposure to the foreign currencies at the time the invoices are issued, for the same maturity dates and the same amounts of these

documents in such a way as to fix the exchange rate associated with the sales. The nature of the risk hedged is change in the carrying amount of on sales and purchases expressed in foreign currencies due to foreign currency fluctuations. At the end of each month, customer and suppliers' balances expressed in foreign currency are updated, with the gain or loss offset against the fair value change of the forwards negotiated.

The net fair value of trading instruments – forwards – as at 31 March 2018 is Euro 1,049,094 (31 December 2017: Euro 1,828,121)

Anti-dumping risk hedge includes a portion of the amount that is estimated to be received regarding the anti-dumping process that the group has been subject in the USA. The hedge instrument used in this operation was currency forwards with the intention to reduce the foreign exchange recorded in the asset, in local currency.

The caption CO2 licenses includes 250,000 licenses acquired between 2016 and 2017 to be delivered in 2019-2020.

25.2 Derivative financial instruments designated as hedging instruments

As at 31 March 2018 and 31 December 2017, the fair value of derivative financial instruments designated as hedging instruments was as follows:

Amounts in Euro	Currency	Notional	31-03-2018		Net	31-12-2017
			Positive	Negative		Net
Hedging						
Foreign exchange forwards (net investment)	USD	25,050,000	703,286		703,286	114,914
Foreign exchange forwards (future sales)	USD	236,666,667	3,076,670		3,076,670	1,701,360
	GBP	88,166,667		114,017	(114,017)	-
Interest rate swap for commercial paper issued	EUR	125,000,000		753,706	(753,706)	(746,982)
Interest rate swap for bond loans	EUR	200,000,000		1,653,709	(1,653,709)	(2,509,510)
		674,883,333	3,779,956	2,521,432	1,258,524	(1,440,218)

Net investment

The Navigator Group hedges the economic risk associated with exposure to the exchange rate of its participation in Navigator North America. To this purpose, the Group has entered into a foreign exchange forward maturing in May 2018, 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 31 March 2018, the fair value reserve associated with this hedging was Euro 1,218,278 (31 December 2017: Euro 1,806,650)

Cash flow hedge – Exchange rate risk EUR/USD and EUR/GBP

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

In this context, during the last quarter of 2017, the Navigator Company Group contracted a number of financial structures to cover a portion of the net foreign exchange exposure of estimated sales in USD and GBP for 2018. The derivative financial instruments contracted were Options and Zero Cost Collar, in a total amount of USD 296,000,000 and GBP 92,000,000, with maturity between 31 January 2019 and 29 March 2019, respectively.

Cash flow hedge – Interest rate risk

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

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

25.3 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.

25.4 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.

25.5 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

Amounts in Euro	31-03-2018	31-03-2017
Foreign exchange gains/ (losses) on loans and receivables	1,093,103	(2,965,585)
Gains/ (losses) on financial instruments - hedging	(412,132)	(767,144)
Gains/ (losses) on financial instruments - trading	414,782	1,851,119
Interest income:		
From deposits and other receivables	310,046	601,984
Interest expense:		
Financial liabilities measured at amortised cost	(2,636,366)	(2,420,619)
Other	(4,285,721)	(236,418)
	(5,516,289)	(3,936,664)

The fair value of derivative financial instruments is included in "Receivables and other current assets" (Note 15) and "Payables and other current liabilities" (Note 22).

The movement in the balances recognized in the statement of financial position (Notes 15 and 22) related with financial instruments was as follows:

	Change in fair value (Trading)	Change in fair value (Hedging)	Total
Amount as of 1 January 2017	(1,943,402)	(4,881,689)	(6,825,091)
Maturity (Note 10)	3,771,523	2,810,045	6,581,567
Increase/ decrease in fair value	(0)	631,426	631,426
Amount as of 31 December 2017	1,828,121	(1,440,218)	387,902
Maturity (Note 10)	414,782	(412,132)	2,649
Increase/ decrease in fair value	(1,193,808)	3,110,874	1,917,066
Amount as of 31 March 2018	1,049,094	1,258,524	2,307,618

As at 31 March 2018 and 31 December 2017, the derivative financial instruments had the following maturities:

					31-03-2018	31-12-2017
		Nominal value	Maturity	Type	Fair value	Fair value
Exchange rate forwards	USD	57,750,000	31-Jul-18	Held for trading	156,975	669,733
	GBP	9,550,000	10-Aug-18	Held for trading	(114,410)	8,407
Future purchase of CO2 emission licenses	EUR	1,397,500	16-Mar-20	Held for trading	-	-
Anti-dumping operation	USD	21,500,000	31-Oct-18	Held for trading	1,497,770	1,149,981
Pellets - Price changes	USD	600,000	31-Mar-20	Held for trading	(491,240)	-
					1,049,094	1,828,121
Foreign exchange hedging - Investment in subsidiary	USD	25,050,000	29-May-18	Hedging	703,286	114,914
Hedging for future sales	USD	236,666,667	31-Jan-19	Hedging	3,076,670	1,701,360
	GBP	88,166,667	29-Mar-19	Hedging	(114,017)	-
Interest rate swap for commercial paper issued	EUR	125,000,000	26-May-20	Hedging	(753,706)	(746,982)
Interest rate swap for bond loans	EUR	200,000,000	22-Sep-23	Hedging	(1,653,709)	(2,509,510)
					1,258,524	(1,440,218)
					2,307,618	387,902

26. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As at 31 March 2018 and 31 December 2017, the balances with group companies and associated companies, is presented as follows:

	31-03-2018			31-12-2017		
	Assets	Liabilities		Assets	Liabilities	
	Customers	Suppliers	Other creditors (tax consolidation)	Customers	Suppliers	Other creditors (tax consolidation)
Amounts in Euro						
Semapa - Soc. De Investimento e Gestão, SGPS, S.A.	-	(33)	7,429,319	-	(33)	7,429,319
Secil - Companhia Geral Cal e Cimento, S.A.	161,097	251	-	27,650	298	-
Secil Britas, S.A.	-	5,469	-	-	10,125	-
Enermontijo, S.A.	67,901	68,930	-	54,656	12,551	-
Enerpar, SGPS, Lda.	-	-	-	-	21,598	-
Cimilonga - Imobiliária, S.A.	-	-	-	-	27,216	-
Refundos - Soc. Gestora de Fundos de Inv. Imobiliário, S.A.	-	(38,726)	-	-	-	-
	228,998	35,891	7,429,319	82,306	71,755	7,429,319

On the three months period ended 31 March 2018 and 2017, transactions with group companies and associated companies were as follows:

	31-03-2018		31-03-2017	
	Sales and services rendered	Consumed materials and services	Sales and services rendered	Consumed materials and services
Amounts in Euro				
Semapa - Soc. De Investimento e Gestão, SGPS, S.A.	-	1,907,024	-	3,077,807
Secil - Companhia Geral Cal e Cimento, S.A.	126,973	355	18,927	301,414
Secil Britas, S.A.	-	6,675	-	8,317
Enermontijo, S.A.	66,809	101,878	42,957	65,445
Enerpar, SGPS, Lda.	-	17,401	-	58,964
Cimilonga - Imobiliária, S.A.	-	60,084	-	65,653
Refundos - Soc. Gestora de Fundos de Inv. Imobiliário, S.A.	-	100,016	-	-
	193,782	2,193,433	61,884	3,577,602

On 1 February 2013, a contract to render administrative and management services was signed between Semapa - Sociedade de Investimentos e Gestão, SGPS, S.A. (currently owner of 69.4% of the Group's share capital) and Navigator Group, establishing a remuneration system based in equal criteria for both parties in the continuous cooperation and assistance relationships, that meets the rules applicable to commercial relationships between group companies.

In March 2015, The Navigator Company celebrated an agreement with Enerpar SGPS, Lda. under which paid a fee related to the promotion of its pellets project located in the United States of America, in particular for having defined and deepened several studies and initiatives including, amongst others, market analysis, real estate prospection, public entities negotiation, tax and corporate

planning, projection of manufacturing facilities, equipment commissioning and customer acquisition, coordinating all these aspects in a single project.

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

Enerpar SGPS, Lda. is a company that manages holdings in the renewable energy sector, holding the full equity capital of Enermontijo, SA, which has been dedicated to the productions of forest-based wood pellets since 2008, annually producing Tons 80,000 and to whom the Group sells biomass. Enerpar SGPS, Lda. is a related party as its shareholders have family relations with a non-executive Board Member of the Group.

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

The Navigator Company, SA and Refundos - Sociedade Gestora de Investimentos Imobiliário, SA, entered into a lease agreement beginning on 1 June 2017, regarding the lease of an office building located in Lisbon, Avenida Fontes Pereira de Melo.

In the identification of the Navigator Company Group's related parties for the purpose of financial reporting, the members of the Navigator Company Group's Board of Directors and other statutory bodies were considered as related parties (additionally see note 7).

27. NUMBER OF EMPLOYEES

As at 31 March 2018 the average number of employees working for the Navigator Group Companies was 3,156 (31 December 2017: 3,197), and were distributed by business segment as follows:

As of 31 March 2018	MARKET PULP	UWF PAPER	TISSUE PAPER	OTHER	TOTAL
Industrial / Forest site					
Setúbal	-	934	-	237	1,171
Cacia	269	-	72	84	425
Figueira da Foz	-	854	-	138	992
Vila Velha de Ródão	-	-	205	-	205
Lisboa	-	-	-	102	102
Greenwood	-	-	-	1	1
Mozambique	-	-	-	153	153
	269	1,788	277	715	3,049
Commercial companies					
Europe	8	78	11	-	97
America	-	9	-	-	9
Overseas	-	1	-	-	1
	8	88	11	-	107
	277	1,876	288	715	3,156

As at 31 December 2017	MARKET PULP	UWF PAPER	TISSUE PAPER	OTHER	TOTAL
Industrial / Forest site					
Setúbal	-	925	-	248	1,163
Cacia	269	-	19	85	327
Figueira da Foz	-	865	-	131	996
Vila Velha de Ródão	-	-	206	-	206
Lisboa	-	-	-	112	169
Greenwood	-	-	-	77	77
Mozambique	-	-	-	163	163
	269	1,790	225	816	3,101
Commercial companies					
Europe	7	68	9	-	84
America	-	9	-	-	9
Overseas	-	4	-	-	3
	7	81	9	-	96
	276	1,871	234	816	3,197

28. COMMITMENTS

28.1 Commitments granted to third-parties

As at 31 March 2018 and 31 December 2017, the guarantees provided by the Group are as follows:

Amounts in Euro	31-03-2018	31-12-2017
2013 corporate income tax	26,022,893	26,022,893
IAPMEI	5,209,320	5,209,320
Customs clearance	1,835,250	1,835,250
Spanish state tax agency	1,033,204	1,033,204
Simria	338,829	338,829
Other	847,933	781,139
	35,287,430	35,220,636

The guarantees in favor of IAPMEI were provided under the investment contracts celebrated between the Portuguese State and Navigator Pulp Cacia, S.A. (Euro 2,438,132) and Navigator Tissue Ródão, S.A. (Euro 2,771,188), in accordance with the terms and conditions defined in the Payment Standard applicable to projects approved under QREN Incentive Systems.

As part of the final tax authority inspection report to 2013 period, the Navigator Company was notified (on September 4, 2017) with an additional tax payment of Euro 20,556,589. In the 2013 tax declaration, the Navigator Group deducted a significant amount of credits related to fiscal benefits related to RFAI generated in previous years and, with regards to Navigator understanding, could be reported. The Tax authority does not have the same understanding, having corrected the amounts of tax benefits used by the Navigator group. The Navigator group will ensure the debt and contest the settlement

28.2 Purchase commitments

In addition to the commitments described in the preceding note, purchase commitments assumed with suppliers at 31 March 2018 amounted to Euro 137,317,267 and referred to capital expenditure on Property, plant and equipment. In 31 December 2017 these commitments amounted to Euro 106,987,184.

On 31 March 2018 and 31 December 2017, the commitments relating to operating lease contracts were as follows:

Amounts in Euro	31-03-2018	31-12-2017
Settlement date		
2018	1,954,603	1,928,848
2019	1,572,423	1,603,868
2020	1,052,876	1,077,787
2021	559,371	603,254
2022	95,000	138,413
Later	64,146	50,077
	5,298,419	5,402,247

As at 31 March 2018 and 31 December 2017, the undiscounted commitments relating to external group forestry land rents were as follows:

Amounts in Euro	31-03-2018	31-12-2017
2018	2,881,504	3,965,857
2019	3,931,848	3,818,115
2020	3,617,848	3,502,754
2021	3,441,066	3,318,277
2022	3,234,186	3,119,248
Later	37,606,135	35,774,462
	54,712,587	53,498,715

29. CONTINGENT ASSETS

29.1 Tax matters

29.1.1 Public Debt Settlement Fund

According to Decree-Law no. 36/93 of 13 February, the tax debts of privatized companies relating to periods prior to the privatization date (in the case of The Navigator Company, 25 November 2006) are the responsibility of the Public Debt Settlement Fund. The Navigator Company submitted an application to the Public Debt Settlement Fund on 16 April 2008 requesting the payment by the State of the tax debts raised by the tax authorities for periods before that date. On 13 December 2010, The Navigator Company presented a new application requesting the payment of debts settled by the tax authorities regarding 2006 and 2003. This application was supplemented on 13 October 2011, with the amounts already paid and uncontested regarding these debts, as well as with expenses directly related to them, pursuant to court ruling dated 24 May 2011 (Case No. 0993A/02), which confirmed the company's position regarding the enforceability of such expenses.

On 13 December 2017, The Navigator Company, S.A. has made an extra-judicial agreement with Tax authorities, in which was recognized the responsibility by FRDP for reimbursing the amount of Euro 5,725,771 corresponding to the amount of Corporate Income Tax improperly paid, resulting from the alleged qualification / incorrect consideration, by the tax administration, of the tax loss computed as a result of the operations carried out by Soporcel, S.A. in 2003, as well as to promote restitution to Navigator of the mentioned amount.

In this context, the aforementioned Fund is liable for Euro 24,649,956, detailed as follows:

	Period	Requested amounts	1st Refund	Decrease due to RERD	Proceedings decided in favour of the Group	Extrajudicial agreement of 13 December 2017	Outstanding amount
Amounts in Euro							
Proceedings confirmed in court							
VAT - Germany	1998-2004	5,850,000	(5,850,000)	-	-	-	-
Corporate income tax	2001	314,340	-	-	(314,340)	-	-
Corporate income tax	2002	625,033	(625,033)	-	-	-	-
Corporate income tax	2002	18,923	-	-	-	-	18,923
VAT	2002	2,697	(2,697)	-	-	-	-
Corporate income tax	2003	1,573,165	(1,573,165)	-	-	-	-
Corporate income tax	2003	182,230	(157,915)	-	(24,315)	-	-
Corporate income tax	2003	5,725,771	-	-	-	(5,725,771)	-
Corporate income tax (Withheld)	2004	3,324	-	-	-	-	3,324
Corporate income tax	2004	766,395	-	-	(139,023)	-	627,372
Stamp duty	2004	497,669	-	-	(497,669)	-	-
Corporate income tax (Withheld)	2005	1,736	(1,736)	-	-	-	-
Expenses		314,957	-	-	-	-	314,957
		15,876,240	(8,210,546)	-	(975,347)	(5,725,771)	964,576
Proceedings not confirmed in court							
VAT	2003	2,509,101	-	-	-	-	2,509,101
Corporate income tax	2005	11,754,680	-	(1,360,294)	-	-	10,394,386
Corporate income tax	2006	11,890,071	-	(1,108,178)	-	-	10,781,893
		26,153,852	-	(2,468,472)	-	-	23,685,380
		42,030,092	(8,210,546)	(2,468,472)	(975,347)	(5,725,771)	24,649,956

29.1.2 Taxes paid in litigation

At 31 March 2018 and 31 December 2017, the additional tax assessments that are paid and disputed by the Navigator Group, not recognized in the company's assets, are summarized as follows:

Amounts in Euro	31-03-2018	31-12-2017
2003 VAT	2,509,101	2,509,101
2005 Aggregate corporate income tax	10,394,386	10,394,386
2006 Aggregate corporate income tax	8,150,146	8,150,146
	21,053,633	21,053,633

29.2 Non-tax matters

29.2.1 Public Debt Settlement Fund

In addition to the tax matters described above, a second request to the Public Debt Settlement Fund was submitted on 2 June 2010, which called for the reimbursement of various amounts, totaling Euro 136,243,939. These amounts regard adjustments in the financial statements of the Navigator Company Group after its privatization that had not been considered in formulating the price of its privatization as they were not included in the documentation made available for consultation by the bidders.

On 24 May 2014 the Court denied the Navigator Company Group's proposal to present testimony evidence, alternatively proposing written submissions. On 30 June 2014 Navigator Company Group appealed against this decision, but continuously presented written evidence. The Court subsequently confirmed the Navigator Company Group's views on this matter, both parts appointed experts and the expert report was issued on July 2017. They are now waiting for the appointment of the court hearing to clarify it.

29.2.2 Infrastructure enhancement and maintenance fee

Under the licensing process n° 408/04 related to the new Setubal's paper mill project, the Setubal City Council issued a settlement note to The Navigator

Company regarding an infrastructure enhancement and maintenance fee ("TMUE ") amounting to Euro 1,199,560, with which the company disagrees.

This situation regards the amount collected under this levy in the licensing process mentioned above, for the construction of a new paper mill in the industrial site of Mitrena, Setúbal. The Navigator Company disagrees with the amount charged and filled an administrative claim against it on 25 February 2008 (request 2485/08), followed by an appeal to Court against the rejection of the claim on 28 October 2008. At 3 October 2012 this claim had an adverse decision, and in 13 November 2012, The Navigator Company appealed. This lawsuit is awaiting the decision of TCA since 4 July 2013.

29.2.3 Tax and financial incentives

The Group applied for tax and financial incentives related to investments in progress in Cacia and Figueira da Foz. The commitments obtained are tax benefits, respectively of 11.5 million Euros and 14.2 million Euros, a repayable loan with zero interest rate of 42.2 million Euros for Cacia and a loan of 5.8 million Euros, with a non-repayable maximum paid-in prize of 3.5 million Euros for Figueira da Foz.

30. COMPANIES INCLUDED IN THE CONSOLIDATION

Company	Head Office	Share equity owned		
		Directly	Indirectly	Total
Parent-Company:				
The Navigator Company, S. A.	Setúbal	-	-	-
Subsidiaries				
Navigator Paper Figueira, S.A.	Figueira da Foz	100,00	-	100,00
Navigator Parques Industriais, S.A.	Setúbal	100,00	-	100,00
Navigator Products & Technology, S.A.	Setúbal	100,00	-	100,00
Enerpulp – Cogeração Energética de Pasta, S.A.	Setúbal	100,00	-	100,00
Navigator Pulp Figueira, S.A.	Figueira da Foz	100,00	-	100,00
Navigator Pulp Setúbal, S.A.	Setúbal	100,00	-	100,00
Navigator Pulp Cacia, S.A.	Aveiro	100,00	-	100,00
Navigator International GmbH	Germany	100,00	-	100,00
About Balance - SGPS, S.A.	Lisboa	100,00	-	100,00
Navigator Tissue Cacia, S.A.	Aveiro	-	100,00	100,00
Navigator Tissue Ródão, S.A.	Vila Velha de Ródão	-	100,00	100,00
Navigator Internacional Holding SGPS, S.A.	Setúbal	100,00	-	100,00
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	20,05	60,15	80,20
Colombo Energy Inc.	USA	25,00	75,00	100,00
Portucel Finance, Zoo	Poland	25,00	75,00	100,00
Navigator Floresta, SGPS, S.A.	Setúbal	100,00	-	100,00
Raiz - Instituto de Investigação da Floresta e Papel	Aveiro	-	97,00	97,00
Navigator Forest Portugal, S.A.	Setúbal	100,00	-	100,00
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Setúbal	-	100,00	100,00
Gavião - Sociedade de Caça e Turismo, S.A.	Setúbal	100,00	-	100,00
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios, ACE	Portugal	-	64,80	64,80
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Palmela	-	100,00	100,00
Atlantic Forests, S.A.	Setúbal	-	100,00	100,00
Bosques do Atlantico, SL	Spain	-	100,00	100,00
Navigator Paper Holding ,SGPS, S.A.	Setúbal	100,00	-	100,00
Navigator Fine Paper, S.A.	Setúbal	-	100,00	100,00
About the Future - Empresa Produtora de Papel, S.A.	Setúbal	-	100,00	100,00
Navigator Paper Setúbal, S.A.	Setúbal	-	100,00	100,00
Navigator North America Inc.	USA	-	100,00	100,00
Navigator Sales & Marketing, S.A.	Belgium	25,00	75,00	100,00
Navigator Africa, SRL	Italy	-	100,00	100,00
Navigator Participações Holding ,SGPS, S.A.	Setúbal	100,00	-	100,00
Portucel Florestal, S.A.	Setúbal	-	100,00	100,00
Arboser – Serviços Agro-Industriais, S.A.	Setúbal	-	100,00	100,00
EMA21 - Engenharia e Manutenção Industrial Século XXI, S.A.	Setúbal	-	100,00	100,00
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Aveiro	-	95,00	95,00
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	89,91	89,91
Ema Figueira da Foz - Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	90,72	90,72
Empremédia - Corretores de Seguros, S.A.	Lisboa	-	100,00	100,00
EucaliptusLand, S.A.	Setúbal	-	100,00	100,00
Headbox - Operação e Contolo Industrial, S.A.	Setúbal	-	100,00	100,00
Navigator Added Value, S.A.	Setúbal	-	100,00	100,00
Navigator Switzerland Ltd.	Switzerland	25,00	75,00	100,00
Navigator Afrique du Nord	Morocco	-	100,00	100,00
Navigator España, S.A.	Spain	-	100,00	100,00
Navigator Netherlands, BV	Netherlands	-	100,00	100,00
Navigator France, EURL	France	-	100,00	100,00
Navigator Paper Company UK, Ltd	United Kingdom	-	100,00	100,00
Navigator Italia, SRL	Italy	-	100,00	100,00
Navigator Deutschland, GmbH	Germany	-	100,00	100,00
Navigator Paper Austria, GmbH	Austria	-	100,00	100,00
Navigator Paper Poland SP Z o o	Poland	-	100,00	100,00
Navigator Eurasia	Turkey	-	100,00	100,00
Navigator Rus Company, LLC	Russia	-	100,00	100,00
Navigator Paper Mexico	Mexico	-	100,00	100,00
Navigator Abastecimento de Madeira, ACE	Setúbal	97,00	3,00	100,00

31. SUBSEQUENT EVENTS

During April, Navigator was informed by the North-American tax authorities that the temporary anti-dumping rate to be applied retrospectively in paper sales in the USA regarding the period between August 2015 and February 2017 will be 0%, giving reason to Navigator. Until the end of February 2017, the company had guaranteed an amount equivalent to Euro 25,000,000, and following this decision it will ask for the repayment of the total amount deposited in respect to this period.

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