JERÓNIMO MARTINS

Consolidated Report & Accounts

First Half 2017

INDEX

I - CONSOLIDATED MANAGEMENT REPORT

Message from the Chairman and CEO – Pedro Soares dos Santos

Following a solid first half of the year, sales remain as our number one priority and we are determined to continue balancing sustainable growth and profitability, both in the short and in the medium-long term.

The commitment to continuously adjust the offer, to reinforce engagement and to create the best opportunities for Polish consumers led Biedronka to intensify its promotional dynamics and to further invest in key products. This effort paid off and drove an excellent performance for the Group in the first six months of the year.

In Portugal, both Pingo Doce and Recheio delivered on their targets. Recheio leveraged on its commercial strength to fully capture the opportunities resulting from the increase in tourism. Once again, Pingo Doce confirmed its commitment to lead competitiveness in the market place.

In Colombia, Ara continued to adapt its value proposition to the different regions, particularly in Bogota and is now ready to step up store expansion in the second half of the year.

Our strong sales momentum coupled with our goal to grow profitably led us to reinforce our focus on cost efficiency, particularly in Poland, in a context of increased pressure on labour costs.

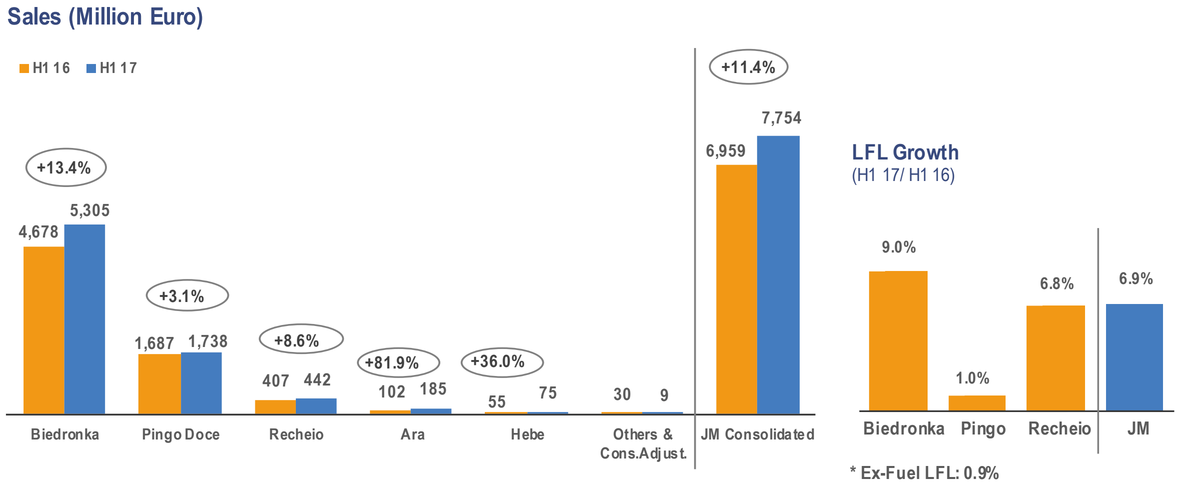
The first six months validate our established banners' ability to create growth opportunities, deliver solid performance in their respective markets and fuel the Group's future development.

1. Sales Analysis

(Million Euro)	H1 17		H1 16		Δ %		Q2 17		Q2 16		Δ %	
		% total		% total	w/o FX	Euro		% total		% total	w/o FX	Euro
Biedronka	5,305	68.4%	4,678	67.2%	10.8%	13.4%	2,778	68.2%	2,397	66.9%	11.8%	15.9%
Pingo Doce	1,738	22.4%	1,687	24.2%		3.1%	915	22.5%	870	24.3%		5.2%
Recheio	442	5.7%	407	5.8%		8.6%	241	5.9%	219	6.1%		9.9%
Ara	185	2.4%	102	1.5%	65.7%	81.9%	98	2.4%	54	1.5%	73.0%	82.0%
Hebe	75	1.0%	55	0.8%	32.9%	36.0%	39	1.0%	28	0.8%	33.1%	38.0%
Others & Cons. Adjustments	9	0.1%	30	0.4%		n.a.	5	0.1%	15	0.4%		n.a.
Total JM	**7,754**	**100%**	**6,959**	**100%**		**11.4%**	**4,075**	**100%**	**3,583**	**100%**		**13.7%**

Group sales reached €7.8 bn in the first Half of 2017, 11.4% above the same period in the previous year (+9.4% at constant exchange rates).

Group like-for-like (LFL) sales growth reached an excellent 6.9% in the first six months, driven by the strong performance in Biedronka and also by a very solid delivery of both Pingo Doce and Recheio.



In Poland, the consumer environment remained positive despite price increases in some categories, which led food inflation in the country to accelerate to 3.7% in May and June. The competitive environment remained intense and highly promotion-driven.

Biedronka maintained its consumer focus and further invested in promoting products that posted strong inflation in recent months, thus reinforcing its price positioning.

As a result of this strategy, the increase in sales growth, beyond the effect of Easter and higher inflation, fully offset the challenges raised by the tougher comparison basis. LFL was at 9.5% in second Quarter with total sales reaching €2.8 bn, +15.9% growth over second Quarter of 2016 (+11.8% in local currency).

In the six months period, LFL growth reached 9.0%, driving sales growth to 10.8% (local currency). In euros, sales reached €5.3 bn, 13.4% ahead of the previous year.

The Company opened 29 stores in the six months, operating a total of 2,741 locations by the end of June. The refurbishment programme advanced according to the plan, with 91 stores being completed in the first six months of the year.

Hebe performed well, reaching sales of €75 mn, 36.0% up on the first Half of 2016 (+32.9% at constant exchange rates), and ended the period with 160 stores (8 additions in the first six months of 2017).

In Portugal, the Food Retail sector remained competitive and promotional while the HoReCa channel continued to benefit from strong tourist activity.

Pingo Doce maintained the intensity of promotions in its commercial offer while continuing to guarantee the quality of the overall value proposition. LFL sales (excl. fuel) grew 3.1% in the second Quarter also benefiting from the positive Easter effect. In the six months, total sales grew 3.1% to €1.7 bn with a LFL (excl. fuel) of 0.9%.

In the first six months of the year, Pingo Doce refurbished 15 stores and opened 5, ending June with a total network of 417 locations.

Recheio continued to fully reap the benefits from the favourable backdrop and delivered a sound 6.8% LFL sales increase (+8.1% in second Quarter), driving the six months sales to reach €442 mn, 8.6% more than in six months of 2016.

Ara achieved sales of €185 mn, 81.9% ahead of previous year (+65.7% at constant exchange rate). In the first half of the year the banner opened 49 stores, with a total network of 269 locations on the 30th of June.

2. Results Analysis

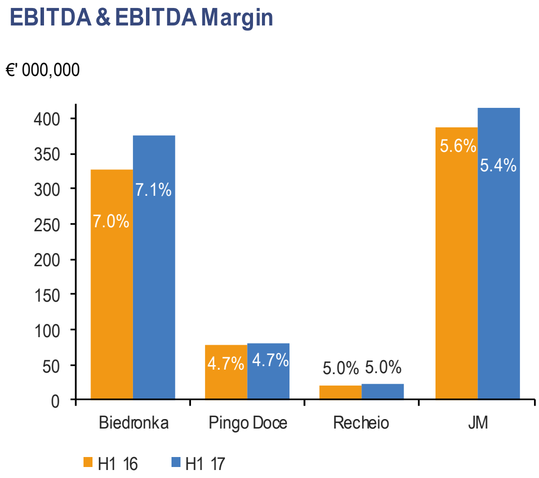
Net Consolidated Profit

(Million Euro)	H1 17		H1 16		Δ	Q2 17		Q2 16		Δ
Net Sales and Services	**7,754**		**6,959**		**11.4%**	**4,075**		**3,583**		**13.7%**
Gross Profit	1,634	21.1%	1,469	21.1%	11.2%	856	21.0%	758	21.2%	12.9%
Operating Costs	-1,218	-15.7%	-1,081	-15.5%	12.7%	-632	-15.5%	-553	-15.4%	14.1%
EBITDA	**416**	**5.4%**	**388**	**5.6%**	**7.2%**	**224**	**5.5%**	**204**	**5.7%**	**9.6%**
Depreciation	-160	-2.1%	-146	-2.1%	9.7%	-82	-2.0%	-73	-2.0%	13.1%
EBIT	**256**	**3.3%**	**242**	**3.5%**	**5.7%**	**142**	**3.5%**	**132**	**3.7%**	**7.7%**
Net Financial Costs	-4	0.0%	-11	-0.2%	-66.0%	-4	-0.1%	-6	-0.2%	-45.5%
Gains in Joint Ventures and Associates	-	0.0%	8	0.1%	n.a.	-	0.0%	5	0.1%	n.a.
Non-Recurrent Items	-7	-0.1%	-3	0.0%	n.a.	-6	-0.1%	-2	-0.1%	n.a.
EBT	**245**	**3.2%**	**236**	**3.4%**	**3.8%**	**133**	**3.3%**	**128**	**3.6%**	**3.8%**
Income Tax	-62	-0.8%	-54	-0.8%	16.0%	-33	-0.8%	-29	-0.8%	16.9%
Net Profit	**183**	**2.4%**	**182**	**2.6%**	**0.2%**	**99**	**2.4%**	**99**	**2.8%**	**0.0%**
Non Controlling Interests	-10	-0.1%	-10	-0.1%	-6.0%	-4	-0.1%	-5	-0.1%	-15.5%
Net Profit Attributable to JM	**173**	**2.2%**	**172**	**2.5%**	**0.6%**	**95**	**2.3%**	**95**	**2.6%**	**0.7%**
EPS (€)	0.27		0.27		0.6%	0.15		0.15		0.7%
EPS without non-recurrent (€)	0.28		0.28		1.9%	0.16		0.15		2.7%

Operating Profit

Group EBITDA reached €416 mn in the period, a 7.2% growth on previous year (+5.9% at constant exchange rates).

EBITDA from the established businesses (excluding Ara and Hebe) increased by 11.3%.



Biedronka recorded EBITDA of €375 mn, 14.6% more than in six months of 2016 (+11.9% at constant exchange rate). The respective EBITDA margin was at 7.1%, marginally up on the same period in the previous year.

This strong EBITDA progression reflects the sales-focused strategy, which delivered well on investments and that, together with a strict cost management, compensated for the registered labour and fuel inflation.

Pingo Doce and Recheio generated EBITDA of €103 mn, 3.3% above the previous year. The respective EBITDA margins were 4.7% and 5.0%, broadly in line with six months of 2016.

Ara and Hebe, together, recorded losses of €47 mn at the EBITDA level, with Ara accounting for about 85% of the total. Ara's losses evolution reflects the acceleration in investment to step up expansion in Colombia, while losses at Hebe continued to decrease, in line with our expectation. A stronger colombian peso and a stronger zloty also had a negative impact on losses in euro terms.

Financial Results

Net financial costs were at €4 mn reflecting the Group's debt value and structure, where, in line with its financial and risk management policies, there has been an increase in colombian peso denominated loans.

Non Recurrent Items

Non recurrent items, at €7 mn in the six months, include restructuring costs in Portugal namely the write-off of certain assets related to the logistic re-dimensioning in the country.

Net Results

Group net profit reached €173 mn, 5.5%[1] above the same period last year. The sound performance of the established business enabled Group's earnings to grow despite higher investment in Colombia.

[1] Excluding Monterroio contribution in the first Half of 2016

3. Balance Sheet

(Million Euro)	H1 17	2016	H1 16
Net Goodwill	643	630	628
Net Fixed Assets	3,324	3,180	3,026
Total Working Capital	-2,142	-2,201	-1,919
Others	74	46	97
Invested Capital	**1,899**	**1,656**	**1,833**
Total Borrowings	467	335	468
Leasings	6	4	-
Accrued Interest	1	-	1
Marketable Sec. & Bank Deposits	-390	-674	-195
Net Debt	**84**	**-335**	**274**
Non Controlling Interests	248	253	248
Share Capital	629	629	629
Reserves and Retained Earnings	938	1,109	681
Shareholders Funds	**1,815**	**1,991**	**1,558**
Gearing	*4.6%*	*-16.8%*	*17.6%*

Group net debt, after the €380 mn dividend payment in May, stood at €84 mn by the end of June.

Cash Flow

(Million Euro)	H1 17	H1 16
EBITDA	416	388
Interest Payment	-7	-8
Other Financial Items	-	3
Income Tax	-91	-60
Funds From Operations	**317**	**323**
Capex Payment	-288	-184
Change in Working Capital	-67	-39
Others	-3	-
Free Cash Flow	**-40**	**99**

Cash flow in the period was negative €40 mn, mainly reflecting the planned step up in capex.

Investment Programme

(Million Euro)	H1 17	Weight	H1 16	Weight
Biedronka	86	34.8%	77	42.6%
Distribution Portugal	55	22.1%	74	41.2%
Ara	62	25.0%	20	11.0%
Others	45	18.2%	9	5.1%
Total CAPEX	**249**	**100%**	**180**	**100%**

Group capex was at €249 mn, on track with the plan for the year. Both Biedronka and Ara will concentrate the biggest expansion effort in the second Half. In Portugal, as in Poland, the first six months of 2017 have been focused on both the execution of the refurbishing programme and the replacement of targeted locations.

4. Outlook for 2017

In the second half, and in line with our defined strategy, all our banners will remain focused on driving sales performance and on reinforcing their market positions.

Since mid-2016, Biedronka has been able to take advantage of the improved household income in Poland. Aware that it will face tougher comparison terms going forward, our main Company will keep improving the shopping experience in its stores while providing valuable opportunities for the Polish families. Despite the promotional environment and continuous cost inflation, particularly labour-related, Biedronka expects a relatively stable EBITDA margin for 2017 full year, with sales being the main driver of improved returns.

The Group's capex guidance for the entire year is held at c.€700 mn, with the execution of the refurbishment programmes in both Biedronka and Pingo Doce continuing to be a priority.

Biedronka will open its new distribution centre in the third Quarter while focusing on the remaining store openings in the pipeline that are expected to add more than 100 net locations to the network in the full year.

In Colombia, the expansion pipeline for this year was confirmed during the first Half. This will allow Ara to add at least 150 new stores to its network in 2017 while building three new DCs which will become operational at the beginning of next year. The Company is now preparing the 2018 store pipeline and the next improvements in its logistic infrastructure.

The excellent performance delivered by our established businesses reinforces our belief that this is the right moment to accelerate the development of our most recent venture. Focus on execution and on recruitment and training in Colombia is particularly intense. Therefore, losses generated by Ara and Hebe at the EBITDA level are expected to increase c.30% when compared with the previous year (at constant exchange rates).

Lisbon, 25 July 2017

The Board of Directors

II - CONSOLIDATED MANAGEMENT REPORT APPENDIX

1. Sales Evolution

	Total Sales Growth			LFL Sales Growth		
	Q1 17	Q2 17	H1 17	Q1 17	Q2 17	H1 17
Biedronka						
Euro	10.8%	15.9%	13.4%			
PLN	9.7%	11.8%	10.8%	8.4%	9.5%	9.0%
Pingo Doce	0.8%	5.2%	3.1%	-1.1%	3.0%	1.0%
Ex-Fuel	0.6%	5.3%	3.0%	-1.4%	3.1%	0.9%
Recheio	7.2%	9.9%	8.6%	5.2%	8.1%	6.8%

2. Stores Network

Number of Stores	2016	Openings		Closings	H1 17	H1 16
		Q1 17	Q2 17	H1 17		
Biedronka	2,722	11	18	10	2,741	2,693
Pingo Doce	413	2	3	1	417	404
Recheio	42	-	1	-	43	42
Ara	221	23	26	1	269	161
Hebe	153	7	1	1	160	135

Sales Area (sqm)	2016	Openings		Closings/ Remodellings	H1 17	H1 16
		Q1 17	Q2 17	H1 17		
Biedronka	1,768,293	7,442	12,089	-1,094	1,788,918	1,746,547
Pingo Doce	493,089	2,242	4,051	690	498,692	484,839
Recheio	130,597	-	1,399	-	131,996	130,837
Ara *	71,263	8,342	10,284	217	89,672	50,644
Hebe	35,479	1,815	222	-	37,516	31,150

* Restated: figures published in 2016, Q1 17 e H1 16

3. EBITDA and EBITDA Margin Breakdown

(Million Euro)	H1 17	Mg	H1 16	Mg
Biedronka	375	7.1%	327	7.1%
Pingo Doce	81	4.7%	79	4.7%
Recheio	22	5.0%	20	5.0%
Others & Cons. Adjustments	-62	n.a.	-39	n.a.
JM Consolidated	**416**	**5.4%**	**388**	**5.4%**

4. Financial Costs Breakdown

(Million Euro)	H1 17	H1 16	Δ
Net Interest	-6	-6	-3%
Exchange Differences	4	-3	n.a.
Others	-2	-2	-9%
Financial Results	**-4**	**-11**	**-66%**

5. Working Capital

(Million Euro)	H1 17	2016	H1 16
Inventories	777	720	657
in days of sales	18	18	17
Customers	57	45	58
in days of sales	1	1	2
Suppliers	-2,526	-2,514	-2,233
in days of sales	-59	-63	-58
Trade Working Capital	**-1,691**	**-1,749**	**-1,518**
in days of sales	**-39**	**-44**	**-39**
Others	-450	-452	-400
Total Working Capital	**-2,142**	**-2,201**	**-1,919**
in days of sales	**-50**	**-55**	**-50**

6. Net Debt

(Million Euro)	H1 17	H1 16
Long Term Debt	**177**	**329**
as % of Total Borrowings	*38.0%*	*70.3%*
Average Maturity (years)	*2.4*	*2.7*
Bond Loans	-	150
Commercial Paper	-	65
Other Debt	177	114
Short Term Debt	**290**	**139**
as % of Total Borrowings	*62.0%*	*29.7%*
Total Borrowings	**467**	**468**
Average Maturity (years)	*0.9*	*1.6*
Leasings	6	-
Marketable Securities & Bank Deposits	-390	-195
Net Debt	**84**	**274**
% Debt in Euros (Total Borrowings + Leasings)	*31.7%*	*47.2%*
% Debt in Zlotys (Total Borrowings + Leasings)	*40.6%*	*34.5%*
% Debt in Pesos (Total Borrowings + Leasings)	*27.7%*	*18.3%*

7. Definitions

Like-for-like sales: sales made by stores that operated under the same conditions in the two periods. Excludes stores opened or closed in one of the two periods. Sales of stores that underwent profound remodelling are excluded for the remodelling period (store closure).

Gearing: Net Debt / Shareholder Funds.

8. P&L - Reconciliation Note

P&L in page 4	Income Statement by Functions in the Consolidated Financial Statements
Net Sales and Services	Net Sales and Services
Gross Profit	Gross Profit
Operating Costs	Includes headings of Distribution costs; Administrative costs; Other operating costs and excludes Depreciations of €-159.9mn
EBITDA	
Depreciation	Value reflected in the Segments reporting note. The difference to the operating costs note or the tangible and intangibles assets note is related with the non-recurrent Depreciations (€18th)
EBIT	
Net Financial Costs	Net Financial Costs
Gains in Joint Ventures and Associates	Gains (Losses) in Joint Ventures and Associates
Non-Recurrent Items	Includes headings of Exceptional operating profits/losses; Gains in disposal of business and Gains/Losses in other investments
EBT	
Income Tax	Income Tax
Net Profit	
Non-Controlling Interests	Non-Controlling Interests
Net Profit attributable to JM	

9. Balance Sheet - Reconciliation Note

(Following ESMA guidelines on Alternative Performance Measures from October 2015)

Balance Sheet in page 6	Balance Sheet in the Consolidated Financial Statements
Net Goodwill	Included in the heading of Intangible assets
Net Fixed Assets	Includes the headings Tangible and Intangible assets excluding the net goodwill value (€642.9mn)
Total Working Capital	Includes the headings Current trade debtors, accrued income and deferred costs; Inventories; Biological assets; Trade creditors, accrued costs and deferred income; Employee benefits; the value of €3.8mn Cash and cash equivalents (note - Cash and cash equivalents) and the value of €8.0mn related to 'Others' due to its operational nature. Excludes the value of €-1.6mn related to interest accruals and deferrals (note - Financial debt)
Others	Includes the headings Investment property; Investments in joint ventures and associates; Available-for-sale financial assets; Non-current trade debtors, accrued income and deferred costs; Deferred tax assets and liabilities; Income tax receivable and payable; and Provisions for risks and contingencies. Excludes the value of €34.4mn related to Collateral deposits associated to financial debt (note - Trade debtors, accrued income and deferred costs); and also the value of €8.0mn related to others due to its operational nature
Invested Capital	
Total Borrowings	Includes the heading Borrowings excluding leasings
Leasings	Value reflected in Borrowings note
Accrued Interest & Hedging	Includes the heading Derivative financial instruments and the value of €1.6mn related to Interest accruals and deferrals (value reflected in note - Financial debt)
Marketable Sec. & Bank Deposits	Includes the heading Cash and cash equivalents and the value of €34.4mn related to Collateral deposits associated to financial debt (reflected in Trade debtors note) and excludes the value of €3.8mn in Cash and cash equivalents (reflected in note - Cash and cash equivalents)

Balance Sheet in page 6	Balance Sheet in the Consolidated Financial Statements
Net debt	
Non-Controlling Interests	Non-controlling interests
Share Capital	Share capital
Reserves and Retained Earnings	Includes the heading Share premium, Own shares, Other reserves and Retained earnings
Shareholders' Funds	

10. Cash Flow - Reconciliation Note

(Following ESMA guidelines on Alternative Performance Measures from October 2015)

Cash Flow in page 6	Cash Flow in the Consolidated Financial Statements
EBITDA	Included in the heading of Cash generated from operations
Interest Payment	Includes the headings of Interest paid and Interest received
Other Financial Items	Dividends received
Income Tax	Income tax paid
Funds From Operations	
Capex Payment	Includes the headings Disposal of tangible assets; Disposal of Intangible assets; Disposal of financial assets and investment property; Acquisition of tangible assets; Acquisition of intangible assets; Acquisition of financial assets and investment properties
Change in Working Capital	Included in the heading of Cash generated from operations
Others	Includes the headings Disposal of business, being the remaining amount Included in the heading Cash generated from operations
Free Cash Flow	

11. Net profit on a Comparable Basis

(Million Euro)	H1 17	H1 16
Net Profit Attributable to JM	173	172
Deducted from the impact of discontinued businesses:		
Gains in joint ventures and associates (sold)	-	8
Net Profit Mkt. Repr. and Rest. Serv. (sold)	-	-
Net Profit on a comparable basis	**173**	**164**

12. Information Regarding Individual Financial Statements

In accordance with section b) of paragraph 3 of article 246 of the Portuguese Securities Code, the first half individual financial statements of Jerónimo Martins SGPS, S.A. will not be disclosed as they do not include additional relevant information, compared to the one presented in this report.

III - OTHER INFORMATION

Disclosures required by sub-paras. a) and c) of no. 1 of Article 9 and no. 7 of Article 14 of Securities Market Commission (CMVM) regulation no. 5/2008 (with reference to the first half of 2017)

1. Securities issued by the Company, Controlled or Controlling Companies or Companies in the same Group held by Company Officers

Board of Directors

Members of the Board of Directors	Held on 31.12.16		Increases during the period		Decreases during the period		Held on 30.06.17	
	Shares	Bonds	Shares	Bonds	Shares	Bonds	Shares	Bonds
Pedro Manuel de Castro Soares dos Santos	274,805	-	-	-	-	-	274,805	-
Andrzej Szlezak	-	-	-	-	-	-	-	-
António Pedro de Carvalho Viana-Baptista	-	-	-	-	-	-	-	-
Artur Stefan Kirsten Belonging to company in which is a Director (sec. d), § 2 of Article 447 Commercial Companies Code) [1]	353,260,814	-	-	-	-	-	353,260,814	-
Clara Christina Streit	800	-	-	-	-	-	800	-
Francisco Manuel Seixas da Costa	-	-	-	-	-	-	-	-
Hans Eggerstedt	19,700	-	-	-	-	-	19,700	-
Henrique Manuel da Silveira e Castro Soares dos Santos	26,455 [2]	-	-	-	-	-	26,455 [2]	-
Sérgio Tavares Rebelo	-	-	-	-	-	-	-	-

[1] Sociedade Francisco Manuel dos Santos, B.V.
[2] Of which 1,500 shares held by spouse

Statutory Auditor

As at June 30th 2017, the Statutory Auditor Ernst & Young Audit & Associados - SROC, S.A., did not hold any shares and bonds of Jerónimo Martins, SGPS, S.A. and had not made any transactions with Jerónimo Martins, SGPS, S.A. securities.

2. List of Shareholders with Qualifying Holdings as at 30 June 2017

Shareholder	Nr. of Shares Held	% Capital	Nr. of Voting Rights	% of Voting Rights*
Sociedade Francisco Manuel dos Santos, SGPS, S.A. Through Sociedade Francisco Manuel dos Santos, B.V.	353,260,814	56.136%	353,260,814	56.136%
Heerema Holding Company Inc. Through Asteck, S.A.	31,464,750	5.000%	31,464,750	5.000%
Aberdeen Asset Managers Limited Directly	31,403,969	4.990%	31,403,969	4.990%
BlackRock, Inc.	16,623,791	2.642%	16,623,791	2.642%
BNP Paribas Investment Partners, Limited Company Through Investment Funds Managed by BNP Paribas	13,536,757	2.151%	12,604,860	2.006%

Source: Last communications made by the shareholders with qualifying holdings to Jerónimo Martins, SGPS, S.A..

* Based on the total number of shares under the terms of section b), paragraph 3 of article 16 of the Portuguese Securities Code.

IV - STATEMENT OF THE BOARD OF DIRECTORS

Statement of the Board of Directors

Within the terms of paragraph c) n.º1 of article 246 of Portuguese Securities Code, we hereby inform you that to the best of our knowledge:

i) the information contained in the interim management report is a faithful statement of the evolution of the businesses, of the performance and of the position of Jerónimo Martins, SGPS, S.A. and the companies included within the consolidation perimeter, and contains a description of the main risks and uncertainties which they face; and

ii) the information contained in the consolidated financial statements, as well as their annexes, was produced in compliance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, the financial situation and the results of Jerónimo Martins, SGPS, S.A. and the companies included in the consolidation perimeter.

Lisbon, 25 July 2017

Pedro Manuel de Castro Soares dos Santos
(Chairman of the Board of Directors and Chief Executive Officer)

Andrzej Szlezak
(Member of the Board of Directors)

António Pedro de Carvalho Viana-Baptista
(Member of the Board of Directors)

Arthur Stefan Kirsten
(Member of the Board of Directors)

Clara Christina Streit
(Member of the Board of Directors and Member of the Audit Committee)

Francisco Seixas da Costa
(Member of the Board of Directors)

Hans Eggerstedt
(Member of the Board of Directors and Member of the Audit Committee)

Henrique Soares dos Santos
(Member of the Board of Directors)

Sérgio Tavares Rebelo
(Member of the Board of Directors and Chairman of the Audit Committee)

V - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT BY FUNCTIONS FOR JUNE 2017 AND 2016

	Notes	1st Half 2017	1st Half 2016	2nd Quarter 2017	2nd Quarter 2016
			Euro thousand		Euro thousand
Sales and services rendered	3	7,753,751	6,958,521	4,075,081	3,582,861
Cost of sales	4	(6,119,984)	(5,489,808)	(3,219,474)	(2,825,012)
Gross profit		**1,633,767**	**1,468,713**	**855,607**	**757,849**
Distribution costs	4	(1,254,797)	(1,111,347)	(651,044)	(566,075)
Administrative costs	4	(123,058)	(115,360)	(62,563)	(59,946)
Exceptional operating profits/losses	4	(7,487)	(2,408)	(5,741)	(1,468)
Operating profit		**248,425**	**239,598**	**136,259**	**130,360**
Net financial costs	5	(3,580)	(10,518)	(3,533)	(6,480)
Gains in joint ventures and associates		(2)	7,566	(1)	4,765
Gains/ losses in other investments		2	(777)	-	(730)
Profit before taxes		**244,845**	**235,869**	**132,725**	**127,915**
Income tax	6	(62,304)	(53,692)	(33,387)	(28,550)
Profit before non-controlling interests		**182,541**	**182,177**	**99,338**	**99,365**
Attributable to:					
Non-controlling interests		9,537	10,141	3,908	4,626
Jerónimo Martins Shareholders		**173,004**	**172,036**	**95,430**	**94,739**
Basic and diluted earnings per share - Euros	13	0.2753	0.2738	0.1519	0.1508

To be read with the attached notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1st Half 2017	1st Half 2016	2nd Quarter 2017	2nd Quarter 2016
		Euro thousand		Euro thousand
Net profit	**182,541**	**182,177**	**99,338**	**99,365**
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
	-	**-**	**-**	**-**
Items that may be reclassified to profit or loss				
Currency translation differences	49,832	(35,647)	300	(34,128)
Change in fair value of cash flow hedges	508	(379)	(72)	(4)
Change in fair value of hedging instruments on foreign operations	(14,014)	(1,349)	(3,704)	-
Change in fair value of available-for-sale financial assets	-	297	-	371
Related tax	(271)	294	(178)	2
	36,055	**(36,784)**	**(3,654)**	**(33,759)**
Other comprehensive income, net of income tax	**36,055**	**(36,784)**	**(3,654)**	**(33,759)**
Total comprehensive income	**218,596**	**145,393**	**95,684**	**65,606**
Attributable to:				
Non-controlling interests	9,537	10,141	3,908	4,626
Jerónimo Martins Shareholders	209,059	135,252	91,776	60,980
Total comprehensive income	**218,596**	**145,393**	**95,684**	**65,606**

To be read with the attached notes to the consolidated financial statements

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2017 AND 31 DECEMBER 2016

Euro thousand

	Notes	June 2017	December 2016
Assets			
Tangible assets	7	3,163,945	3,023,360
Intangible assets	7	802,761	786,983
Investment property	7	13,933	13,952
Investments in joint ventures and associates		498	-
Available-for-sale financial assets		1,366	1,000
Trade debtors, accrued income and deferred costs	9	113,581	112,836
Derivative financial instruments	8	202	-
Deferred tax assets		73,577	69,756
Total non-current assets		**4,169,863**	**4,007,887**
Inventories		775,236	718,618
Biological assets		1,701	1,181
Income tax receivable		7,998	2,037
Trade debtors, accrued income and deferred costs	9	327,505	311,130
Derivative financial instruments	8	224	1,277
Cash and cash equivalents	10	359,730	643,512
Total current assets		**1,472,394**	**1,677,755**
Total assets		**5,642,257**	**5,685,642**
Shareholders' equity and liabilities			
Share capital		629,293	629,293
Share premium		22,452	22,452
Own shares		(6,060)	(6,060)
Other reserves		(60,810)	(96,865)
Retained earnings	12	981,992	1,189,191
		1,566,867	**1,738,011**
Non-controlling interests		**248,475**	**252,500**
Total Shareholders' equity		**1,815,342**	**1,990,511**
Borrowings	14	182,136	114,829
Trade creditors, accrued costs and deferred income	16	783	793
Derivative financial instruments	8	-	293
Employee benefits	15	65,529	61,823
Provisions for risks and contingencies	15	22,331	21,582
Deferred tax liabilities		60,955	59,742
Total non-current liabilities		**331,734**	**259,062**
Borrowings	14	290,832	224,581
Trade creditors, accrued costs and deferred income	16	3,177,374	3,166,527
Derivative financial instruments	8	15	317
Income tax payable		26,960	44,644
Total current liabilities		**3,495,181**	**3,436,069**
Total Shareholders' equity and liabilities		**5,642,257**	**5,685,642**

To be read with the attached notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

Euro thousand

	Shareholders’ equity attributable to Shareholders of Jerónimo Martins, SGPS, S.A.								Non-controlling interests	Shareholders’ equity
				Other reserves						
	Share capital	**Share premium**	**Own shares**	Cash flow hedge	Available-for-sale financial assets	Currency translation reserves	**Retained earnings**	**Total**		
Balance Sheet as at 1 January 2016	**629,293**	**22,452**	**(6,060)**	**99**	**(230)**	**(64,261)**	**760,400**	**1,341,693**	**251,526**	**1,593,219**
Equity changes in 2016										
Currency translation differences	-	-	-	(4)	-	(35,354)	-	(35,358)	-	(35,358)
Change in fair value of cash flow hedging	-	-	-	(307)	-	-	-	(307)	-	(307)
Change in fair value of hedging instruments on foreign operations	-	-	-	-	-	(1,349)	-	(1,349)	-	(1,349)
Change in fair value of available-for-sale financial investments	-	-	-	-	230	-	-	230	-	230
Other comprehensive income	-	-	-	(311)	230	(36,703)	-	(36,784)	-	(36,784)
Net profit							172,036	172,036	10,141	182,177
Total comprehensive income	**-**	**-**	**-**	**(311)**	**230**	**(36,703)**	**172,036**	**135,252**	**10,141**	**145,393**
Dividends							(166,535)	(166,535)	(13,668)	(180,203)
Balance Sheet as at 30 June 2016	**629,293**	**22,452**	**(6,060)**	**(212)**	**-**	**(100,964)**	**765,901**	**1,310,410**	**247,999**	**1,558,409**
Balance Sheet as at 1 January 2017	**629,293**	**22,452**	**(6,060)**	**(237)**	**-**	**(96,628)**	**1,189,191**	**1,738,011**	**252,500**	**1,990,511**
Equity changes in 2017										
Currency translation differences	-	-	-	(11)	-	49,668	-	49,657	-	49,657
Change in fair value of cash flow hedging	-	-	-	412	-	-	-	412	-	412
Change in fair value of hedging instruments on foreign operations	-	-	-	-	-	(14,014)	-	(14,014)	-	(14,014)
Other comprehensive income	-	-	-	401	-	35,654	-	36,055	-	36,055
Net profit							173,004	173,004	9,537	182,541
Total comprehensive income	-	-	-	401	-	35,654	173,004	209,059	9,537	218,596
Dividends (note 12)							(380,203)	(380,203)	(13,562)	(393,765)
Balance Sheet as at 30 June 2017	**629,293**	**22,452**	**(6,060)**	**164**	**-**	**(60,974)**	**981,992**	**1,566,867**	**248,475**	**1,815,342**

To be read with the attached notes to the consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT FOR JUNE 2017 AND 2016

Euro thousand

	Notes	1st Half 2017	1st Half 2016
Operating Activities			
Cash received from customers		8,732,567	7,839,785
Cash paid to suppliers		(7,764,789)	(6,947,573)
Cash paid to employees		(621,521)	(544,934)
Cash generated from operations	11	**346,257**	**347,278**
Interest paid		(8,752)	(8,672)
Income taxes paid		(91,316)	(59,848)
Cash flow from operating activities		**246,189**	**278,758**
Investment activities			
Disposals of tangible fixed assets		706	341
Disposals of available-for-sale financial assets and investment property		187	1,697
Interest received		1,660	816
Dividends received		37	2,749
Acquisition of tangible fixed assets		(283,862)	(179,629)
Acquisition of intangible assets		(3,909)	(1,720)
Acquisition of financial investments and investment property		(551)	(5,188)
Acquisition of joint ventures and associates		(500)	-
Cash flow from investment activities		**(286,232)**	**(180,934)**
Financing activities			
Net change in loans	14	142,174	(186,175)
Dividends paid	12	(393,634)	(180,203)
Cash flow from financing activities		**(251,460)**	**(366,378)**
Net changes in cash and cash equivalents		**(291,503)**	**(268,554)**
Cash and cash equivalents changes			
Cash and cash equivalents at the beginning of the year		643,512	441,688
Net changes in cash and cash equivalents		(291,503)	(268,554)
Effect of currency translation differences		7,721	(9,109)
Cash and cash equivalents at the end of 1st Half	10	**359,730**	**164,025**

To be read with the attached notes to the consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT FOR THE INTERIM PERIOD

Euro thousand

	1st Half 2017	1st Half 2016	2nd Quarter 2017	2nd Quarter 2016
Cash Flow from operating activities	246,189	278,758	324,303	205,171
Cash Flow from investment activities	(286,232)	(180,934)	(164,235)	(88,733)
Cash Flow from financing activities	(251,460)	(366,378)	(312,677)	(241,002)
Cash and cash equivalents changes	(291,503)	(268,554)	(152,609)	(124,564)

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1. Activity

Jerónimo Martins, SGPS, S.A. (JMH), is the parent Company of Jerónimo Martins Group (Group) and has its head office in Lisbon.

Jerónimo Martins Group operates in the food area, particularly in the distribution and sale of food and other fast moving consumer goods products. The Group has operations in Portugal, Poland and Colombia.

Head Office: Rua Actor António Silva, n.º 7, 1649-033 Lisboa

Share Capital: 629,293,220 euros

Registered at the Commercial Registry Office of Lisbon and Tax Number: 500 100 144

JMH has been listed on Euronext Lisbon since 1989.

The Board of Directors approved these consolidated financial statements on 25 July 2017.

2. Accounting policies

All amounts are shown in thousand euros (EUR thousand) unless otherwise stated.

The amounts presented for quarters, and the corresponding changes are not audited.

The JMH consolidated financial statements were prepared in accordance with the interim financial reporting standard (IAS 34), and all other International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU).

The consolidated financial statements were prepared in accordance with the same standards and accounting policies adopted by the Group in the preparation of the annual financial statements, including an explanation of the events and relevant changes for the understanding of variations in the financial position and Group performance since the last annual report. Thus, some of the notes from the 2016 annual report are omitted because no changes occurred or they are not materially relevant for the understanding of the interim financial statements.

As mentioned in the Consolidated Financial Statements chapter of the 2016 Annual Report, point 31 - Financial risks, the Group, as a result of its normal activity, is exposed to several risks which are monitored and mitigated throughout the year. During the first six months of 2017, there were no material changes in addition to the notes detailed below, that could significantly change the assessment of the risks that the Group is exposed to.

Change in accounting policies and basis for presentation:

2.1. New standards and interpretations issued by IASB and IFRIC, but not yet endorsed by EU

IASB and IFRIC issued in 2017 the following standards and interpretations that are still pending endorsement by the EU:

IASB Standard or IFRIC Interpretation	Issued in	Expected application for financial years beginning on or after
IFRS 17 Insurance Contracts (new)	May 2017	1 January 2021
IFRIC 23 Uncertainty over Income Tax Treatments (new)	June 2017	1 January 2019

Management is evaluating the impact of adopting the new standards and interpretation, and, at present date, does not expect any significant impact on the Group’s Consolidated Financial Statements.

2.2. Transactions in foreign currencies

Transactions in foreign currencies are translated into Euros at the exchange rate prevailing on the transaction date.

On the balance sheet date, monetary assets and liabilities expressed in foreign currencies are translated at the exchange rate prevailing on that date and exchange differences arising from this conversion are recognised in the income statement. When qualifying as hedges on investments in foreign subsidiaries the exchange differences are deferred on the Company’s equity.

The main exchange rates applied on the balance sheet date are as follows:

Euro foreign exchange reference rates (foreign exchange units per 1 Euro)	**Rate on 30 June 2017**	**Average rate for the half year**
Polish Zloty (PLN)	4.2259	4.2656
Swiss Franc (CHF)	1.093	-
Colombian Peso (COP)	3,467.2600	3,165.2500

3. Segments reporting

Segment information is presented in accordance with internal reporting to Management. Based on this report, the Management evaluates the performance of each segment and allocates the available resources.

Management monitors the performance of the business based on a geographical and business perspective. In accordance with this, the segments are defined as Portugal Retail, Portugal Cash & Carry and Poland Retail. Apart from these there are also other businesses which due to their low materiality, are not reported separately.

Business segments:

- Portugal Retail: comprises the business unit of JMR (Pingo Doce supermarkets);
- Portugal Cash & Carry: includes the wholesale business unit Recheio;
- Poland Retail: the business unit which operates under the Biedronka banner;
- Others, eliminations and adjustments: includes i) business units with reduced materiality (Coffee Shops, Agribusiness in Portugal, Health and Beauty Retail in Poland, Retail business in Colombia; ii) the Holding Companies; and iii) Group's consolidation adjustments.

Management evaluates the performance of segments based on the Earnings Before Interest and Taxes (EBIT). This indicator excludes the effects of exceptional operating profits/losses.

Detailed Information by Business Segments at June 2017 and 2016

	Portugal Retail		Portugal Cash & Carry		Poland Retail		Others, eliminations and adjustments		Total JM Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net sales and services	**1,920,301**	**1,849,722**	**442,280**	**408,301**	**5,304,839**	**4,678,335**	**86,331**	**22,163**	**7,753,751**	**6,958,521**
Inter-segments	178,670	160,340	934	2,082	723	748	(180,327)	(163,170)	-	-
External customers	1,741,631	1,689,382	441,346	406,219	5,304,116	4,677,587	266,658	185,333	7,753,751	6,958,521
Operational cash flow (EBITDA)	**80,868**	**79,104**	**21,913**	**20,427**	**374,990**	**327,255**	**(61,925)**	**(38,992)**	**415,846**	**387,794**
Depreciations and amortisations	(48,111)	(48,295)	(6,874)	(6,260)	(93,518)	(83,833)	(11,431)	(7,400)	(159,934)	(145,788)
Operational result (EBIT)	**32,757**	**30,809**	**15,039**	**14,167**	**281,472**	**243,422**	**(73,356)**	**(46,392)**	**255,912**	**242,006**
Exceptional operating profits/losses									(7,487)	(2,408)
Financial results and gains in investments									**(3,580)**	**(3,729)**
Income tax									(62,304)	(53,692)
Net result attributable to JM									**173,004**	**172,036**
Total assets (1)	**1,754,819**	**1,733,533**	**384,415**	**351,026**	**2,977,716**	**3,063,023**	**525,307**	**538,060**	**5,642,257**	**5,685,642**
Total liabilities (1)	**1,251,261**	**1,226,101**	**347,868**	**305,006**	**2,239,362**	**2,210,170**	**(11,576)**	**(46,146)**	**3,826,915**	**3,695,131**
Investments in fixed assets	**47,136**	**63,517**	**7,764**	**10,531**	**86,418**	**76,542**	**107,200**	**29,053**	**248,518**	**179,643**

(1) The comparative report is 31 December of 2016

Reconciliation between EBIT and Operational Result

	Jun 2017	Jun 2016
EBIT	255,912	242,006
Non recurrent results	(7,487)	(2,408)
Operational result	**248,425**	**239,598**

4. Operating costs by nature

	Jun 2017	Jun 2016
Cost of goods sold and materials consumed	6,113,359	5,476,577
Changes in inventories of finished goods and work in progress	(266)	(256)
Net cash discount and interest paid to suppliers	(15,688)	(8,381)
Electronic payment commissions	13,704	11,609
Other supplementary costs	1,465	3,978
Supplies and services	284,381	254,664
Advertising costs	53,019	38,647
Rents	177,150	164,021
Staff costs	625,161	554,232
Depreciations and amortisations	159,952	145,827
Profit/loss with tangible and intangible assets	5,072	2,053
Transportation costs	81,927	71,377
Other operational profit/loss	6,090	4,575
Total	**7,505,326**	**6,718,923**

4.1 Exceptional operating profits/losses

Operating costs by nature include the following exceptional operating profits/losses:

	Jun 2017	Jun 2016
Losses from organizational restructuring programmes	(3,196)	(2,344)
Assets write-offs and gains/losses in sale of tangible assets	(2,932)	-
Others	(1,359)	(64)
Exceptional operating profits/losses	**(7,487)**	**(2,408)**

5. Net financial costs

	Jun 2017	Jun 2016
Interest expense	(7,689)	(6,987)
Interest received	1,667	808
Net foreign exchange	3,983	(2,651)
Other financial costs and gains	(1,787)	(1,719)
Fair value of financial investments held for trade:		
Derivative instruments (note 8)	209	(6)
	(3,580)	**(10,518)**

The interest expense heading includes the interest regarding loans measured at amortised cost, as well as interest on cash flow hedging instruments (note 8).

Other financial costs and gains include costs with debt issued by the Group, booked in results through effective interest method.

6. Income tax recognised in the income statement

	Jun 2017	Jun 2016
Current income tax		
Current tax of the year	(67,772)	(62,285)
Adjustment to prior year estimation	1,784	1,470
	(65,988)	**(60,815)**
Deferred tax		
Temporary differences created and reversed	2,251	7,001
Change to the recoverable amount of tax losses and temporary differences from previous years	628	(600)
	2,879	**6,401**
Other gains/losses related to tax		
Impact of changes in estimates for tax litigations	805	722
	805	**722**
Total income tax	**(62,304)**	**(53,692)**

Income tax expense is recognised based on the weighted average annual income tax rate expected for the year.

In 2017 the income tax rates for Group companies were the same applied in 2016.

7. Fixed assets, intangible assets and investment property

	Tangible assets	Intangible assets	Investment property	Total
Net value at 31 December 2016	**3,023,360**	**786,983**	**13,952**	**3,824,295**
Foreign exchange differences	54,842	18,732	-	73,574
Increases	244,609	3,909	-	248,518
Disposals and write-offs	(5,661)	(116)	-	(5,777)
Transfers	152	(152)	-	-
Depreciation and impairment losses	(153,357)	(6,595)	-	(159,952)
Fair value changes	-	-	(19)	(19)
Net value at 30 June 2017	**3,163,945**	**802,761**	**13,933**	**3,980,639**

Net value of intangible assets at 30 June 2017 include Goodwill amounted EUR 642,973 thousand.

As a consequence of currency translation adjustment of the assets in the Group's businesses reported in foreign currency, the net amount of tangible and intangible assets increased by EUR 73,574 thousand, which includes an increase of EUR 13,071 thousand related to Goodwill from business in Poland.

8. Derivative financial instruments

	Jun 2017					Dec 2016				
	Notional	Assets		Liabilities		Notional	Assets		Liabilities	
		Current	Non-current	Current	Non-current		Current	Non-current	Current	Non-current
Derivatives held for trading										
Currency forwards (PLN)	155 million PLN	224	-	15	-	-	-	-	-	-
Cash flow hedging derivatives										
Interest rate swap (PLN)	195 million PLN	-	202	-	-	200 million PLN	-	-	-	293
Foreign operation investments hedging derivatives										
Currency forwards (PLN)	-	-	-	-	-	538 million PLN	1,277	-	317	-
Total derivatives held for trading		**224**	**-**	**15**	**-**		**-**	**-**	**-**	**-**
Total hedging derivatives		**-**	**202**	**-**	**-**		**1,277**	**-**	**317**	**293**
Total assets/liabilities derivatives		**224**	**202**	**15**	**-**		**1,277**	**-**	**317**	**293**

9. Trade debtors, accrued income and deferred costs

	Jun 2017	Dec 2016
Non-current		
Other debtors	76,988	75,987
Collateral deposits associated to financial debt	34,367	34,367
Deferred costs	2,226	2,482
	113,581	**112,836**
Current		
Commercial customers	58,045	45,928
Other debtors	107,685	93,117
Other taxes receivable	16,300	11,364
Accrued income and deferred costs	145,475	160,721
	327,505	**311,130**

Non-current debtors are mainly related to additional corporate income tax liquidation as well as pre-paid corporate income tax, which the Group is disputing and regarding which made a legal claim for reimbursement.

The debtor's amount is registered at the recoverable value. The Group registers adjustments for impairment losses whenever there are signs of uncollectable amounts.

10. Cash and cash equivalents

	Jun 2017	Dec 2016
Bank deposits	338,261	524,941
Short-term investments	17,621	114,974
Cash and cash equivalents	3,848	3,597
	359,730	**643,512**

11. Cash generated from operations

	Jun 2017	Jun 2016
Net results	**173,004**	**172,036**
Adjustments for:		
Non-controlling interests	9,537	10,141
Income tax	62,304	53,692
Depreciations and amortisations	159,952	145,788
Provisions and other operational gains and losses	11,897	2,395
Net financial costs	3,580	10,518
Gains/Losses in associated companies	2	(7,566)
Gains/Losses in other investments	(2)	777
Profit/ Losses in tangible and intangible assets	5,082	2,053
	425,356	**389,834**
Changes in working capital:		
Inventories	(50,502)	(33,469)
Trade debtors, accrued income and deferred costs	(12,449)	(6,281)
Trade creditors, accrued costs and deferred income	(16,148)	(2,806)
	346,257	**347,278**

12. Dividends

Dividends distributed in 2017 in the amount of EUR 393,765 thousand, include an amount of EUR 380,203 thousand paid to JMH Shareholders and an amount of EUR 13,562 thousand paid to non-controlling interests in the Group companies.

13. Basic and diluted earnings per share

	Jun 2017	Jun 2016
Ordinary shares issued at the beginning of the year	629,293,220	629,293,220
Own shares at the beginning of the year	(859,000)	(859,000)
Weighted average number of ordinary shares	**628,434,220**	**628,434,220**
Diluted net results of the year attributable to ordinary shares	173,004	172,036
Basic and diluted earnings per share – Euros	**0.2753**	**0.2738**

14. Borrowings

JMR issued commercial paper in an average amount of EUR 40,000 thousand, through negotiated Commercial Paper Programmes. These issuances were carried out for short periods, in order to meet occasional cash needs, and were fully amortised at the end of the semester.

JMR also renewed a Commercial Paper Programme, with the limit of EUR 100,000 thousand, for a period of 5 years.

The short-term lines that Jerónimo Martins Colombia holds with local banks were increased by two new loans in the total amount of COP 120,750,000 thousand (around EUR 35,000 thousand), with maturity of one year.

Polish company Jerónimo Martins Nieruchomosci SKA has negotiated three new credit facilities in the total amount of PLN 669,000 thousand.

14.1. Current and non-current loans

	Jun 2017	Dec 2016
Non-current loans		
Bank loans	177,352	111,823
Financial lease liabilities	4,784	3,006
	182,136	**114,829**
Current loans		
Bank overdrafts	13,445	-
Bank loans	126,168	73,622
Bond loans	150,000	150,000
Financial lease liabilities	1,219	959
	290,832	**224,581**

14.2. Financial debt

The net consolidated financial debt at the balance sheet date is as follows:

	Jun 2017	Dec 2016
Non-current loans (note 14.1)	182,136	114,829
Current loans (note 14.1)	290,832	224,581
Derivative financial instruments (note 8)	(411)	(667)
Interest on accruals and deferrals	1,608	1,035
Bank deposits (note 10)	(338,261)	(524,941)
Short-term investments (note 10)	(17,621)	(114,974)
Collateral deposits associated to financial debt (note 9)	(34,367)	(34,367)
	83,916	**(334,504)**

15. Provisions and employee benefits

	Risks and contingencies	Employee benefits
Balance at 1 January	**21,582**	**61,823**
Set up, reinforced and transfers	1,929	3,892
Unused and reversed	(1,182)	-
Foreign exchange difference	88	873
Used	(86)	(1,059)
Balance at 30 June	**22,331**	**65,529**

16. Trade creditors, accrued costs and deferred income

	Jun 2017	Dec 2016
Non-current		
Other commercial creditors	8	5
Accrued costs and deferred income	775	788
	783	**793**
Current		
Other commercial creditors	2,579,861	2,560,840
Other non-commercial creditors	195,174	228,713
Other taxes payables	94,301	79,272
Accrued costs and deferred income	308,038	297,702
	3,177,374	**3,166,527**

17. Contingencies

Following the contingencies mentioned in the 2016 Annual Report, changes occurred on the headings **c), g), i)** and **j)**:

c) The Portuguese Tax Authorities carried out some corrections to the CIT amount from Companies included in the perimeter of the Tax group headed by JMR – Gestão de Empresas de Retalho, SGPS, S.A. (JMR SGPS), which led to additional assessments concerning 2002 to 2014, amounting to EUR 81,304 thousand, of which an amount of EUR 73,444 thousand is still in dispute. In the meantime, the Lisbon Tax Court has ruled partially in favor of JMR regarding the 2002, 2004, 2005 and 2007 assessments;

g) The Portuguese Tax Authorities carried out some corrections to the CIT from Companies included in the perimeter of the Tax Group headed by Recheio, SGPS, S.A. (Recheio SGPS). With these corrections the total assessments concerning 2007 to 2014 amount to EUR 16,580 thousand, of which an amount of EUR 15,829 thousand is still in dispute. The Lisbon Tax Court has already ruled in favor of Recheio SGPS regarding the 2008 assessment. However, Tax Authorities have appealed the said decision;

i) Sociedade Ponto Verde (SPV) claimed through a judicial proceeding against Pingo Doce, in September 2014, an amount of EUR 3,397 thousand (including outstanding interest), related to the Management of the secondary and tertiary packaging waste system. Pingo Doce contested considering that SPV does not manage that kind of waste and therefore no amount is due. The Court decided in favour of Pingo Doce, however SPV filed an appeal and won the appeal. Pingo Doce lodged an appeal of this decision at the Supreme Court of Justice;

j) The Food and Veterinary Department (Direcção-Geral de Alimentação e Veterinária) claimed from Pingo Doce, Recheio and Hussel an amount of EUR 13,732 thousand, EUR 868 thousand and EUR 25 thousand, respectively, in respect of the Food Safety Tax (Taxa de Segurança Alimentar Mais – TSAM) assessed for the years 2012 to 2017. The values at stake have been challenged in Court, since it is understood that this tax is not due, namely on the grounds of the unconstitutional nature of the Statute that approved the TSAM. The disputes are still running its course. Despite, in three cases, the court having decided that the Food Safety Tax is not unconstitutional, the Companies maintain their understanding and have presented the respective appeal to higher courts.

18. Related parties

56.136% of the Company is owned by the Sociedade Francisco Manuel dos Santos, B.V., and no transactions occurred between this Company and any other company of the Group in the first half of 2017, neither were there any amounts payable or receivable between them on 30 June 2017.

Balances and transactions of Group companies with related parties are as follows:

	Joint ventures		Other related parties (*)	
	Jun 2017	**Jun 2016**	**Jun 2017**	**Jun 2016**
Sales and services rendered	-	7	93	39
Stocks purchased and services supplied	-	50,609	59,145	89

	Joint ventures		Other related parties (*)	
	Jun 2017	**Dec 2016**	**Jun 2017**	**Dec 2016**
Trade debtors, accrued income and deferred costs	-	-	472	456
Trade creditors, accrued costs and deferred income	-	-	33,307	8,329

(*) Entities controlled by the major Shareholder of Jerónimo Martins and entities owned or controlled by members of the Board of Directors.

All the transactions with these related parties were made under normal market conditions, i.e. the transaction value corresponds to prices that would be applicable between non-related parties.

Outstanding balances between Group companies and related parties, being a result of a trade agreement, are settled in cash, and are subject to the same payment terms as those applicable to other agreements celebrated between Group companies and their suppliers.

There are no provisions for doubtful debts and no costs were recognised during the year related with bad debts or doubtful debts with these related parties.

19. Events after the balance sheet date

At the conclusion of this Report there were no relevant events to highlight that are not disclosed in the Financial Statements.

Lisbon, 25 July 2017

The Certified Accountant **The Board of Directors**

Building a better working world

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Limited review report on the consolidated financial statements

Introduction

We have performed a limited review on the consolidated financial statements of Jerónimo Martins, S.G.P.S., S.A., which comprise the consolidated statement of financial position as at 30 June 2017 (showing a total of 5.642.257 thousand Euros and a shareholder's equity total of 1.815.342 thousand Euros, including a consolidated net profit attributable to equity holders of the parent of 173.004 thousand Euros), consolidated income statement by functions, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six month period then ended, and the notes to the consolidated financial statements which includes a summary of significant accounting policies.

Board of Directors responsibilities

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the International Financial Reporting Standards as endorsed by the European Union for Interim Financial Reporting (IAS 34), and for the design and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements which are free from material misstatement due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these consolidated financial statements based on our review. We conducted our review in accordance with the International Standard on Review Engagements 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and other rules and technical and ethical requirements issued by the Institute of Statutory Auditors. Those standards require that our work is performed in order to conclude that nothing has come to our attention that causes us to believe that the consolidated financial statements have not been prepared in all material respects in accordance with the International Financial Reporting Standards as endorsed by the European Union for Interim Financial Reporting (IAS 34)

A review of financial statements is a limited assurance engagement. The procedures performed consisted primarily of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these consolidated financial statements.

Conclusion

Based on our review procedures, nothing has come to our attention that causes us to believe that the consolidated financial statements of Jerónimo Martins, S.G.P.S., S.A., as at 30 June 2017, have not been prepared, in all material respects, in accordance with the International Financial Reporting Standards as endorsed by the European Union for Interim Financial Reporting (IAS 34).

Lisbon, 03 August 2017

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas (n.º 178)
Represented by:

(Signed)

João Miguel Carlos Alves - ROC n.º896
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