

REPORT AND ACCOUNTS

30 JUNE 2017



SONAE CAPITAL

REPORT AND ACCOUNTS

30 June 2017

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PART I

**REPORT OF THE BOARD
OF DIRECTORS**

30 JUNE 2017



SONAE CAPITAL

REPORT AND ACCOUNTS – JUNE 2017

Report of the Board of Directors

1. CEO MESSAGE & MAIN HIGHLIGHTS

"During the second quarter of the year, important milestones were taken in the implementation of the defined corporate strategy, based on: (i) the continuous improvement of our current businesses competitive position; (ii) the pursuit of new value creator business opportunities within the Group's competence areas; (iii) the sale of non-core/strategic assets; and (iv) the maintenance of a balanced capital structure according to the type of business and assets held by the Group.

In the quarter, total investment amounted to 34.5M€, aimed at improving the competitive position of each of our businesses with a special focus on the Energy segment, with the acquisition of an additional 15MW capacity.

In addition, although not yet visible in financial indicators, the acquisition of ADIRA materializes our strategic purpose of incorporating new value added generating businesses. ADIRA, a Portuguese based company, strongly focused on the international markets, leverages on the country's main assets and resources, the Portuguese based engineering know-how.

Our businesses' performance continued to show progresses, visible in terms of turnover and profitability, being especially notable the improvements in Fitness, Hospitality and Energy segments, already incorporating (although not in full) the recent acquisitions. Following the current trend, we continue to expect an overall good performance for our businesses, including the Refrigeration & HVAC segment in Portugal, for which the higher number of on-going contracts allows us to foresee increased levels of activity for the forthcoming quarters. Regarding the sale of residential units in Troia, there was a notable recovery compared to the previous quarter and the number of booked contracts allows us to be comfortable about the performance in the next semester. In addition, concerning the sales of Real Estate Assets, although only one sales deed with significant amount was signed in the second quarter, the Promissory Purchase and Sale Agreements already signed in stock, provides good prospects for the current year.

Net Debt levels maintain a conservative capital structure taking into consideration the Group's type of assets. The distribution of dividends in the quarter and the recent acquisitions in Energy segment do not jeopardize this objective and the latter will allow for a significant improvement and higher stability of the Group's main financial indicators."

Cláudia Azevedo, CEO

MAIN HIGHLIGHTS

- Acquisition of ADIRA, an important milestone in the materialization of the Corporate Strategy;
- Strong turnover growth in Fitness (+25.8%), Hospitality (+24.8%) and Energy (+18.6%) segments;
- A stock of 14 Reservations/Promissory Purchase and Sale Agreements of residential units in Troia Resort, corresponding to 5.9M€. During the semester, 25 contract sales were signed, 2 of which, under the *fractional* model;
- Booked Promissory Purchase and Sale Agreements of Real Estate Assets (excluding residential units in Troia) amounted to 14.48M€, in addition to the deeds signed in the first six months amounting to 5.74M€;
- Backlog in Refrigeration & HVAC Portuguese operation, as at 30 June, amounts to 29.7M€, representing, approximately, 9 months of turnover;
- Integration of operations acquired during the quarter, namely: (i) a Cogeneration operation fueled by landfill biogas, with 1MW, acquired at the end of the first quarter, and (ii) 15MW of Renewable Energies, expanding the range of technologies operated, acquired in April but with a total impact on P&L account only in June, significantly increasing turnover (1.1M€ in 2Q17) and profitability (0.96M€ in 2Q17) of the Energy segment, offering higher stability to the Group's financial indicators;
- Despite the high Capex amount (39.7M€) and the Dividends distribution (25M€), Net Debt increased only 38.3M€ as a result of the cashflow from operations performance;
- Net Debt remains under control and adequate to the Group's business portfolio and type of assets: LTV of 15.6% and Net Debt/Ebitda of 2.93x.

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2. OVERALL PERFORMANCE

| Consolidated Profit and Loss Account | | | | | | |
|---|--------------|--------------|------------------|--------------|--------------|---------------|
| Million euro | 2Q 2017 | 2Q 2016 | Δ 17/16 | 1H 2017 | 1H 2016 | Δ 17/16 |
| Total Operational Income | 43.14 | 43.00 | +0.3% | 77.44 | 80.60 | -3.9% |
| Turnover | 41.90 | 42.41 | -1.2% | 75.54 | 79.27 | -4.7% |
| Troia Resort | 7.16 | 7.21 | -0.7% | 9.55 | 11.09 | -13.9% |
| Hospitality | 5.41 | 4.34 | +24.8% | 8.08 | 6.44 | +25.4% |
| Fitness | 5.60 | 4.45 | +25.8% | 11.48 | 8.59 | +33.6% |
| Energy | 11.58 | 9.77 | +18.6% | 21.37 | 21.51 | -0.6% |
| Refrigeration & HVAC | 11.36 | 13.83 | -17.8% | 23.27 | 27.54 | -15.5% |
| Others & Eliminations | 0.78 | 2.81 | -72.2% | 1.78 | 4.09 | -56.5% |
| Other Operational Income | 1.24 | 0.59 | >100% | 1.90 | 1.32 | +43.5% |
| EBITDA, excluding Guaranteed Income Provisions (1) | 5.28 | 4.21 | +25.3% | 5.86 | 5.68 | +3.2% |
| Troia Resort | 0.09 | 0.46 | -80.3% | -0.90 | 0.46 | - |
| Hospitality | 0.24 | -0.59 | - | -1.31 | -2.34 | +44.2% |
| Fitness | 0.41 | 0.62 | -34.3% | 1.31 | 1.01 | +30.2% |
| Energy | 3.58 | 1.93 | +85.2% | 5.68 | 4.29 | +32.4% |
| Refrigeration & HVAC | -0.24 | 0.62 | - | 0.17 | 1.31 | -86.7% |
| Others & Eliminations | 1.20 | 1.17 | +3.0% | 0.91 | 0.95 | -5.0% |
| Provisions for Guaranteed Income | -0.11 | -0.12 | +0.9% | -0.17 | -0.19 | +8.2% |
| EBITDA | 5.16 | 4.09 | +26.1% | 5.69 | 5.49 | +3.6% |
| Amortization & Depreciation | -4.17 | -3.97 | -5.0% | -8.24 | -7.87 | -4.7% |
| Provisions & Impairment Losses | -0.03 | -0.05 | +31.9% | 0.26 | -0.06 | - |
| Non-recurrent costs/income (2) | 0.16 | 0.62 | -73.5% | -0.08 | 0.24 | - |
| EBIT | 1.13 | 0.70 | +61.1% | -2.36 | -2.19 | -7.7% |
| Net Financial Expenses | -1.15 | -1.68 | +31.4% | -2.16 | -3.41 | +36.8% |
| Investment Income and Results from Assoc. Undertakings | 1.93 | 15.32 | -87.4% | 2.00 | 16.37 | -87.8% |
| EBT | 1.90 | 14.34 | -86.7% | -2.51 | 10.77 | - |
| Taxation | -0.47 | -0.54 | +13.6% | -0.75 | -0.38 | -97.8% |
| Net Profit - Continued Businesses | 1.44 | 13.80 | -89.6% | -3.26 | 10.39 | - |
| Net Profit - Discontinued Businesses | -0.52 | -0.10 | <-100% | -0.67 | -0.57 | -17.3% |
| Net Profit - Total | 0.92 | 13.70 | -93.3% | -3.93 | 9.82 | - |
| Attributable to Equity Holders of Sonae Capital | 0.57 | 13.33 | -95.7% | -4.48 | 9.14 | - |
| Attributable to Non-Controlling Interests | 0.34 | 0.37 | -5.7% | 0.55 | 0.68 | -19.4% |

(1) EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at Troia Resort

(2) Non-recurrent items mainly related to restructuring costs and one-off income

The Group's consolidated turnover in 2Q17 amounted to 41.9M€, registering a slight decrease of 1.2% over the previous year. However, profitability performance was positive, with Ebitda reaching 5.2M€ (+26.1%), being worth to highlight the:

- Improvement of the Hospitality segment's main operational indicators, namely Occupancy Rate (+7.3pp) and RevPar (+32.6%), registering a turnover growth of 24.8% and an Ebitda break-even in the 2Q that usually only occurs in the 3Q;
- Fitness continued to show solid turnover growth (+25.8%), due to the continued increase of active members (+26%) and average monthly fees (+6.5% in 1H17). Lower level of Ebitda in 2Q17 compared to 2Q16 relates to the accounting of 7 fortnights in 2Q16, when in 2017, occurred in the first quarter;
- Significant improvements in the Energy segment, with increases in both turnover (+18.6%) and Ebitda (+85.2%), to 3.58M€, already including the contribution of operations acquired, "Lusobrisa" (2 months) and "Ventos da Serra" (1 month);
- Troia Resort registered a notable recovery when compared to previous quarter, having matched the number of sales deed compared to the same period of last year. Turnover decreased slightly by 0.7% due to a lower value/deed. During 2Q17, a total of 9 sales of residential units in Troia Resort were completed, compared to 5 signed in the previous year. As of today, 14 promissory purchase and sale agreements and reservations, corresponding to 5.9M€, remain in stock. It is forecasted for the next quarter the deeds signature for a large part of these contracts;
- Related to Real Estate Assets we should note the sale of 'Vasco da Gama' Health Club for the amount of 4.7M€. It should be pointed out that PPSAs regarding a diverse portfolio of real estate assets are still in the portfolio totaling 14.5M€, forecasting, once again, a positive performance for the next quarters;

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- Ref. & HVAC registered an expected decrease of 17.8% in turnover, following the lower level of activity in domestic operation having also impacted Ebitda to negative 0.24M€. However, the outlook for the next quarters indicates positive prospective given the number of contracts in backlog at the end of semester.

Consolidated Net Results in the quarter amounted to positive 0.92M€, showing a decrease of 12.8M€ compared to the same period last year, mainly impacted by the sale of shareholdings in road concessionaires in the 2Q16. In addition, compared to the same period last year, the impacts were positive for: (i) the above mentioned Ebitda performance (+1.07M€); (ii) improve in Financial Results (+0.53M€), due to lower net debt level and lower financing costs; (iii) lower tax costs (+0.07M€); and (iv) Results from Investments due to *badwill* accounting related with one of the acquisitions completed in the quarter.

| Capital Structure/Capex/Ratios | | | |
|---------------------------------|--------------|--------------|---------------|
| Million euro | | | |
| Net Capital Employed | 396.2 | 386.4 | +2.5% |
| Fixed Assets | 311.6 | 284.1 | +9.7% |
| Non-Current Investments (net) | 5.3 | 4.7 | +13.8% |
| Working Capital | 80.6 | 98.2 | -18.0% |
| Capex (end of period) | 39.7 | 12.7 | >100% |
| % Fixed Assets | 13.1% | 4.5% | +8.7 pp |
| Net Debt | 104.3 | 66.0 | +57.9% |
| % Net Capital Employed | 26.3% | 17.1% | +9.2 pp |
| Debt to Equity | 35.7% | 20.6% | +15.1 pp |
| Net Debt excluding Energy | 54.5 | 48.9 | +11.3% |
| Capital Structure Ratios | | | |
| Loan to Value (Real Estate) | 15.6% | 8.6% | +7.0 pp |
| Net Debt/EBITDA (recurrent) | 2.93x | 2.38x | +0.55x |

- Capex for the 1H17 amounted to 39.7M€, registering a significant increase of 36.7M€ over the previous year, mainly due to the investments in the Energy segment, namely the acquisitions of Renewable operations in the 2Q, in addition to the above mentioned acquisition of a cogeneration operation fueled by landfill biogas.

- Free Cash Flow (levered) in 1H17, excluding dividends paid, was negative 15.1M€, as a result of the aforementioned investments, namely the acquisitions in the Energy segment which more than offset the positive contribution of cash flow from operations.

| Consolidated Balance Sheet | | | |
|--|--------------|--------------|---------------|
| Million euro | | | |
| | Jun 2017 | Dec 2016 | Δ 17/16 |
| Total Assets | 515.4 | 500.4 | +3.0% |
| Tangible and Intangible Assets | 271.4 | 246.3 | +10.2% |
| Goodwill | 40.3 | 37.8 | +6.5% |
| Non-Current Investments | 1.8 | 1.7 | +5.7% |
| Other Non-Current Assets | 29.8 | 29.4 | +1.3% |
| Stocks | 103.0 | 103.2 | -0.2% |
| Trade Debtors and Other Current Assets | 53.1 | 49.4 | +7.3% |
| Cash and Cash Equivalents | 15.5 | 32.2 | -51.7% |
| Assets held for sale | 0.5 | 0.2 | >100% |
| Total Equity | 291.9 | 320.4 | -8.9% |
| Total Equity - Equity Holders of Sonae Capital | 282.4 | 310.4 | -9.0% |
| Total Equity - Non-Controlling Interests | 9.5 | 9.9 | -4.1% |
| Total Liabilities | 223.5 | 180.0 | +24.2% |
| Non-Current Liabilities | 123.9 | 120.7 | +2.6% |
| Non-Current Borrowings | 97.6 | 94.3 | +3.6% |
| Deferred Tax Liabilities | 20.3 | 19.6 | +3.4% |
| Other Non-Current Liabilities | 6.0 | 6.8 | -12.1% |
| Current Liabilities | 99.6 | 59.3 | +67.9% |
| Current Borrowings | 22.2 | 4.0 | >100% |
| Trade Creditors and Other Current Liabilities | 75.6 | 54.5 | +38.7% |
| Liabilities associated to assets held for sale | 1.8 | 0.8 | >100% |
| Total Equity and Liabilities | 515.4 | 500.4 | +3.0% |

- Following the investments referred, Net Debt increased to 104.3M€ when compared to the end of 2016, maintaining an appropriate capital structure taking into consideration Sonae Capital's portfolio of assets and businesses.
- Net Capital Employed increased 2.5% when compared to the year-end of 2016, to 396.2M€ driven by the increase of Fixed Assets under management.
- As a result of Net Debt increase, the Debt to Equity ratio rose to 35.7%, +15.1pp compared to the end of 2016.
- Loan To Value (LTV) and Net Debt/Ebitda of non-Real Estate businesses, of 15.6%, and 2.93x, respectively.

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3. SEGMENTS PERFORMANCE

3.1. TROIA RESORT



Profit and Loss Account - Troia Resort

| Million euro | 2Q 2017 | 2Q 2016 | Δ 17/16 | 1H 2017 | 1H 2016 | Δ 17/16 |
|---|--------------|--------------|-----------------|---------------|---------------|-----------------|
| Total Operational Income | 7.59 | 7.47 | +1.6% | 10.31 | 12.04 | -14.4% |
| Turnover | 7.16 | 7.21 | -0.7% | 9.55 | 11.09 | -13.9% |
| Other Operational Income | 0.43 | 0.26 | +67.4% | 0.75 | 0.95 | -20.3% |
| Total Operational Costs | -7.50 | -7.01 | -7.0% | -11.21 | -11.58 | +3.2% |
| Cost of Goods Sold | -2.12 | -0.54 | <-100% | -2.48 | -1.76 | -40.9% |
| Change in Stocks of Finished Goods | -0.99 | -2.51 | +60.7% | -1.18 | -2.98 | +60.4% |
| External Supplies and Services | -2.39 | -2.36 | -1.4% | -4.19 | -4.08 | -2.8% |
| Staff Costs | -1.12 | -0.97 | -15.6% | -2.05 | -1.81 | -13.1% |
| Other Operational Expenses | -0.88 | -0.63 | -39.8% | -1.30 | -0.94 | -38.5% |
| EBITDA, excluding Guaranteed Income Provisions (1) | 0.09 | 0.46 | -80.3% | -0.90 | 0.46 | - |
| Provisions for Guaranteed Income | -0.11 | -0.12 | +0.9% | -0.17 | -0.19 | +8.2% |
| EBITDA | -0.02 | 0.34 | - | -1.07 | 0.28 | - |
| EBITDA Margin (% Turnover) | -0.3% | 4.7% | -5.1 pp | -11.2% | 2.5% | -13.7 pp |
| Capex | 0.61 | 0.11 | >100% | 0.77 | 0.27 | >100% |
| EBITDA-Capex | -0.63 | 0.23 | - | -1.84 | 0.00 | - |

(1) EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at Troia Resort

- During 2Q17, 9 deeds of residential units in Troia Resort were signed (11 in the semester), an increase from the 5 registered in 2Q16. As a result of the good sales performance, 14 promissory purchase and sale agreements and reservations, amounting to 5.9M€, remain in stock.
- As of June 30, 2017, 386 sales deeds on residential units of the Troia Resort complex had been signed.
- Turnover in the semester amounted to 9.55M€, 13.9% below 1H16 fully due to lower average value per deed, once operations that support the Resort continued to present a very positive performance.
- Capex for the period includes the turn back of an asset evaluated for 0.37M€ (related to a property swap deed not included in the figures above). Excluding that effect Capex has remained at controlled levels.

3.2. FITNESS



Profit and Loss Account - Fitness

| Million euro | 2Q 2017 | 2Q 2016 | Δ 17/16 | 1H 2017 | 1H 2016 | Δ 17/16 |
|------------------------------------|--------------|--------------|---------------|---------------|--------------|---------------|
| Total Operational Income | 5.65 | 4.50 | +25.5% | 11.60 | 8.69 | +33.5% |
| Turnover | 5.60 | 4.45 | +25.8% | 11.48 | 8.59 | +33.6% |
| Other Operational Income | 0.05 | 0.05 | -2.6% | 0.12 | 0.09 | +24.5% |
| Total Operational Costs | -5.24 | -3.88 | -35.1% | -10.29 | -7.68 | -33.9% |
| Cost of Goods Sold | -0.04 | -0.03 | -58.2% | -0.09 | -0.04 | -90.1% |
| External Supplies and Services | -3.29 | -2.35 | -40.2% | -6.26 | -4.63 | -35.4% |
| Staff Costs | -1.71 | -1.27 | -34.3% | -3.44 | -2.51 | -37.1% |
| Other Operational Expenses | -0.19 | -0.23 | +16.1% | -0.50 | -0.50 | +0.7% |
| EBITDA | 0.41 | 0.62 | -34.3% | 1.31 | 1.01 | +30.2% |
| EBITDA Margin (% Turnover) | 7.3% | 14.0% | -6.7 pp | 11.4% | 11.7% | -0.3 pp |
| Capex | 0.45 | 0.37 | +23.3% | 0.98 | 0.62 | +57.0% |
| EBITDA-Capex | -0.04 | 0.26 | - | 0.33 | 0.38 | -13.1% |
| # Health Clubs in Operation | 17 | 15 | + 2 | 17 | 15 | + 2 |

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- Maintenance of the positive performance and strengthening the competitive position reflected in the increased number of active members (+26.4%), as well as the positive evolution of the average monthly fees (+6.5%). As a result, turnover increased significantly 33.6% over the same period last year.
- Performance at the turnover level is also reflected in the EBITDA performance, which improved 30.2% compared to 1H16 to 1.31M€. The decrease registered in 2Q17 when compared to the same period last year refers to the accounting of 7 fortnights in 2Q16 when in 2017 it happened in the 1Q.
- During the year, the focus on the competitive position improvement will be kept, looking for additional opportunities to increase the number of fitness clubs in operation. This is already reflected in the Capex increase over the last quarters compared to the corresponding periods of the previous year.
- Consequently, the investment in the opening of new clubs, following a capital light approach, is at an accelerated pace, which can be seen by the 17 Solinca's health clubs operating at the end of the semester (2 new openings planned for the 3Q: 'Constituição - Oporto' and 'Rio Tinto').

3.3. HOSPITALITY

PORTO PALÁCIO
CONGRESS HOTEL & SPA
★★★★★

AQUALUZ
HOTEL & SPA
Troia

THE ARTIST
PORTO HOTEL
& BISTRO

THE HOUSE
RIBEIRA HOTEL
★★★★

Profit and Loss Account - Hospitality

| Million euro | 2Q 2017 | 2Q 2016 | Δ 17/16 | 1H 2017 | 1H 2016 | Δ |
|---------------------------------|--------------|--------------|---------------|--------------|--------------|---------------|
| Total Operational Income | 5.53 | 4.45 | +24.3% | 8.32 | 6.67 | +24.9% |
| Turnover | 5.41 | 4.34 | +24.8% | 8.08 | 6.44 | +24.5% |
| Other Operational Income | 0.12 | 0.11 | +5.9% | 0.24 | 0.23 | +4.3% |
| Total Operational Costs | -5.30 | -5.04 | -5.1% | -9.63 | -9.02 | -6.7% |
| Cost of Goods Sold | -0.49 | -0.48 | -1.9% | -0.77 | -0.72 | -6.9% |
| External Supplies and Services | -2.99 | -2.87 | -4.3% | -5.53 | -5.19 | -6.5% |
| Staff Costs | -1.64 | -1.59 | -3.2% | -2.96 | -2.88 | -2.8% |
| Other Operational Expenses | -0.18 | -0.11 | -66.6% | -0.37 | -0.22 | -68.2% |
| EBITDA | 0.24 | -0.59 | - | -1.31 | -2.34 | +44.2% |
| EBITDA Margin (% Turnover) | 4.3% | -13.6% | +17.9 pp | -16.2% | -36.4% | +20.2 pp |
| Capex | 0.27 | 1.01 | -73.1% | 0.49 | 1.19 | -58.8% |
| EBITDA-Capex | -0.04 | -1.60 | +97.7% | -1.80 | -3.53 | +49.2% |
| # Units | 4 | 4 | +0.0% | 4 | 4 | +0.0% |

- The main operational indicators continue to show favorable evolutions, with an improvement in the overall occupancy rate and RevPAR, in the semester, of 6.4pp and 28.4%, respectively. It should be noted that all operations increased RevPAR when compared to the same period last year, evidencing the positive dynamics of the sector in general and of this business segment performance in particular.
- As a result, both 1H17 turnover (+25.4%) and EBITDA (+44.2%) show considerable growth rates.
- It should be highlighted the positive EBITDA reached in 2Q17, an important milestone in the segment's history.
- Excluding rents, it should be underlined that the Hospitality segment's EBITDAR amounted to 1.3M€ in the 2Q17, an improvement of almost the double over the 2Q16 figure. Pointing out the turnover seasonality in Troia, the first and fourth quarters usually register negative EBITDAR that are more than compensated by the positive results of the second and mainly the third quarters' activity.
- Despite the investments that have been made in the improvement of existing infrastructures, namely in the Aqualuz Troia Unit, Capex has remained at controlled levels, allowing for a 49.2% improvement in Ebitda-Capex.

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3.4. ENERGY



| Profit and Loss Account - Energy | | | | | | |
|----------------------------------|---------------|--------------|---------------|---------------|---------------|---|
| Million euro | 2Q 2017 | 2Q 2016 | Δ 17/16 | 1H 2017 | 1H 2016 | Δ |
| Total Operational Income | 11.66 | 9.87 | +18.1% | 21.59 | 21.62 | |
| Turnover | 11.58 | 9.77 | +18.6% | 21.37 | 21.51 | |
| Other Operational Income | 0.08 | 0.10 | -22.9% | 0.22 | 0.12 | |
| Total Operational Costs | -8.08 | -7.94 | -1.8% | -15.91 | -17.33 | |
| Cost of Goods Sold | -6.09 | -6.19 | +1.7% | -11.81 | -13.67 | |
| External Supplies and Services | -1.11 | -1.13 | +1.7% | -2.43 | -2.19 | |
| Staff Costs | -0.58 | -0.59 | +2.8% | -1.17 | -1.27 | |
| Other Operational Expenses | -0.31 | -0.03 | <-100% | -0.51 | -0.21 | |
| EBITDA | 3.58 | 1.93 | +85.2% | 5.68 | 4.29 | |
| EBITDA Margin (% Turnover) | 30.9% | 19.8% | +11.1 pp | 26.6% | 20.0% | |
| Capex | 34.88 | -0.01 | - | 38.41 | 0.20 | |
| EBITDA-Capex | -31.30 | 1.95 | - | -32.73 | 4.09 | |
| Total Capacity (MW) | 72.5 | 62.8 | +15.4% | 72.5 | 62.8 | |
| Owned & Operated | 62.3 | 52.6 | +18.4% | 62.3 | 52.6 | |
| Operated (not consolidated) | 10.2 | 10.2 | +0.0% | 10.2 | 10.2 | |

- In 2Q17 it is already considered the contributions related to the acquisition of a Cogeneration operation fueled by landfill biogas, at the end of 1Q17, and to the acquisition of 15MW of Renewables assets at the end of April. These acquisitions translate an increase to 73MW in owned or operated capacity.
- Compared to the same period last year, we should consider the discontinuation of an 8MW Cogeneration plant in the 1Q16, and no further discontinuations are expected for the next 9 quarters (4Q19).
- As a result of the mixed entries/exits operations and its respective contributions, turnover recorded an increase of 18.6% in the quarter and EBITDA rose 85.2% to 3.6M€. It should be reinforced the continued performance improvement over last quarters in a row revealing the improvement and sustainability of the current recovery trend.
- It is worth to note, in the quarter, the contribution of the operations acquired in 2017: 1.1M€ and 0.96M€ in turnover and Ebitda respectively.
- Capex amounted to 34.88M€ mainly related to the above-mentioned acquisitions regarding Renewable operations.

3.5. REFRIGERATION & HVAC



| Profit and Loss Account - Refrigeration & HVAC | | | | | | |
|--|---------------|---------------|-----------------|---------------|---------------|---|
| Million euro | 2Q 2017 | 2Q 2016 | Δ 17/16 | 1H 2017 | 1H 2016 | Δ |
| Total Operational Income | 11.07 | 14.16 | -21.8% | 23.21 | 28.02 | |
| Turnover | 11.36 | 13.83 | -17.8% | 23.27 | 27.54 | |
| Other Operational Income | -0.29 | 0.33 | - | -0.07 | 0.48 | |
| Total Operational Costs | -11.31 | -13.54 | +16.5% | -23.04 | -26.71 | |
| Cost of Goods Sold | -5.56 | -7.47 | +25.6% | -10.54 | -13.18 | |
| Change in Stocks of Finished Goods | 1.25 | 2.65 | -52.9% | 1.71 | 3.63 | |
| External Supplies and Services | -3.92 | -5.76 | +31.9% | -7.93 | -11.40 | |
| Staff Costs | -2.72 | -2.74 | +0.4% | -5.74 | -5.33 | |
| Other Operational Expenses | -0.35 | -0.23 | -54.1% | -0.53 | -0.43 | |
| EBITDA | -0.24 | 0.62 | - | 0.17 | 1.31 | |
| EBITDA Margin (% Turnover) | -2.1% | 4.5% | -6.6 pp | 0.7% | 4.8% | |
| Capex | 0.03 | 0.01 | >100% | 0.09 | 0.06 | |
| EBITDA-Capex | -0.28 | 0.61 | - | 0.08 | 1.25 | |

REPORT AND ACCOUNTS – JUNE 2017

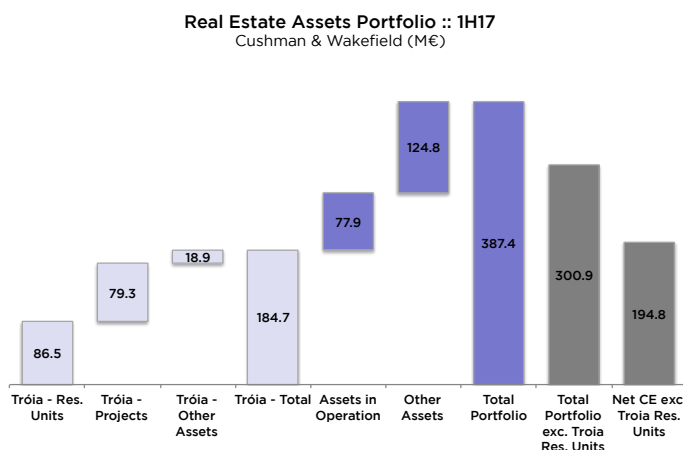
Report of the Board of Directors

- Turnover in 1H17 registered a decline of 15.5% when compared to the same period last year due to: (i) a decrease in the Refrigeration activity due to the delay in starting up some planned works; and (ii) the delivery, during 2016, of an important international project that positively influenced the previous year.
- It should be noted that the backlog on the Portuguese operation, at the end of the period, amounted to 29.7M€, representing approximately 9 months of turnover, indicating a recovery in activity levels for the coming quarters particularly in the Refrigeration segment.
- Following Top Line performance, EBITDA ascended to 0.17M€ naturally recording a decrease of 86.7% when compared to 1H16, and reaching a 0.7% margin, 4.0pp below the 1H16.

3.6. OTHER ASSETS

Within the Group's current real estate portfolio there are diversified assets with different licensing and construction stages, including land plots with and without construction viability, residential units, construction projects, offices, industrial premises and commercial areas, with wide geographical dispersion.

This block considers all the real estate assets of the Sonae Capital Group, except the units already developed and in commercialization in the Troia Resort and the assets held by the WTC Fund.



- As at 30 June 2017, the CE in this set of real estate assets amounted to 194.8M€, which are evaluated in 300.9M€, according to the valuation made at the end of the previous year by the independent reference entity Cushman & Wakefield;
- In 1H17 deeds were signed over 3 city flats, 1 plot of land in Ramalde - Porto and the 'Vasco da Gama' HC totaling 5.9M€; and
- There are additional 14.48M€ of PPSAs signed over a set of assets indicating a positive forecast for the coming quarters.

REPORT AND ACCOUNTS – JUNE 2017

Report of the Board of Directors

4. CORPORATE INFORMATION

4.1. CORPORATE INFORMATION 2Q17

- On April 27, 2017, Sonae Capital, SGPS, SA has executed a purchase and sale agreement for the acquisition of 100% of the share capital and voting rights of the company Ventos da Serra – Produção de Energia, S.A., that owns and operates a photovoltaic plant with installed capacity of 10MW, located at Ferreira do Alentejo, for a global price of 29.1M€. Subsequently, on 5 June this transaction obtained the declaration of non-opposition by the Portuguese Competition Authority.

Additionally the Company acquired a wind farm located in Loures and Arruda dos Vinhos, with 5 MW of installed capacity, for the total amount of 5.4M€.

As a result, Sonae Capital's portfolio of cogeneration and renewable energy plants (solar and wind) has been increased by two new units, with the installed electrical capacity owned or operated by the Group totaling 73MW.

- On April 28, 2017, at the Shareholders' General Meeting, among other proposals, a gross dividend distribution of 0.10€ per share was approved. This dividend became available for payment on 26 May and the share traded, as of 24 May, without the right to the dividend (ex-dividend).
- On June 09, 2017, Sonae Capital, SGPS, SA entered into a sale and purchase agreement for the acquisition of 100% of the share capital and voting rights of the company "ADIRA – Metal Forming Solutions, SA" and its subsidiary "Guimadira". This operation is subject to prior notification to the Portuguese Competition Authority (AdC) in accordance with the applicable law, and consequently will only become effective following a non-opposition decision from AdC and once all conditions precedent are fulfilled.

4.2. SUBSEQUENT CORPORATE EVENTS

- On July 25, 2017, following the declaration of non-opposition by the Portuguese Competition Authority, Sonae Capital, SGPS, SA announced the effectiveness of the acquisition of the company "ADIRA – Metal Forming Solutions, SA" and its subsidiary "Guimadira".

REPORT AND ACCOUNTS – JUNE 2017

Report of the Board of Directors

5. METHODOLOGICAL NOTES

The consolidated financial statements presented in this report are non-audited and have been prepared in accordance with the International Financial Reporting Standards ("IAS / IFRS"), issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union.

With the aim of continuing to improve the quality and transparency of the information provided, not only at the Consolidated level, but also, at each Business Units level, and aligned with the best market practices, the international operations (Angola and Mozambique) of the Refrigeration & HVAC segment are now considered as assets held for sale and therefore their contribution to the consolidated results is recognized as discontinued operations. In order to maintain the information comparability, the 2016 figures are presented in appendix according to this new reality.

This document is a translation from the Portuguese original version.

GLOSSARY

- HVAC = Heating, Ventilation and Air Conditioning.
- Operational Cash Flow = EBITDA - Capex.
- PPSA = Promissory Purchase and Sale Agreement.
- EBITDA = Operational Profit (EBIT) + Amortization and Depreciation + Provisions and Impairment Losses + Impairment Losses of Real Estate Assets in Stocks (included in Costs of Goods Sold) - Reversal of Impairment Losses and Provisions (including in Other Operation Income).
- EBITDA, excluding Guaranteed Income Provisions = EBITDA + Provisions related to the estimated present value of potential costs for the full period of the Guaranteed Income from real estate sales at Troia Resort.
- EBITDAR = EBITDA + Rents for buildings.
- Net Debt = Non-Current Loans + Current Loans - Cash and Cash Equivalents - Current Investments.
- Capex = Investment in Tangible and Intangible Assets.
- Gearing: Debt to Equity = Net Debt / Equity.
- Loan to Value = Net Debt of real estate assets / Real estate assets Valuation.

REPORT AND ACCOUNTS - JUNE 2017

Report of the Board of Directors

APPENDIX

| Consolidated Profit and Loss Account | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Million euro | 1Q 2016 | 2Q 2016 | 3Q 2016 | 4Q 2016 | 1Q 2017 | 2Q 2017 |
| Total Operational Income | 37.59 | 43.00 | 52.71 | 97.25 | 34.31 | 43.14 |
| Turnover | 36.86 | 42.41 | 51.73 | 59.58 | 33.64 | 41.90 |
| Troia Resort | 3.88 | 7.21 | 9.33 | 10.70 | 2.39 | 7.16 |
| Hospitality | 2.10 | 4.34 | 7.35 | 3.21 | 2.67 | 5.41 |
| Fitness | 4.14 | 4.45 | 4.60 | 4.89 | 5.88 | 5.60 |
| Energy | 11.74 | 9.77 | 8.29 | 8.43 | 9.79 | 11.58 |
| Refrigeration & HVAC | 13.71 | 13.83 | 21.45 | 15.84 | 11.91 | 11.36 |
| Others & Eliminations | 1.28 | 2.81 | 0.72 | 16.51 | 1.00 | 0.78 |
| Other Operational Income | 0.73 | 0.59 | 0.97 | 37.67 | 0.66 | 1.24 |
| EBITDA, excluding Guaranteed Income Provisions (1) | 1.47 | 4.21 | 8.20 | 16.78 | 0.59 | 5.28 |
| Troia Resort | 0.01 | 0.46 | 3.28 | 13.82 | -0.99 | 0.09 |
| Hospitality | -1.76 | -0.59 | 1.40 | -1.36 | -1.54 | 0.24 |
| Fitness | 0.38 | 0.62 | 0.78 | 0.37 | 0.90 | 0.41 |
| Energy | 2.36 | 1.93 | 1.73 | 1.78 | 2.10 | 3.58 |
| Refrigeration & HVAC | 0.69 | 0.62 | 0.36 | 0.58 | 0.42 | -0.24 |
| Others & Eliminations | -0.21 | 1.17 | 0.64 | 1.58 | -0.30 | 1.20 |
| Provisions for Guaranteed Income | -0.07 | -0.12 | -0.08 | -0.09 | -0.06 | -0.11 |
| EBITDA | 1.40 | 4.09 | 8.12 | 16.69 | 0.53 | 5.16 |
| Amortization & Depreciation | -3.90 | -3.97 | -3.97 | -3.96 | -4.07 | -4.17 |
| Provisions & Impairment Losses | -0.01 | -0.05 | 0.00 | 0.42 | 0.29 | -0.03 |
| Non-recurrent costs/income (2) | -0.38 | 0.62 | -0.37 | 0.21 | -0.24 | 0.16 |
| EBIT | -2.89 | 0.70 | 3.79 | 13.36 | -3.49 | 1.13 |
| Net Financial Expenses | -1.73 | -1.68 | -1.58 | -1.15 | -1.00 | -1.15 |
| Investment Income and Results from Assoc. Undertaking | 1.05 | 15.32 | 1.81 | -1.50 | 0.07 | 1.93 |
| EBT | -3.57 | 14.34 | 4.02 | 10.71 | -4.42 | 1.90 |
| Taxation | 0.16 | -0.54 | -0.43 | -4.99 | -0.28 | -0.47 |
| Net Profit - Continued Businesses | -3.41 | 13.80 | 3.59 | 5.72 | -4.70 | 1.44 |
| Net Profit - Discontinued Businesses | -0.47 | -0.10 | -0.21 | -0.23 | -0.15 | -0.52 |
| Net Profit - Total | -3.88 | 13.70 | 3.38 | 5.50 | -4.85 | 0.92 |
| Attributable to Equity Holders of Sonae Capital | -4.19 | 13.33 | 3.12 | 5.33 | -5.05 | 0.57 |
| Attributable to Non-Controlling Interests | 0.31 | 0.37 | 0.26 | 0.16 | 0.20 | 0.34 |

(1) EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at Troia Resort

(2) Non-recurrent items mainly related to restructuring costs and one-off income

PART II
**APPENDIX TO THE REPORT OF
THE BOARD OF DIRECTORS**

30 JUNE 2017



SONAE CAPITAL

REPORT AND ACCOUNTS – JUNE 2017

Appendix to the Report of the Board of Directors

STATEMENT

Under the terms of Article 245, paragraph 1, c) of the Portuguese Securities Code

(Translation of a Statement originally issued in Portuguese)

The signatories individually declare that, to their knowledge, the Report of the Board of Directors, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared in accordance with applicable International Financial Reporting Standards, and give a true and fair view, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of Sonae Capital, SGPS, SA, and of the companies included in the consolidation perimeter, and that the Report of the Board of Directors faithfully describes major events that occurred during the first half of 2017 and their impacts, if any, in the business performance and financial position of Sonae Capital, SGPS, SA and of the companies included in the consolidation perimeter, and contains an appropriate description of the major risks and uncertainties that they face.

Maia, 28 July 2017

Duarte Paulo Teixeira de Azevedo
Chairman of the Board of Directors

Álvaro Carmona e Costa Portela
Member of the Board of Directors

Francisco de La Fuente Sánchez
Member of the Board of Directors

Paulo José Jubilado Soares de Pinho
Member of the Board of Directors

Maria Cláudia Teixeira de Azevedo
CEO

Ivone Pinho Teixeira
CFO

Miguel Jorge Moreira da Cruz Gil Mata
Member of the Board of Directors

REPORT AND ACCOUNTS - JUNE 2017

Appendix to the Report of the Board of Directors

Article 447 of the Portuguese Companies Act and Article 14(7) of the Portuguese Securities Commission (CMVM) Regulation no.5/2008

Disclosure of the number of shares and other securities issued by the Company held and of the transactions executed over such securities, during the financial year in analysis, by the members of the statutory governing and auditing bodies and by people discharging managerial responsibilities (“dirigentes”), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code:

Disclosure of the number of shares and other securities issued by the Company held and of the transactions executed over such securities, during the financial year in analysis, by the members of the statutory governing and auditing bodies and by people discharging managerial responsibilities (“dirigentes”), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code:

| | Date | Additions | | Reductions | | Position as at 30.06.2017 | Balance as at |
|--|------------|-----------|-------------|------------|-------------|---------------------------|-----------------|
| | | Quantity | Av. Price € | Quantity | Av. Price € | | 30.06.2017 |
| | | | | | | | Quantity |
| Belmiro Mendes de Azevedo (**) Efanor Investimentos, SGPS, SA (1) Sonae Capital, SGPS, SA | | | | | | Dominant | 837,000 |
| Maria Margarida Carvalhais Teixeira de Azevedo (**) Efanor Investimentos, SGPS, SA (1) Sonae Capital, SGPS, SA | | | | | | Minority | 1,862 |
| Duarte Paulo Teixeira de Azevedo (*) (**) Efanor Investimentos, SGPS, SA (1) Migracom, SA (2) | | | | | | Minority Dominant | |
| Maria Cláudia Teixeira de Azevedo (*) (**) (***) Efanor Investimentos, SGPS, SA (1) Linhacom, SA (3) Sonae Capital, SGPS, SA | 31.03.2017 | 111,390 | 0.842 | | | Minority Dominant | 280,495 |
| Ivone Maria Pinho Teixeira da Silva (*) (***) Sonae Capital, SGPS, SA | 31.03.2017 | 110,070 | 0.842 | | | | 110,070 |
| Álvaro Carmona e Costa Portela (*) Sonae Capital, SGPS, SA Sonae Capital/2014-2019 Bonds | | | | | | | 24,942 1 |
| Paulo José Jubilado Soares de Pinho (*) Sonae Capital, SGPS, SA Closely connected person ^(a) | | | | | | | 12,650 8,125 |
| Miguel Jorge Moreira da Cruz Gil Mata (*) (***) Sonae Capital, SGPS, SA | 31.03.2017 | 122,895 | 0.842 | | | | 820,826 |

| | Date | Purchases | | Sales | | Position as at 30.06.2017 | Balance as at |
|--|------|-----------|-------------|----------|-------------|---------------------------|---------------|
| | | Quantity | Av. Price € | Quantity | Av. Price € | | 30.06.2017 |
| | | | | | | | Quantity |
| (1) Efanor Investimentos, SGPS, SA Sonae Capital, SGPS, SA Pareuro, BV (4) | | | | | | Dominant | 88,859,200 |
| (2) Migracom, SA Sonae Capital, SGPS, SA Imparfin - Investimentos e Participações Financeiras, SA (5) | | | | | | Minority | 161,250 |
| (3) Linhacom, SA Sonae Capital, SGPS, SA Imparfin - Investimentos e Participações Financeiras, SA (5) | | | | | | Minority | 43,912 |
| (4) Pareuro, BV Sonae Capital, SGPS, SA | | | | | | | 66,600,000 |
| (5) Imparfin - Investimentos e Participações Financeiras, SA Sonae Capital, SGPS, SA | | | | | | | 513,160 |

(*) Member of the Board of Directors of Sonae Capital, SGPS, SA

(**) Member of the Board of Directors of Efanor Investimentos, SGPS, SA (directly and indirectly dominant company)

(***) shares acquired in compliance with the annual and medium-term variable remuneration policy

^(a) article 248 B, no.4, paragraph b) of the Portuguese Securities Code: held by Change Partners, SCR, SA, of which is Member of the Board of Directors

REPORT AND ACCOUNTS – JUNE 2017

Appendix to the Report of the Board of Directors

Appendix required by Article 448 of the Portuguese Companies Act

Number of shares held by shareholders owning more than 10%, 33% or 50% of the share capital of Sonae Capital, SGPS, SA:

Number of shares as at 30.06.2017

Efanor Investimentos, SGPS, SA (1)

| | |
|-------------------------|------------|
| Sonae Capital, SGPS, SA | 88,859,200 |
| Pareuro, BV | Dominated |

Pareuro, BV

| | |
|-------------------------|------------|
| Sonae Capital, SGPS, SA | 66,600,000 |
|-------------------------|------------|

(1) Belmiro Mendes de Azevedo is, under the terms of paragraph b number 1 of Article 20 and number 1 of Article 21 of the Portuguese Securities Code, the "ultimate beneficial owner", as he is the controlling shareholder of Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV.

REPORT AND ACCOUNTS – JUNE 2017

Appendix to the Report of the Board of Directors

Qualified Shareholdings

Shareholders holding more than 2% of the share capital of Sonae Capital, SGPS, SA, complying with Article 9(1)(c) of the CMVM Regulation No. 5/2008:

| Shareholder | Nr. of Shares | % of Share Capital | % of Voting Rights |
|---|--------------------|--------------------|--------------------|
| Efanor Investimentos, SGPS, S.A. (1) | | | |
| Directly Owned | 88,859,200 | 35.544% | 36.237% |
| Through Pareuro, BV (controlled by Efanor) | 66,600,000 | 26.640% | 27.160% |
| Through Belmiro Mendes de Azevedo (Chairman of the Board of Directors of Efanor) | 837,000 | 0.335% | 0.341% |
| Through Maria Margarida Carvalhais Teixeira de Azevedo (Member of the Board of Directors of Efanor) | 1,862 | 0.001% | 0.001% |
| Through Maria Cláudia Teixeira de Azevedo (Member of the Board of Directors of Efanor) | 280,495 | 0.112% | 0.114% |
| Through Linhacom, S.A. (controlled by the Member of the Board of Directors of Efanor Maria Cláudia Teixeira de Azevedo) | 43,912 | 0.018% | 0.018% |
| Through Migracom, S.A. (controlled by the Member of the Board of Directors of Efanor Duarte Paulo Teixeira de Azevedo) | 161,250 | 0.065% | 0.066% |
| Total attributable | <u>156,783,719</u> | <u>62.713%</u> | <u>63.937%</u> |
| Argos Funds | | | |
| Total attributable | <u>5,181,429</u> | <u>2.073%</u> | <u>2.113%</u> |

(1) Belmiro Mendes de Azevedo is, under the terms of Article 20(1)(b) and of Article 21(1) of the Portuguese Securities Code, the "ultimate beneficial owner", as he is the controlling shareholder of Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV.

PART III
**CONSOLIDATED FINANCIAL
STATEMENTS**

30 JUNE 2017



SONAE CAPITAL

REPORT AND ACCOUNTS – JUNE 2017

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2017 AND 31 DECEMBER 2016

(Amounts expressed in euro)

| ASSETS | Notes | 30-06-2017 | 31-12-2016 |
|--|-------|--------------------|--------------------|
| NON-CURRENT ASSETS: | | | |
| Tangible assets | 8 | 260,760,477 | 238,784,870 |
| Intangible assets | 8 | 10,590,904 | 7,615,431 |
| Goodwill | 9 | 40,282,461 | 37,841,090 |
| Investments in associated companies and joint ventures | 5 | 1,314,696 | 1,234,900 |
| Other investments | 6 | 497,020 | 478,855 |
| Deferred tax assets | 13 | 27,658,021 | 27,380,258 |
| Other non-current debtors | 10 | 2,145,732 | 2,036,476 |
| Total non-current assets | | 343,249,311 | 315,371,880 |
| CURRENT ASSETS: | | | |
| Inventories | 11 | 103,040,405 | 104,511,954 |
| Trade account receivables and other current assets | 12 | 53,066,822 | 47,746,534 |
| Cash and cash equivalents | 14 | 15,535,382 | 32,747,208 |
| Total Current Assets | | 171,642,609 | 185,005,696 |
| Assets held for sale | | 486,188 | - |
| TOTAL ASSETS | | 515,378,108 | 500,377,576 |
| EQUITY AND LIABILITIES | | | |
| EQUITY: | | | |
| Share capital | 15 | 250,000,000 | 250,000,000 |
| Own Shares | 15 | (1,305,839) | (1,404,226) |
| Reserves and retained earnings | 15 | 38,147,226 | 44,241,791 |
| Profit/(Loss) for the year attributable to the equity holders of Sonae Capital | | (4,475,984) | 17,594,199 |
| Equity attributable to the equity holders of Sonae Capital | | 282,365,403 | 310,431,764 |
| Equity attributable to non-controlling interests | 16 | 9,516,879 | 9,925,965 |
| Total Equity | | 291,882,282 | 320,357,729 |
| NON-CURRENT LIABILITIES: | | | |
| Loans | 17,18 | 97,612,429 | 94,262,228 |
| Other non-current creditors | 19 | 2,928,232 | 3,751,701 |
| Deferred tax liabilities | 13 | 20,299,551 | 19,635,287 |
| Provisions | 22 | 3,079,824 | 3,079,824 |
| Total Non-Current Liabilities | | 123,920,036 | 120,729,040 |
| CURRENT LIABILITIES: | | | |
| Loans | 17 | 22,218,422 | 4,473,445 |
| Trade creditors and other current liabilities | 21 | 71,756,379 | 50,878,346 |
| Provisions | 22 | 3,795,543 | 3,939,016 |
| Total Current Liabilities | | 97,770,344 | 59,290,807 |
| TOTAL LIABILITIES | | 221,690,380 | 180,019,847 |
| Liabilities associated with assets held for sale | | 1,805,446 | - |
| TOTAL EQUITY AND LIABILITIES | | 515,378,108 | 500,377,576 |

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS – JUNE 2017

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE SIX MONTHS ENDED 30 JUNE 2017 AND 2016

(Amounts expressed in euro)

| | Notes | 30-06-2017 | 30-06-2016 |
|--|-------|--------------------|--------------------|
| Sales | | 39,964,949 | 32,024,267 |
| Services rendered | | 32,882,845 | 46,195,682 |
| Other operating income | | 2,715,815 | 2,283,453 |
| Cost of sales | | (23,618,822) | (28,638,083) |
| Changes in stocks of finished goods and work in progress | | (418,058) | (2,340,712) |
| External supplies and services | | (26,026,509) | (26,059,941) |
| Staff costs | | (17,852,399) | (15,875,909) |
| Depreciation and amortisation | | (8,238,041) | (7,868,236) |
| Provisions and impairment losses (Increases)/Decreases | | 176,754 | (575,791) |
| Other operating expenses | | (1,942,560) | (1,334,652) |
| Operational profit/(loss) | | (2,356,026) | (2,189,922) |
| Financial Expenses | | 44,173 | 477,969 |
| Financial Income | | (2,204,418) | (3,890,769) |
| Net financial income / (expenses) | | (2,160,245) | (3,412,800) |
| Profit/(Loss) in associated and jointly controlled companies measured using the equity method | 5 | 193,872 | 111,399 |
| Investment income | | 1,808,237 | 16,256,573 |
| Profit/(Loss) before taxation | | (2,514,163) | 10,765,250 |
| taxation | 26 | 745,664 | 377,046 |
| | | - | - |
| Profit/(Loss) for the year - continued operations | | (3,259,827) | 10,388,204 |
| Profit/(Loss) for the year - discontinued operations | | (670,456) | (571,685) |
| Profit/(Loss) for the year | 27 | (3,930,283) | 9,816,519 |
| Attributable to: | | | |
| Equity holders of Sonae Capital | | (4,475,984) | 9,139,503 |
| Non-controlling interests | 16 | 545,703 | 677,016 |
| Profit/(Loss) per share - continued operations | | | |
| Basic | 29 | (0.015385) | 0.039358 |
| Diluted | 29 | (0.015385) | 0.039358 |
| Profit/(Loss) per share - discontinued operations | | | |
| Basic | 29 | (0.002711) | (0.002317) |
| Diluted | 29 | (0.002711) | (0.002317) |

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS – JUNE 2017

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE 2nd QUARTERS OF 2017 AND 2016

(Amounts expressed in euro)

| | Notes | 2 nd QUARTER 2017 ¹ | 2 nd QUARTER 2016 ¹ |
|--|-------|--|--|
| Sales | | 27,394,744 | 6.364.210 |
| Services rendered | | 12,208,701 | 36.050.053 |
| Other operating income | | 1,891,270 | 1.199.910 |
| Cost of sales | | (12,496,634) | (14.732.382) |
| Changes in stocks of finished goods and work in progress | | 26,759 | (1.791.025) |
| External supplies and services | | (13,784,207) | (13.898.626) |
| Staff costs | | (8,923,210) | (7.892.473) |
| Depreciation and amortisation | | (4,165,338) | (3.967.987) |
| Provisions and impairment losses (Increases)/Decreases | | (23,954) | (209.726) |
| Other operating expenses | | (996,260) | (420.623) |
| Operational profit/(loss) | | 1,131,872 | 701.331 |
| Financial Expenses | | (25,620) | 277.024 |
| Financial Income | | (1,130,589) | (1.959.229) |
| Net financial income / (expenses) | | (1,156,209) | (1.682.205) |
| Profit/(Loss) in associated and jointly controlled companies measured using the equity method | 5 | 146,773 | (938.797) |
| Investment income | | 1,780,641 | 16.256.574 |
| Profit/(Loss) before taxation | | 1,903,077 | 14.336.903 |
| taxation | 26 | 466,620 | 540.283 |
| Profit/(Loss) for the year - continued operations | | 1,436,457 | 13.796.620 |
| Profit/(Loss) for the year - discontinued operations | | (518,498) | (98.572) |
| Profit/(Loss) for the year | 27 | 917,959 | 13.698.048 |
| Attributable to: | | | |
| Equity holders of Sonae Capital | | 573,392 | 13.332.648 |
| Non-controlling interests | 16 | 344,567 | 365.400 |
| Profit/(Loss) per share - continued operations | | | |
| Basic | 29 | 0.004425 | 0.024281 |
| Diluted | 29 | 0.004425 | 0.024281 |
| Profit/(Loss) per share - discontinued operations | | | |
| Basic | 29 | (0.002096) | (0.004234) |
| Diluted | 29 | (0.002096) | (0.004234) |

The accompanying notes are part of these financial statements.

¹ Prepared in accordance with IAS 34 – Interim Financial Reporting and unaudited

The Board of Directors

REPORT AND ACCOUNTS – JUNE 2017

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017 AND 2016

(Amounts expressed in euro)

| | 30-06-2017 | 30-06-2016 |
|--|---------------------------|--------------------------|
| Consolidated net profit/(loss) for the period | (3,930,283) | 9,816,519 |
| Items that may be reclassified subsequently to net profit / (loss): | | |
| Changes in the currency translation differences | (45,052) | 50,530 |
| Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5) | - | 7,381,842 |
| Change in the fair value of cash flow hedging derivatives | 1,366 | 23,714 |
| Tax related to other comprehensive income captions | - | (2,869) |
| Other comprehensive income for the period - continued operations | 352 | 7,301,102 |
| Outro rendimento integral do período - discontinued operations | (44,038) | 152,115 |
| Total comprehensive income for the period | <u>(3,973,969)</u> | <u>17,269,736</u> |
| Attributable to: | | |
| Equity holders of Sonae Capital | (4,491,595) | 16,593,997 |
| Non-controlling interests | 517,626 | 675,739 |

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS – JUNE 2017

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SECOND QUARTERS OF 2017 AND 2016

(Amounts expressed in euro)

| | 2 nd Quarter 2017 ¹ | 2 nd Quarter 2016 ¹ |
|--|--|--|
| Consolidated net profit/(loss) for the period | 917,960 | 13,698,048 |
| Items that may be reclassified subsequently to net profit / (loss): | | |
| Changes in the currency translation differences | 24,439 | (60,506) |
| Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5) | - | 7,340,797 |
| Change in the fair value of cash flow hedging derivatives | - | 17,780 |
| Tax related to other comprehensive income captions | - | (1,623) |
| Other comprehensive income for the period - continued operations | 4,561 | 7,272,295 |
| Other comprehensive income for the period - discontinued operations | 19,878 | 24,423 |
| Total comprehensive income for the period | <u>942,399</u> | <u>20,994,766</u> |
| Attributable to: | | |
| Equity holders of Sonae Capital | 603,573 | 20,643,567 |
| Non-controlling interests | 338,826 | 351,198 |

The accompanying notes are part of these financial statements.

¹ Prepared in accordance with IAS 34 – Interim Financial Reporting and unaudited

The Board of Directors

REPORT AND ACCOUNTS – JUNE 2017

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017 AND 2016

(Amounts expressed in euro)

| | Share Capital | Own Shares | Attributable to Equity Holders of Sonae Capital | | | | | | Net Profit/(Loss) | Total | Non-Controlling Interests | Total Equity |
|---|--------------------|--------------------|---|----------------------|---------------------|------------------|--------------------------------------|---|--------------------|--------------------|---------------------------|--------------------|
| | | | Demerger Reserve (Note 15) | Translation Reserves | Fair Value Reserves | Hedging Reserves | Other Reserves and Retained Earnings | Subtotal Reserves and Retained Earnings | | | | |
| Balance as at 1 January 2016 | 250,000,000 | (1,426,791) | 132,638,253 | (23,350) | - | (11,956) | (80,993,753) | 51,609,194 | (294,678) | 299,887,725 | 10,247,125 | 310,134,850 |
| Total consolidated comprehensive income for the period | - | - | - | 51,807 | - | 23,714 | 7,378,973 | 7,454,494 | 9,139,503 | 16,593,997 | 675,739 | 17,269,737 |
| Appropriation of profit of 2015: | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to legal reserves and retained earnings | - | - | - | - | - | - | (294,678) | (294,678) | 294,678 | - | - | - |
| Dividends paid | - | - | - | - | - | - | (14,669,026) | (14,669,026) | - | (14,669,026) | (1,425,614) | (16,094,640) |
| (Acquisition)/Sales of own shares | - | 22,565 | - | - | - | - | - | - | - | 22,565 | - | 22,565 |
| Changes in the percentage of capital held in affiliated companies | - | - | - | - | - | - | 119,266 | 119,266 | - | 119,266 | (119,266) | - |
| Other changes | - | - | - | - | - | - | 93,732 | 93,732 | - | 93,732 | - | 93,732 |
| Balance as at 30 June 2016 | 250,000,000 | (1,404,226) | 132,638,253 | 28,457 | - | 11,758 | (88,365,486) | 44,312,982 | 9,139,503 | 302,048,259 | 9,377,984 | 311,426,244 |
| Balance as at 1 January 2017 | 250,000,000 | (1,404,226) | 132,638,253 | 12,876 | - | 5,004 | (88,414,342) | 44,241,791 | 17,594,199 | 310,431,764 | 9,925,965 | 320,357,729 |
| Total consolidated comprehensive income for the period | - | - | - | (16,975) | - | 1,366 | - | (15,609) | (4,475,984) | (4,491,593) | 517,624 | (3,973,969) |
| Appropriation of profit of 2016: | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to legal reserves and retained earnings | - | - | - | - | - | - | 17,594,199 | 17,594,199 | (17,594,199) | - | - | - |
| Dividends paid | - | - | - | - | - | - | (24,198,866) | (24,198,866) | - | (24,198,866) | (926,710) | (25,125,576) |
| (Acquisition)/Sales of own shares | - | 98,387 | - | - | - | - | - | - | - | 98,387 | - | 98,387 |
| Changes in the percentage of capital held in affiliated companies | - | - | - | - | - | - | - | - | - | - | - | - |
| Other changes | - | - | - | - | - | - | 525,711 | 525,711 | - | 525,711 | - | 525,711 |
| Balance as at 30 June 2017 | 250,000,000 | (1,305,839) | 132,638,253 | (4,099) | - | 6,370 | (94,493,298) | 38,147,226 | (4,475,984) | 282,365,403 | 9,516,879 | 291,882,282 |

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS - JUNE 2017

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2017 AND 2016

(Amounts expressed in euro)

| | Notes | 30-06-2017 | 30-06-2016 | 2 nd Quarter 2017 ¹ | 2 nd Quarter 2016 ¹ |
|---|-------|---------------------|----------------------|---|---|
| OPERATING ACTIVITIES: | | | | | |
| Cash receipts from trade debtors | | 74,556,202 | 82,025,333 | 43,777,127 | 46,576,062 |
| Cash receipts from trade creditors | | (45,966,880) | (52,110,016) | (23,298,240) | (29,979,881) |
| Cash paid to employees | | (17,276,536) | (15,851,967) | (8,858,780) | (8,623,980) |
| Cash flow generated by operations | | 11,312,786 | 14,063,350 | 11,620,108 | 7,972,201 |
| Income taxes (paid) / received | | (454,666) | (356,608) | (298,075) | (193,329) |
| Other cash receipts and (payments) relating to operating activities | | 2,609,938 | 448,933 | 4,029,843 | 855,049 |
| Discontinued operations | | | (1,117,526) | | (175,007) |
| Net cash from operating activities (1) | | <u>13,468,058</u> | <u>13,038,149</u> | <u>15,351,876</u> | <u>8,458,914</u> |
| INVESTMENT ACTIVITIES: | | | | | |
| <u>Cash receipts arising from:</u> | | | | | |
| Investments | | 697,913 | 600,782 | 617,953 | 600,215 |
| Tangible assets | | 4,312,788 | 1,414,708 | 3,903,775 | 318,066 |
| Intangible assets | | 11 | 49,089 | 11 | 49,089 |
| Subsidies | | 44,209 | - | 44,198 | - |
| Interest and similar income | | 91,952 | 163,383 | 31,427 | 49,162 |
| Dividends | | 187,652 | 194,419 | 114,074 | 194,419 |
| Others | | 6,392 | - | 4,944 | - |
| Changes in consolidation perimeter (companies in) | | 2,803,838 | - | 2,803,838 | - |
| | | <u>8,144,755</u> | <u>2,422,381</u> | <u>7,520,220</u> | <u>1,210,951</u> |
| <u>Cash Payments arising from:</u> | | | | | |
| Investments | | (28,715,339) | (138,229) | (27,042,636) | (132,290) |
| Tangible assets | | (3,696,759) | (2,846,621) | (2,184,352) | (1,328,454) |
| Intangible assets | | (634,672) | (193,411) | (310,592) | (50,680) |
| Loans granted | | (33,860) | (41,503) | (3,818) | - |
| | | <u>(33,080,630)</u> | <u>(3,219,764)</u> | <u>(29,541,398)</u> | <u>(1,511,424)</u> |
| Discontinued operations | | | 8,520 | | 3,623 |
| Net cash used in investment activities (2) | | <u>(24,935,875)</u> | <u>(788,863)</u> | <u>(22,021,178)</u> | <u>(296,850)</u> |
| FINANCING ACTIVITIES: | | | | | |
| <u>Cash receipts arising from:</u> | | | | | |
| Loans obtained | | 45,885,506 | 68,854,596 | 43,673,381 | 38,128,299 |
| Sale of own shares | | 98,387 | 144,043 | 98,387 | 144,043 |
| Others | | - | - | - | - |
| | | <u>45,983,893</u> | <u>68,998,639</u> | <u>43,771,768</u> | <u>38,272,342</u> |
| <u>Cash Payments arising from:</u> | | | | | |
| Loans obtained | | (24,318,548) | (92,821,342) | (2,165,737) | (29,532,486) |
| Interest and similar charges | | (2,516,934) | (4,203,896) | (1,705,854) | (2,380,423) |
| Dividends | | (24,844,957) | (15,987,705) | (24,844,957) | (15,831,455) |
| | | <u>(51,680,439)</u> | <u>(113,012,943)</u> | <u>(28,716,548)</u> | <u>(47,744,364)</u> |
| Discontinued operations | | | 170,539 | | 20,348 |
| Net cash used in financing activities (3) | | <u>(5,696,546)</u> | <u>(43,843,765)</u> | <u>(15,055,220)</u> | <u>(9,451,674)</u> |
| Net increase in cash and cash equivalents | | <u>(17,164,363)</u> | <u>(31,594,479)</u> | <u>8,385,918</u> | <u>(1,289,610)</u> |
| Effect of foreign exchange rate | | 31,694 | (2,482) | 25,584 | (2,330) |
| Cash and cash equivalents at the beginning of the period | 14 | <u>32,731,439</u> | <u>35,318,251</u> | <u>516,019</u> | <u>-</u> |
| Cash and cash equivalents at the end of the period | 14 | <u>15,535,382</u> | <u>3,726,254</u> | <u>8,876,353</u> | <u>(1,287,280)</u> |

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS – JUNE 2017

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017 AND 2016

(Translation from the Portuguese Original)
(Amounts expressed in Euro)

1. INTRODUCTION

SONAE CAPITAL, SGPS, SA (“Company”, “Group” or “Sonae Capital”) whose head-office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, is the parent company of a group of companies, as detailed in Notes 4 to 6 (“Sonae Capital Group”) and was set up on 14 December 2007 as a result of the demerger of the shareholding in SC, SGPS, SA (previously named Sonae Capital, SGPS, SA) from Sonae, SGPS, SA, which was approved by the Board of Directors on 8 November 2007 and by the Shareholder’s General Meeting held on 14 December 2007.

Reflecting the current management structure, the reporting segments were revised, addressing the strategic business areas identified in the Group:

- Resorts;
- Hotels;
- Fitness;
- Energy,
- Refrigeration & HVAC;
- Other Assets.

The non-strategic assets (including non-tourism real estate assets and financial shareholdings) are included in the segment Other assets.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted are consistent with those used in the financial statements presented for the year ended 31 December 2016

Basis of preparation

Interim financial statements were presented quarterly, in accordance with IAS 34 – “Interim Financial Reporting”.

The accompanying consolidated financial statements have been prepared from the books and accounting records of the Company and of its affiliated undertakings (Notes 4 and 6), on a going concern basis and under the historical cost convention, except for derivative financial instruments which are stated at fair value.

3. CHANGES IN ACCOUNTING POLICIES

Changes to international accounting standards that came into force on or after 1 January 2017, did not have material impacts in the financial statements as at 30 June 2017.

REPORT AND ACCOUNTS – JUNE 2017

Consolidated Financial Statements

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of the share capital held by the Group as at 30 June 2017 and 31 December 2016, are as follows:

| Company | Head Office | Percentage of capital held | | | | |
|--|-------------|----------------------------|---------|------------------|---------|---------|
| | | 30 June 2017 | | 31 December 2016 | | |
| | | Direct | Total | Direct | Total | |
| Sonae Capital SGPS, SA | Maia | Holding | Holding | Holding | Holding | |
| Hotels | | | | | | |
| Porto Palácio Hotel, SA | a) | Porto | 100,00% | 100,00% | 100,00% | 100,00% |
| SC Hospitality, SGPS, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| The Artist Porto Hotel & Bistró - Actividades Hoteleiras, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| The House Ribeira Hotel – Exploração Hoteleira, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Aqualuz Tróia, SA | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Resorts | | | | | | |
| Atlantic Ferries-Tráf.Loc.Flu.e Marit,SA | a) | Grândola | 95,77% | 95,77% | 95,77% | 95,77% |
| Golf Time-Golfe e Invest. Turísticos, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Imopenínsula - Sociedade Imobiliária, SA | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Imoresort - Sociedade Imobiliária, S.A. | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Marina de Tróia, SA. | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Marmagno-Expl.Hoteleira Imob.,SA | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Marvero-Expl.Hotel.Im.,SA | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| SII - Soberana Invest. Imobiliários, SA | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Soltoira-Imob.de Urb.Turismo de Tróia,SA | a) | Lisbon | 100,00% | 100,00% | 100,00% | 100,00% |
| Tróia Market, S.A. | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Tróia Natura, S.A. | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Troiareort-Investimentos Turísticos, SA | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Troiareort, SGPS, SA | a) | Matosinhos | 100,00% | 100,00% | 100,00% | 100,00% |
| Tulipamar-Expl.Hoteleira Imob.,SA | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Fitness | | | | | | |
| Acrobatic Tittle, S.A. | a) | Lisbon | 10,00% | 10,00% | 10,00% | 10,00% |
| Solinca - Health & Fitness, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Energy | | | | | | |
| Atelgen - Produção Energia, ACE | a) | Barcelos | 51,00% | 51,00% | 51,00% | 51,00% |
| CAPWATT - Brainpower, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| CAPWATT - ACE, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Capwatt Colombo - Heat Power, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Capwatt Engenho Novo - Heat Power, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Capwatt Hectare - Heat Power, ACE | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Capwatt II - Heat Power, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Capwatt III - Heat Power, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Capwatt Maia - Heat Power, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Capwatt Martim Longo - Solar Power, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Capwatt Vale do Caima - Heat Power, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Capwatt Vale do Tejo - Heat Power, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| CAPWATT - SCSGPS, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Carvemagere - Manutenção e Energias Renováveis, Lda | a) | Barcelos | 65,00% | 65,00% | 65,00% | 65,00% |
| Companhia Térmica SERRADO, ACE | a) | Maia | 70,00% | 70,00% | 70,00% | 70,00% |
| Companhia Térmica Tagol, Lda. | a) | Oeiras | 100,00% | 100,00% | 100,00% | 100,00% |

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| | | | | | | |
|---|----|------------|---------|---------|---------|---------|
| CTE - Central Termoelectrica do Estuário, Lda | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Enerlousado - Recursos Energéticos, Lda. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 1) Lusobrisa - Produção de Energia Eléctrica | a) | Maia | 100,00% | 100,00% | - | - |
| 1) Gasflow, Unipessoal, Lda | a) | Maia | 100,00% | 100,00% | - | - |
| Ronfegen - Recursos Energéticos, Lda. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Soternix - Produção de Energia, ACE | a) | Barcelos | 51,00% | 51,00% | 51,00% | 51,00% |
| Suncoutim - Solar Energy, SA. | a) | Faro | 85,00% | 85,00% | 85,00% | 85,00% |
| 1) Ventos da Serra - Produção de Energia S.A. | a) | Maia | 100,00% | 100,00% | - | - |
| Refrigeration and HVAC | | | | | | |
| QCE - Desenvolvimento e fabrico de Equipamentos, SA | a) | Matosinhos | 100,00% | 70,00% | 100,00% | 70,00% |
| Race, SA | a) | Matosinhos | 100,00% | 70,00% | 100,00% | 70,00% |
| Race, SGPS, SA | a) | Matosinhos | 70,00% | 70,00% | 70,00% | 70,00% |
| Sistavac Sistemas HVAC-R do Brasil, Ltda | a) | São Paulo | 100,00% | 70,00% | 100,00% | 70,00% |
| Sopair, S.A. | a) | Madrid | 100,00% | 70,00% | 100,00% | 70,00% |
| 2) Spinarq Moçambique, Lda | a) | Maputo | 70,00% | 70,00% | 70,00% | 70,00% |
| 2) Spinarq-Engenharia,Energia e Ambiente,SA | a) | Luanda | 99,90% | 99,90% | 99,90% | 99,90% |
| Other Assets | | | | | | |
| Bloco Q-Soc.Imobil.SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Casa da Ribeira-Sociedade Imobiliária, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Centro Residencial da Maia,Urban.,SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Cinclus Imobiliária,SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Contacto Concessões, SGPS, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Contry Club da Maia-Imobiliaria,SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Empreend.Imob.Quinta da Azenha,SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Fundo Esp.Inv.Imo.Fec. WTC | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Imoclub-Serviços Imobiliários,SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Imodivor - Sociedade Imobiliária, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Imohotel-Emp.Turist.Imobiliários,SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Imoponte - Sociedade Imobiliária, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Imosedas-Imobiliária e Serviços,SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Implantação - Imobiliária, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Inparvi SGPS, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Interlog-SGPS,SA | a) | Lisbon | 98,98% | 98,98% | 98,98% | 98,98% |
| Porturbe-Edifícios e Urbanizações,SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Praedium - Serviços, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Praedium II-Imobiliária,SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Prédios Privados Imobiliária,SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Predisedas-Predial das Sedas,SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Promessa Sociedade Imobiliária, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| SC-Industrials,SGPS,S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| SC Assets, SGPS, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Sete e Meio Herdades-Inv. Agr. e Tur.,SA | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Société de Tranchage Isoroy SAS. | a) | Honfleur | 100,00% | 100,00% | 100,00% | 100,00% |
| Soira - Soc. Imobiliária de Ramalde, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Sótaqua - Soc. de Empreend. Turísticos, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Spinveste - Promoção Imobiliária, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Spinveste-Gestão Imobiliária SGII,SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Urbisedas-Imobiliária das Sedas, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Vistas do Freixo-Emp.Tur.Imobiliários,SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Others | | | | | | |
| Imobeauty, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| SC - Sociedade de Consultadoria, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| SC Finance BV | a) | Amsterdam | 100,00% | 100,00% | 100,00% | 100,00% |

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Consolidated Financial Statements

| | | | | | | |
|--|----|--------|---------|---------|---------|---------|
| SC For - Ser.Formação e Desenvolv.Recursos Humanos, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| UP Invest, SGPS, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| SC, SGPS, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Solinfitness - Club Málaga, S.L. | a) | Málaga | 100,00% | 100,00% | 100,00% | 100,00% |
| Spred, SGPS, SA | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |

- 1) Company acquired in the period
- 2) Companies discontinued in the period.
- a) Majority of voting rights

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5. INVESTMENTS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

Associated and jointly controlled companies included in the consolidated financial statements, their head offices and the percentage of share capital held by the Group as at 30 June 2017 and 31 December 2016 are as follows:

| 30 June 2017 | | | | | | | | | | | |
|-------------------------------------|--|----------------------------|---------|--------------|-------------------|-------------|--------------|---------------|------------|---------------|-----------|
| Company name | Head Office | Percentage of Capital Held | | Total Assets | Total Liabilities | Total Costs | Total income | Share Capital | Net income | Balance Value | |
| | | Direct | Total | | | | | | | | |
| Jointly Controlled Companies | | | | | | | | | | | |
| Other Assets | | | | | | | | | | | |
| | Andar - Sociedade Imobiliária, SA | Maia | 50.00% | 50.00% | 16,608,340 | 16,885,997 | 482,435 | 376,951 | (277,657) | (105,484) | - |
| 1) | Sociedade de Construções do Chile, SA | Maia | 100.00% | 50.00% | 17,314,479 | 994,828 | 484,831 | 2,866,427 | 16,319,651 | 2,381,596 | - |
| 1) | Vastgoed One - Sociedade Imobiliária, SA | Maia | 100.00% | 50.00% | 12,050,889 | - | 75 | - | 12,050,889 | (75) | - |
| 1) | Vastgoed Sun - Sociedade Imobiliária, SA | Maia | 100.00% | 50.00% | 12,055,566 | - | 77 | - | 12,055,566 | (77) | - |
| Associated Companies | | | | | | | | | | | |
| Other Assets | | | | | | | | | | | |
| | Lidergraf - Artes Gráficas, Lda | Vila do Conde | 24.50% | 24.50% | 17,959,808 | 10,319,962 | 9,651,213 | 10,434,100 | 7,639,846 | 782,887 | 1,150,834 |
| Energy | | | | | | | | | | | |
| | Feneralt - Produção de Energia, ACE | Barcelos | 25.00% | 25.00% | 976,478 | 674,487 | 565,590 | 863,371 | 301,991 | 297,781 | 163,862 |
| | | | | | 76,965,560 | 28,875,274 | 11,184,221 | 14,540,849 | 48,090,286 | 3,356,628 | 1,314,696 |

| 31 December 2016 | | | | | | | | | | | |
|-------------------------------------|---|----------------------------|---------|--------------|-------------------|-------------|--------------|---------------|------------|---------------|-----------|
| Company name | Head Office | Percentage of Capital Held | | Total Assets | Total Liabilities | Total Costs | Total income | Share Capital | Net income | Balance Value | |
| | | Direct | Total | | | | | | | | |
| Jointly Controlled Companies | | | | | | | | | | | |
| Other Assets | | | | | | | | | | | |
| | Andar - Sociedade Imobiliária, SA | Maia | 50.00% | 50.00% | 16,604,641 | 16,776,815 | 917,743 | - | (172,174) | (917,743) | - |
| 1) | Sociedade de Construções do Chile, SA | Maia | 100.00% | 50.00% | 14,746,910 | 810,256 | 63,685 | 166 | 13,936,655 | (63,520) | - |
| 1) | Vastgoed One - Sociedade Imobiliária, SA | Maia | 100.00% | 50.00% | 12,050,074 | 610 | 1,389 | 135 | 12,049,464 | (1,254) | - |
| 1) | Vastgoed Sun - Sociedade Imobiliária, SA | Maia | 100.00% | 50.00% | 12,054,754 | 610 | 1,297 | 135 | 12,054,143 | (1,162) | - |
| Associated Companies | | | | | | | | | | | |
| Other Assets | | | | | | | | | | | |
| | Lidergraf - Artes Gráficas, Lda | Vila do Conde | 24.50% | 24.50% | 17,937,039 | 10,378,691 | 21,305,990 | 22,539,972 | 7,558,348 | 1,233,982 | 1,138,099 |
| 2) | Norscut - Concessionária de Scut Interior Norte, SA | Lisbon | - | - | - | - | - | - | - | - | - |
| 2) | Operscut - Operação e Manutenção de Auto-estradas, SA | Lisbon | - | - | - | - | - | - | - | - | - |
| Energy | | | | | | | | | | | |
| | Feneralt - Produção de Energia, ACE | Barcelos | 25.00% | 25.00% | 1,036,916 | 522,770 | 1,404,866 | 1,910,592 | 442,562 | 438,352 | 96,801 |
| | | | | | 74,430,334 | 28,489,752 | 23,694,970 | 24,451,000 | 45,868,998 | 688,655 | 1,234,900 |

- 1) Null investment values result from the adoption of the equity method in Andar - Sociedade Imobiliária, SA, holder of all of these investments;
- 2) Company sold in 30 September 2016.

Associated and jointly controlled companies are consolidated using the equity method.

Nil balances shown result from the reduction to acquisition cost of amounts determined by the equity method, discontinuing the recognition of its part of additional losses under the terms of IAS 28.

During the periods ended 30 June 2017 and 2016, movements in investments of associated and jointly controlled companies may be summarized as follows:

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| | 30 June 2017 | 30 June 2016 |
|---|------------------|------------------|
| Opening balance as at 1 January | 1,266,842 | 12,992,457 |
| Disposals in the period | - | (19,144,575) |
| Equity method | 193,872 | 7,493,241 |
| Dividends received | (114,074) | (75,222) |
| Closing balance as at 30 June | 1,346,640 | 1,265,901 |
| Accumulated impairment losses (Note 22) | (31,943) | (31,943) |
| | <u>1,314,696</u> | <u>1,233,958</u> |

The use of the equity method had the following impacts: 193,872 euro recorded on share of results of associated undertakings (111,399 euro at 30 June 2016), and 0 euro in changes in reserves (7,381,842 euro at 30 June 2016).

6. OTHER INVESTMENTS

Group companies, jointly controlled companies and associated companies excluded from consolidation, their head offices, percentage of share capital held and book value as at 30 June 2017 and 31 December 2016 are as follows:

| Company | Head Office | Percentage of capital held | | | | Book Value | |
|---|-------------|----------------------------|--------|------------------|--------|----------------|------------------|
| | | 30 June 2017 | | 31 December 2016 | | 30 June 2017 | 31 December 2016 |
| | | Direct | Total | Direct | Total | | |
| Resorts | | | | | | | |
| Infratroia – Emp. de Infraest. de Troia, E.N. | Grândola | 25.90% | 25.90% | 25.90% | 25.90% | 64,747 | 64,747 |
| Other Assets | | | | | | | |
| Net, SA | Lisbon | 0.98% | 0.98% | 0.98% | 0.98% | 23,034 | 23,034 |
| Fundo de Capital de Risco F-HITEC | Lisbon | 6.48% | 6.48% | 6.48% | 6.48% | 250,950 | 250,950 |
| Other investments | | | | | | 158,289 | 140,124 |
| Total | | | | | | <u>497,020</u> | <u>478,855</u> |

As at 30 June 2017 and 31 December 2016, movements in investments were as follows:

| | 30 June 2017 | | 31 December 2016 | |
|---|----------------|----------|------------------|----------|
| | Non-current | Current | Non-current | Current |
| Investments at acquisition cost | | | | |
| Opening balance as at 1 January | 770,693 | - | 889,353 | - |
| Acquisitions in the period | 30,886 | - | 23,752 | - |
| Disposals in the period | (12,721) | - | (142,412) | - |
| Closing balance as at 30 June | 788,858 | - | 770,693 | - |
| Accumulated impairment losses (Note 22) | (291,838) | - | (291,838) | - |
| | <u>497,020</u> | <u>-</u> | <u>478,855</u> | <u>-</u> |
| Other Investments | <u>497,020</u> | <u>-</u> | <u>478,855</u> | <u>-</u> |

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7. CHANGES TO THE CONSOLIDATION PERIMETER

During the period ended 30 June 2017 the following companies were acquired:

| Company | Head Office | Percentage of capital held at acquisition date | |
|---|-------------|--|---------|
| | | Direct | Total |
| Gasflow, Unipessoal, Lda | Maia | 100,00% | 100,00% |
| Lusobrisa - Produção de Energia Eléctrica, S.A. | Maia | 100,00% | 100,00% |
| Ventos da Serra - Produção de Energia S.A. | Maia | 100,00% | 100,00% |

Impacts in the consolidated financial statements at the inclusion date were as follows:

| | Acquisition date | 30 June 2017 |
|--|-------------------|-------------------|
| Net assets acquired | | |
| Tangible and intangible assets (Notes 10 and 11) | 35,222,806 | 34,870,531 |
| Financial investments | 10,000 | 18 |
| Other assets | 1,653,249 | 1,804,872 |
| Cash and cash equivalents | 2,803,841 | 131,118 |
| Other liabilities | (29,489,894) | (26,397,286) |
| | <u>10,200,002</u> | <u>10,409,253</u> |
| Total equity | <u>10,200,002</u> | |
| Income statements from the acquired companies | | |
| External supplies and services | 453,208 | - |
| Staff costs | - | - |
| Depreciation and amortisation | 909,636 | - |
| Provisions and impairment losses | - | - |
| Other operating expenses | 31,582 | - |
| Operational expenses | <u>1,394,426</u> | - |
| Sales | 453,079 | - |
| Services rendered | 2,200,819 | - |
| Other operating income | 93,108 | - |
| Operational income | <u>2,747,006</u> | - |
| Operational profit/(loss) | <u>1,352,580</u> | - |
| Financial income | 1,570 | - |
| Financial expenses | 387,930 | - |
| Net financial income / (expenses) | <u>(386,360)</u> | - |
| Profit/(Loss) before taxation | <u>966,220</u> | - |
| Taxation | (13,995) | - |
| Profit/(Loss) for the year | <u>952,225</u> | - |
| Gain/(Loss) on acquisition | 1,765,245 | |
| Acquisition price | 10,553,340 | |
| Payments made | 10,553,340 | |
| Net cash flow from the acquisition | | |
| Payments made | 10,553,340 | |
| Cash and equivalents acquired | (2,803,841) | |
| | <u>7,749,499</u> | |

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8. TANGIBLE ASSETS AND INTANGIBLE ASSETS

During the six month period ended 30 June 2017, movements in tangible and intangible fixed assets as well as in amortisation and accumulated impairment losses, are made up as follows:

| | Tangible Assets | | | | | | | |
|---|----------------------------|-----------------------------------|---------------------|----------------|-----------------------|------------------|-----------------------------|-----------------------|
| | Land and Natural Resources | Buildings and Other Constructions | Plant and Machinery | Vehicles | Fixtures and Fittings | Others | Tangible Assets in progress | Total Tangible Assets |
| Gross Cost: | | | | | | | | |
| Opening balance as at 1 January 2017 | 49,277,022 | 163,142,640 | 203,878,370 | 988,371 | 4,117,201 | 2,239,282 | 2,619,249 | 426,262,135 |
| Changes in consolidation Perimeter (companies in) | - | 316,167 | 50,977,965 | - | 2,250 | - | - | 51,296,382 |
| Discontinued operations | - | - | (93,727) | (397,206) | (33,601) | (4,372) | - | (528,906) |
| Capital expenditure | - | 123,751 | 262,393 | - | 2,846 | - | 3,618,839 | 4,007,829 |
| Disposals | (242,554) | (5,879,357) | (1,459,383) | (1,706) | (102,142) | (22,300) | (19,368) | (7,726,810) |
| Exchange rate effect | - | - | (1,955) | - | (3,841) | (4,201) | - | (9,997) |
| Transfers | 407 | 582,358 | 766,474 | - | 75,802 | 10,448 | (1,776,192) | (340,702) |
| Closing balance as at 30 June 2017 | 49,034,875 | 158,285,559 | 254,330,137 | 589,459 | 4,058,514 | 2,218,857 | 4,442,528 | 472,959,930 |
| Accumulated depreciation | | | | | | | | |
| Opening balance as at 1 January 2017 | - | 41,590,603 | 105,170,616 | 930,711 | 3,409,113 | 1,742,151 | - | 152,843,194 |
| Changes in consolidation perimeter (companies in) | - | 141,591 | 16,228,000 | - | 445 | - | - | 16,370,035 |
| Discontinued operations | - | - | (48,364) | (354,708) | (22,896) | (3,382) | - | (429,350) |
| Charges for the period | - | 1,365,387 | 6,326,389 | 5,113 | 91,628 | 37,528 | - | 7,826,045 |
| Disposals | - | (1,269,103) | (509,297) | (1,706) | (102,102) | (22,300) | - | (1,904,507) |
| Exchange rate effect | - | - | (2,181) | 623 | (3,562) | (3,634) | - | (8,755) |
| Transfers | - | - | (90,337) | (7,223) | (299) | - | - | (97,859) |
| Closing balance as at 30 June 2017 | - | 41,828,478 | 127,074,826 | 572,811 | 3,372,327 | 1,750,363 | - | 174,598,805 |
| Accumulated impairment losses | | | | | | | | |
| Opening balance as at 1 January 2017 | 7,602,813 | 25,704,222 | 1,327,036 | - | - | - | - | 34,634,071 |
| Changes in consolidation perimeter (companies in) | - | - | 3,219,123 | - | - | - | - | 3,219,123 |
| Charges for the period | 10,488 | 21,626 | 3,338 | - | - | - | - | 35,452 |
| Reversals for the period | (77,490) | (186,347) | (24,160) | - | - | - | - | (287,997) |
| Closing balance as at 30 June 2017 | 7,535,811 | 25,539,501 | 4,525,337 | - | - | - | - | 37,600,649 |
| Carrying amount | | | | | | | | |
| As at 1 January 2017 | 41,674,209 | 95,847,815 | 97,380,718 | 57,660 | 708,088 | 497,131 | 2,619,249 | 238,784,870 |
| As at 30 June 2017 | 41,499,064 | 90,917,580 | 122,729,974 | 16,648 | 686,187 | 468,494 | 4,442,528 | 260,760,477 |

- a) During the first half of 2017 subsidies to investment was reclassified from "Other current liabilities - Investment Aid" and "Other non-current creditors - Investment Aid" to "Fixed assets" in the amount of (310.711) euro, as set out in IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance. In the income statement, the subsidy to offset the related cost is now stated in the line of Depreciation and Amortisation.

Major amounts included in the caption Tangible assets in progress, refer to the following projects:

| | 30 June 2017 | 31 December 2016 |
|----------------------------|------------------|------------------|
| Troiaresort | 1,759,822 | 1,657,460 |
| Cogeneration Project | 1,296,405 | - |
| Health Clubs Refurbishment | 1,177,820 | 300,884 |
| Others | 208,481 | 660,905 |
| | 4,442,528 | 2,619,249 |

During the six month period ended 30 June 2017, intangible fixed assets as well as in amortisation and accumulated impairment losses, are made up as follows:

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| | Intangible Assets | | | | Total Intangible Assets |
|---|----------------------------------|------------------|----------------|-------------------------------|-------------------------|
| | Patents and other similar rights | Software | Others | Intangible Assets in progress | |
| Gross Cost: | | | | | |
| Opening balance as at 1 January 2017 | 8,189,952 | 3,778,269 | 283,781 | 382,826 | 12,634,829 |
| Changes in consolidation perimeter (companies in) | 4,868,797 | - | - | 217,252 | 5,086,049 |
| Capital expenditure | - | - | 192,698 | 470,134 | 662,832 |
| Disposals | - | (183) | - | - | (183) |
| Exchange rate effect | - | (2,538) | - | - | (2,538) |
| Transfers | (475,020) | 607,526 | (225,058) | (675,563) | (768,115) |
| Closing balance as at 30 June 2017 | 12,583,730 | 4,383,075 | 251,421 | 394,650 | 17,612,875 |
| Accumulated amortization | | | | | |
| Opening balance as at 1 January 2017 | 1,700,975 | 3,094,135 | 224,289 | - | 5,019,398 |
| Changes in consolidation perimeter (companies in) | 1,570,467 | - | - | - | 1,570,467 |
| Charges for the period | 147,669 | 259,715 | 27,133 | - | 434,516 |
| Disposals | - | (183) | - | - | (183) |
| Exchange rate effect | - | (2,228) | - | - | (2,228) |
| Closing balance as at 30 June 2017 | 3,419,111 | 3,351,439 | 251,422 | - | 7,021,971 |
| Carrying amount | | | | | |
| As at 1 January 2017 | <u>6,488,978</u> | <u>684,135</u> | <u>59,492</u> | <u>382,826</u> | <u>7,615,431</u> |
| As at 30 June 2017 | <u>9,164,619</u> | <u>1,031,636</u> | <u>-</u> | <u>394,650</u> | <u>10,590,904</u> |

- a) During the first half of 2017 subsidies to investment was reclassified from "Other current liabilities - Investment Aid" (Note 21) and "Other non-current creditors - Investment Aid" to "Intangible Assets" in the amount of (476.484) euro, as set out in IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance. In the income statement, the subsidy to offset the related cost is now stated in the line of Depreciation and Amortisation.

As at 30 June 2017 the net assets of Marina de Troia in Patents and other similar rights, amounts to 5,201,212 euro (5,701,588 euro at 31 December 2016).

9. GOODWILL

During the periods ended 30 June 2017 and 31 December 2016, movements in goodwill, as well as in corresponding impairment losses, are as follows:

| | 30 June 2017 | 31 December 2016 |
|---|-------------------|-------------------|
| Gross amount: | | |
| Opening balance | 62,194,124 | 62,194,124 |
| Increases - acquisition of affiliated companies | 2,441,371 | - |
| Closing balance | <u>64,635,495</u> | <u>62,194,124</u> |
| Accumulated impairment losses: | | |
| Opening balance | 24,353,034 | 1,301,596 |
| Increases | - | 23,051,438 |
| Closing balance | <u>24,353,034</u> | <u>24,353,034</u> |
| Total | <u>40,282,461</u> | <u>37,841,090</u> |

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10. OTHER NON-CURRENT DEBTORS

As at 30 June 2017 and 31 December 2016, other non-current debtors are detailed as follows:

| | 30 June 2017 | 31 December 2016 |
|--|------------------|------------------|
| Loans granted to related parties | | |
| Others | 907,654 | 874,613 |
| | 907,654 | 874,613 |
| Impairment losses (Note 22) | (34,916) | (34,916) |
| | <u>872,738</u> | <u>839,697</u> |
| Trade accounts receivable and other debtors | | |
| Others | 1,190,181 | 1,196,777 |
| Impairment losses (Note 22) | - | - |
| | <u>1,190,181</u> | <u>1,196,777</u> |
| Deferred costs | | |
| Financing charges | 82,813 | - |
| | <u>82,813</u> | <u>-</u> |
| Total financial instruments | <u>2,145,732</u> | <u>2,036,474</u> |
| Other non-current debtors | <u>2,145,732</u> | <u>2,036,474</u> |

11. INVENTORIES

Inventories as at 30 June 2017 and 31 December 2016 can be detailed as follows, highlighting the value attributable to real estate developments:

| | 30 June 2017 | | 31 December 2016 | |
|---|--------------------|--------------------------------------|--------------------|--------------------------------------|
| | Total | of which Real Estate Developments | Total | of which Real Estate Developments |
| Raw materials, by-products and consumables | 1,830,373 | - | 1,416,846 | - |
| Goods for sale | 30,380,990 | 17,477,741 | 30,621,892 | 29,396,542 |
| Finished goods | 14,951,415 | 14,951,415 | 16,227,654 | 16,227,654 |
| Work in progress | 71,209,870 | 62,765,924 | 71,597,057 | 67,573,121 |
| | <u>118,372,648</u> | <u>95,195,080</u> | <u>119,863,448</u> | <u>113,197,317</u> |
| Accumulated impairment losses on stocks (Note 22) | (15,332,243) | (15,329,544) | (15,351,494) | (15,340,458) |
| Total Operations | <u>103,040,405</u> | <u>79,865,536</u> | <u>104,511,954</u> | <u>97,856,859</u> |

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12. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at 30 June 2017 and 31 December 2016, trade accounts receivable and other current assets are detailed as follows:

| | 30 June 2017 | 31 December 2016 |
|---|-------------------|-------------------|
| Trade accounts receivable | 21,281,014 | 22,289,476 |
| Accumulated impairment losses on trade debtors (Note 22) | (4,171,737) | (4,259,208) |
| | <u>17,109,278</u> | <u>18,030,267</u> |
| Taxes recoverable | 10,569,726 | 10,540,381 |
| Loans granted to and other amounts to be received from related parties | 68,528 | 139,309 |
| Other current assets | | |
| Suppliers with a debtor balance | 4,860,820 | 1,222,273 |
| Other debtors | 4,864,435 | 3,875,438 |
| Accounts receivable from the sale of financial investments | 3,439,533 | 4,088,126 |
| Accounts receivable from the sale of tangible assets | 3,121,587 | 5,920 |
| Interest receivable | 24,441 | 28,246 |
| Deferred costs - Rents | 601,315 | 373,360 |
| Deferred costs - External supplies and services | 1,335,387 | 1,155,795 |
| Other current assets | 8,920,355 | 10,290,839 |
| | <u>27,167,872</u> | <u>21,039,996</u> |
| Accumulated impairment losses on other current assets (Note 22) | (1,848,583) | (2,003,416) |
| | <u>53,066,822</u> | <u>47,746,534</u> |
| Trade accounts receivable and other current assets | <u>53,066,822</u> | <u>47,746,534</u> |

The caption "Other current assets" includes accruals related with works in progress at the end of the reporting period in the Refrigeration and HVAC segment.

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13. DEFERRED TAXES

Deferred tax assets and liabilities as at 30 June 2017 and 31 December 2016 can be detailed as follows, splitted between the different types of temporary differences:

| | Deferred tax assets | | Deferred tax liabilities | |
|--|---------------------|-------------------|--------------------------|-------------------|
| | 30 June 2017 | 31 December 2016 | 30 June 2017 | 31 December 2016 |
| Amortisation and Depreciation harmonisation adjustments | 434,710 | 566,662 | 4,240,464 | 4,068,443 |
| Provisions and impairment losses of non-tax deductible | 5,707,310 | 5,320,494 | - | - |
| Write off of tangible and intangible assets | 71,250 | 71,250 | - | - |
| Revaluation of tangible assets | - | - | 633,981 | 93,307 |
| Tax losses carried forward | 21,381,308 | 21,414,207 | - | - |
| Write off of stocks | - | - | 406,866 | 462,815 |
| Taxable temporary differences arising from the fair value of non-current liabilities | - | - | 6,536,784 | 6,529,266 |
| Others | 63,443 | 7,644 | 8,481,456 | 8,481,456 |
| | <u>27,658,021</u> | <u>27,380,258</u> | <u>20,299,551</u> | <u>19,635,287</u> |

In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 30 June 2017 and 31 December 2016, and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

| | 30 June 2017 | | | 31 December 2016 | | |
|--|----------------------------|---------------------|------------|----------------------------|---------------------|------------|
| | Tax losses carried forward | Deferred tax assets | Time limit | Tax losses carried forward | Deferred tax assets | Time limit |
| With limited time use | | | | | | |
| Generated in 2012 | 15,687,054 | 3,294,281 | 2017 | 15,843,716 | 3,327,180 | 2017 |
| Generated in 2013 | 18,024,639 | 3,785,174 | 2018 | 18,024,639 | 3,785,174 | 2018 |
| Generated in 2014 | 13,536,168 | 2,842,595 | 2026 | 13,536,168 | 2,842,595 | 2026 |
| Generated in 2015 | 47,663,128 | 10,009,257 | 2027 | 47,663,128 | 10,009,257 | 2027 |
| Generated in 2016 | 6,904,762 | 1,450,000 | 2028 | 6,904,762 | 1,450,000 | 2028 |
| Generated in 2017 | - | - | 2022 | - | - | - |
| | <u>101,815,752</u> | <u>21,381,308</u> | | <u>101,972,414</u> | <u>21,414,207</u> | |
| With a time limit different from the above mentioned | - | - | | - | - | |
| | <u>101,815,752</u> | <u>21,381,308</u> | | <u>101,972,414</u> | <u>21,414,207</u> | |

An analysis was made on the relevance of the recognition of deferred taxes, taking into account the possibility of them to be recovered in accordance with the medium and long term prospects of the Group.

Deferred tax assets arising from tax losses have been recorded only when it is likely to occur taxable income in the future.

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As at 30 June 2017, tax losses carried forward amounting to 65,998,534 euro (54,752,193 euro as at 31 December 2016), have not originated deferred tax assets for prudential reasons and are detailed as follows:

| | 30 June 2017 | | | 31 December 2016 | | |
|--|----------------------------|-------------------|------------|----------------------------|-------------------|------------|
| | Tax losses carried forward | Tax Credit | Time limit | Tax losses carried forward | Tax Credit | Time limit |
| With limited time use | | | | | | |
| Generated in 2012 | 17,954,613 | 3,770,469 | 2017 | 13,872,225 | 2,913,167 | 2017 |
| Generated in 2013 | 26,050,520 | 5,470,609 | 2018 | 25,870,105 | 5,432,722 | 2018 |
| Generated in 2014 | 22,249 | 4,672 | 2026 | 22,249 | 4,672 | 2026 |
| Generated in 2015 | 10,027 | 2,106 | 2027 | 29,058 | 6,102 | 2027 |
| Generated in 2016 | 5,120,804 | 1,075,369 | 2028 | 2,892,333 | 607,390 | 2028 |
| Generated in 2017 | 5,010,730 | 1,052,253 | 2022 | - | - | |
| | <u>54,168,943</u> | <u>11,375,478</u> | | <u>42,685,969</u> | <u>8,964,054</u> | |
| Without limited time use | 11,829,590 | 2,957,398 | | 11,658,674 | 2,914,669 | |
| With a time limit different from the above mentioned | - | - | | 407,549 | 94,305 | |
| | <u>11,829,590</u> | <u>2,957,398</u> | | <u>12,066,224</u> | <u>3,008,973</u> | |
| | <u>65,998,534</u> | <u>14,332,876</u> | | <u>54,752,193</u> | <u>11,973,027</u> | |

14. CASH AND CASH EQUIVALENTS

As at 30 June 2017 and 31 December 2016, cash and cash equivalents can be detailed as follows:

| | 30 June 2017 | 31 December 2016 |
|---|-------------------|-------------------|
| Cash at hand | 200,129 | 133,923 |
| Bank deposits | 15,324,109 | 32,604,013 |
| Treasury applications | 11,144 | 9,272 |
| Cash and cash equivalents on the balance sheet | <u>15,535,382</u> | <u>32,747,208</u> |
| Bank overdrafts - (Note 17) | - | (15,769) |
| Cash and cash equivalents in the statement of cash-flows | <u>15,535,382</u> | <u>32,731,439</u> |

Bank overdrafts include creditor balances of current accounts in financial institutions, and are disclosed in the balance sheet under current bank loans (Note 17).

15. EQUITY

The share capital of Sonae Capital, SGPS, SA is represented by 250,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each.

As at 30 June 2017, Sonae Capital SGPS, S.A. owns 4,783,433 own shares (5,516,571 own shares at 31 December 2016) booked for 1,305,839 euro (1,404,226 euro at 31 December 2016).

Other reserves includes amounts equal to the value of own shares held by the Group's parent company. This reserve should be unavailable while these shares are kept by the company.

The Reserves and retained earnings of Sonae Capital Group in the periods ended 30 June 2017 and 31 December 2016 are as follows:

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| | 30 June 2017 | 31 December 2016 |
|---|-------------------|-------------------|
| Demerger reserve | 132,638,253 | 132,638,253 |
| Translation reserves | (4,099) | 12,876 |
| Hedging reserves | 6,370 | 5,004 |
| Others | (94,493,299) | (88,414,342) |
| Other reserves and retained earnings | 38,147,226 | 44,241,791 |

Demerger reserve

The demerger originated a reserve in the amount of 132,638,253 euro, which has a treatment similar to that of a Legal Reserve. According to Company Law, it cannot be distributed to shareholders, unless the company is liquidated, but can be used to make good prior year losses, once other reserves have been used fully, or for capital increases.

Translation reserves

These reserves are comprised by the conversion into euro of the financial statements of the subsidiaries that have other functional currency.

Hedging Reserve

This caption is comprised by the fair value of hedging derivatives and the accrued interest of that derivative. The amounts in this reserve are transferred to the income statement when subsidiaries are sold or liquidated.

16. NON-CONTROLLING INTERESTS

Movements in non-controlling interests in the periods ended 30 June 2017 and 31 December 2016 are as follows:

| | 30 June 2017 | 31 December 2016 |
|---|------------------|------------------|
| Opening balance as at 1 January | 9,925,965 | 10,247,125 |
| Changes in hedging reserves | - | - |
| Changes in the percentage of capital held in affiliated companies | - | (24,782) |
| Changes resulting from currency translation | (28,079) | 482 |
| Dividends paid | (926,710) | (1,441,468) |
| Others | - | 45,913 |
| Profit for the period attributable to minority interests | 545,703 | 1,098,695 |
| Closing balance | 9,516,879 | 9,925,965 |

The non-controlling interests are primarily from companies in the Refrigeration and HVAC segment.

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17. BORROWINGS

As at 30 June 2017 and 31 December 2016, Borrowings are made up as follows:

| | 30 June 2017 | | 31 December 2016 | | Repayable on |
|--|--------------------|-------------------|--------------------|-------------------|--------------|
| | Outstanding amount | | Outstanding amount | | |
| | Current | Non-Current | Current | Non-Current | |
| Bank loans | | | | | |
| Sonae Capital SGPS - commercial paper a) | 4,000,000 | - | - | - | Feb/2018 |
| Sonae Capital SGPS - commercial paper b) | 10,000,000 | - | - | - | Jun/2018 |
| Sonae Capital SGPS - commercial paper c) | - | 15,000,000 | - | - | Aug/2019 |
| Sonae Capital SGPS - commercial paper d) | - | - | - | 20,000,000 | Jun/2021 |
| Sonae Capital SGPS - commercial paper e) | 4,500,000 | - | - | - | Jun/2021 |
| Sonae Capital SGPS - commercial paper f) | - | 10,000,000 | - | - | Feb/2023 |
| Up-front fees | - | (287,291) | - | (445,544) | |
| Others | 465,883 | 729,541 | 1,121,468 | 977,912 | |
| | <u>18,965,883</u> | <u>25,442,250</u> | <u>1,121,468</u> | <u>20,532,367</u> | |
| Bank overdrafts (Note 14) | - | - | 15,769 | - | |
| Bank loans | <u>18,965,883</u> | <u>25,442,250</u> | <u>1,137,237</u> | <u>20,532,367</u> | |
| Bond Loans | | | | | |
| Sonae Capital 2014/2019 Bonds | - | 42,500,000 | - | 42,500,000 | May/2019 |
| Sonae Capital 2016/2021 Bonds | - | 15,000,000 | - | 15,000,000 | Jul/2021 |
| Up-front fees | - | (323,807) | - | (392,289) | |
| Bond Loans | <u>-</u> | <u>57,176,193</u> | <u>-</u> | <u>57,107,711</u> | |
| Other loans | - | 246,177 | 117,400 | 246,177 | |
| Derivatives (Note 18) | - | - | 4,530 | - | |
| Obligations under finance leases | 3,252,539 | 14,815,079 | 3,214,278 | 16,449,963 | |
| Up-front fees on finance leases | - | (67,270) | - | (73,991) | |
| | <u>22,218,422</u> | <u>97,612,429</u> | <u>4,473,445</u> | <u>94,262,228</u> | |

a) Short term commercial paper programme, issued on 28 March 2008 and valid for a 10 year period, which may be extended at the option of Sonae Capital. Placed in investors or financial institutions and guaranteed by credit lines, with commitment of at least six months to a year, placed in relationship banks.

b) Commercial paper programme, with subscription guarantee, issued on 30 June 2017 with annual payments, unless denounced by either party.

c) Commercial paper programme, with subscription guarantee, issued on 31 March 2011 and valid until August 2019. This loan has as collateral mortgage on real estate.

d) Commercial paper programme, with subscription guarantee, issued on 23 de June 2016 and valid for a 5 years period, with annual payments.

e) Commercial paper programme, with subscription guarantee, issued on 31 December 2013, with automatic annual renewals up to 7 years and six months, unless denounced by either party.

f) Commercial paper programme, with subscription guarantee, issued on 24 February 2017 and valid until February 2023, with semiannual payments starting in 2019.

As at 30 June 2017, borrowings of the Group were as follows:

- Sonae Capital, SGPS, SA, 2014/2019 bond loan in the amount of 42,500,000 euro, with a 5 year maturity, and a sole reimbursement on 28 May 2019. This bond loan bears interest every six months.
- Sonae Capital, SGPS, SA, 2016/2021 bond loan in the amount of 15,000,000 euro, with a 5 year maturity, and a sole reimbursement on 29 July 2021, except if the Issuer exercise the Call Option. This bond loan bears interest every six months.

The interest rate on bonds and bank loans in force on 30 June 2017 was on average 2.25% (2.69% in December 2016).

Bank loans pay interest rates that are indexed to the Euribor market rates of the period, and its fair value is considered close to its book value.

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Other non-current loans include government refundable grants to group companies, which do not bear interest.

The Group has a loan covenant negotiated in accordance with market practices and is in regular compliance at the present date.

The repayment schedule of the nominal value of borrowings may be summarised as follows:

| | 30 June 2017 | | 31 December 2016 | |
|-----------|--------------------|------------------|-------------------|------------------|
| | Nominal value | Interest | Nominal value | Interest |
| N+1 | 22,218,426 | 2,671,860 | 4,468,915 | 2,557,645 |
| N+2 | 47,316,685 | 2,500,462 | 8,786,986 | 2,280,282 |
| N+3 | 20,529,693 | 660,205 | 51,245,074 | 1,368,522 |
| N+4 | 5,081,203 | 548,353 | 8,466,613 | 482,773 |
| N+5 | 19,730,650 | 292,780 | 22,619,129 | 422,525 |
| After N+5 | 5,632,563 | 59,326 | 4,056,251 | 62,467 |
| | <u>120,509,220</u> | <u>6,732,984</u> | <u>99,642,967</u> | <u>7,174,215</u> |

18. DERIVATIVES

Interest rate derivatives

As of 30 June 2017 the Group has no hedging instruments.

Hedging instruments used by the Group as at 31 December 2016 were mainly interest rate options (cash-flow hedges) contracted with the goal of hedging interest rate risks on loans in the amount of 193,262 euro, whose fair value is 4,530 euro and are recorded as liabilities in other loans (Note 17). As at 31 December 2016 all derivatives are hedging derivatives.

These interest rate hedging instruments are valued at fair value as at the balance sheet date, determined by valuations made by the Group using derivative valuation calculation schedules and external valuations when these schedules do not permit the valuation of certain instruments. For options, fair value is determined using the Black-Scholes model and its variants.

The fair value of derivatives is calculated using valuation models based on assumptions which are confirmed by market benchmarks, thus complying with level 2 requirements set on the IFRS 7.

Risk coverage guidelines generally used by the Group in contractually arranged hedging instruments are as follows:

- Matching between cash-flows received and paid, i.e., there is a perfect match between the dates of the re-fixing of interest rates on financing contracted with the bank and the dates of the re-fixing of interest rates on the derivative;
- Perfect matching between indices: the reference index for the hedging instrument and that for the financing to which the underlying derivative relates are the same;
- In the case of extreme rises in interest rates, the maximum cost of financing is limited.

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Counterparts for derivatives are selected based on their financial strength and credit risk profile, with this profile being generally measured by a rating note attributed by rating agencies of recognized merit. Counterparts for derivatives are top level, highly prestigious financial institutions which are recognized nationally and internationally.

Fair value of derivatives

The fair value of derivatives is as follows:

| | Assets | | Liabilities | |
|----------------------------------|--------------|------------------|--------------|------------------|
| | 30 June 2017 | 31 December 2016 | 30 June 2017 | 31 December 2016 |
| Non-Hedge accounting derivatives | | | | |
| Interest rate | - | - | - | - |
| Hedge accounting derivatives | | | | |
| Interest rate (Note 17) | - | - | - | 4,530 |
| Other derivatives | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,530</u> |

19. OTHER NON-CURRENT CREDITORS

As at 30 June 2017 and 31 December 2016 other non-current creditors can be detailed as follows:

| | 30 June 2017 | 31 December 2016 |
|---|------------------|------------------|
| Loans and other amounts payable to related parties | | |
| Plaza Mayor Parque de Ocio, SA (Note 28) | 1,768,378 | 1,825,274 |
| Others | 232,513 | 232,150 |
| | <u>2,000,891</u> | <u>2,057,424</u> |
| Other creditors | | |
| Creditors in the restructuring process of Torralta | 645,267 | 623,702 |
| Others | - | - |
| | <u>645,267</u> | <u>623,702</u> |
| Deferred income | | |
| Investment aid | - | 606,056 |
| Obligations by share-based payments (Note 20) | 282,074 | 464,519 |
| | <u>282,074</u> | <u>1,070,575</u> |
| Other non-current creditors | <u>2,928,232</u> | <u>3,751,701</u> |

During the first half of 2017 subsidies to investment were reclassified from “Other current liabilities – Investment Aid” to “Fixed Assets” and “Intangible Assets” in the amount of 606.056 euro, as set out in IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance.

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20. SHARE-BASED PAYMENTS

Sonae Capital Group granted deferred performance bonuses to employees, based on shares of Sonae Capital SGPS, SA to be acquired, three years after they were attributed to the employee. The acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The company has the option to settle in cash instead of shares. The option can only be exercised if the employee still works for the Sonae Capital Group on the vesting date.

As at 30 June 2017 and 31 December 2016, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

| | Year of grant | Vesting year | Number of participants | Fair Value | |
|---------------|---------------|--------------|------------------------|------------------|------------------|
| | | | | 30 June 2017 | 31 December 2016 |
| Shares | | | | | |
| | 2014 | 2017 | 6 | - | 406,269 |
| | 2015 | 2018 | 6 | 577,881 | 512,554 |
| | 2016 | 2019 | 6 | 425,220 | 368,445 |
| | 2017 | 2020 | 12 | 421,847 | - |
| Total | | | | 1,424,948 | 1,287,269 |

As at 30 June 2017 and 31 December 2016, the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which have not yet vested:

| | 30 June 2017 | 31 December 2016 |
|---------------------------------------|----------------|------------------|
| Other non-current creditors (Note 19) | 282,075 | 464,518 |
| Other current creditors | 482,049 | 406,269 |
| Reserves | (277,619) | (170,768) |
| Staff Costs | 486,505 | 700,019 |

21. TRADE ACCOUNTS PAYABLE

As at 30 June 2017 and 31 December 2016 trade accounts payable can be detailed as follows:

| | 30 June 2017 | 31 December 2016 |
|---|-------------------|-------------------|
| Trade creditors | 25,853,511 | 16,479,554 |
| Loans granted by and other payables to related parties | 788,829 | 204,288 |
| Other current liabilities | | |
| Fixed assets suppliers | 1,532,494 | 1,164,703 |
| Advances from customers and down payments | 3,359,619 | 838,494 |
| Other creditors | 12,101,709 | 2,482,586 |
| Taxes and contributions payable | 5,168,129 | 4,719,004 |
| Accrued staff costs | 6,746,028 | 6,376,663 |
| Amounts invoiced for works not yet completed | 4,197,321 | 4,892,128 |
| Accrued expenses with purchases - Energy Segment | 100,000 | 1,872,405 |
| Interest payable | 348,436 | 408,023 |
| Investment aid | 171,965 | 926,085 |
| Other liabilities | 11,388,338 | 10,514,414 |
| | 45,114,039 | 34,194,504 |
| Trade accounts payable and other current liabilities | 71,756,379 | 50,878,346 |

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During the first half of 2017 subsidies to investment were reclassified from "Other current liabilities - Investment Aid" to "Fixed Assets" and "Intangible Assets" in the amount of 203.660 euro, as set out in IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance.

22. PROVISIONS AND ACUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses over the period ended 30 June 2017 were as follows:

| Captions | Balance as at 1 January 2017 | Increases | Decreases | Utilisations | Balance as at 30 June 2017 |
|--|---------------------------------|------------------|----------------|------------------|-------------------------------|
| Accumulated impairment losses on: | | | | | |
| Tangible Assets (Note 8) | 34,634,071 | 3,254,574 | 287,996 | - | 37,600,649 |
| Goodwill (Note 9) | 24,353,034 | - | - | - | 24,353,034 |
| Other Investments (Notes 5 and 6) | 323,781 | - | - | - | 323,781 |
| Other non-current assets (Note 10) | 34,916 | - | - | - | 34,916 |
| Trade accounts receivable (Note 12) | 4,259,204 | 123,342 | 210,019 | 791 | 4,171,736 |
| Other current assets (Note 12) | 2,003,417 | - | 154,834 | - | 1,848,583 |
| Stocks (Note 11) | 15,351,494 | - | 19,250 | - | 15,332,243 |
| Non-current provisions | 3,079,824 | - | - | - | 3,079,824 |
| Current provisions | 3,939,016 | 1,159,683 | - | 1,303,155 | 3,795,543 |
| Total | 87,978,757 | 4,537,599 | 672,099 | 1,303,946 | 90,540,308 |

As at 30 June 2017 and 31 December 2016 detail of other provisions was as follows:

| | 30 June 2017 | 31 December 2016 |
|------------------------------|------------------|------------------|
| Judicial claims | 1,578,860 | 1,697,459 |
| Provision for secured income | 1,661,361 | 2,628,037 |
| Others | 3,635,146 | 2,693,345 |
| Total | 6,875,367 | 7,018,840 |

The amount in provision for guaranteed income is the estimate of the difference between the amount to be charged through the properties sold in "Tróia" and the guaranteed income to property owners. The amount to be charged through the operation of these assets is estimated based on the average of the values obtained in previous years.

23. OTHER OPERATIONAL INCOME

Other operational income for the period ended 30 June 2017 and 2016 was as follows:

| | 30 June 2017 | 30 June 2016 |
|--------------------------------|------------------|------------------|
| Own work capitalised | 35,716 | 6,794 |
| Gains on sales of assets | 1,616,814 | 291,240 |
| Supplementary income | 251,029 | 230,861 |
| Others | 812,256 | 1,754,558 |
| Continued Operations | 2,715,815 | 2,283,453 |
| Discontinued Operations | - | (255,951) |
| Total | 2,715,815 | 2,027,502 |

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24. CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2017 and 31 December 2016 the most important contingent liabilities referred to guarantees given and were made up as follows:

| | 30 June 2017 | 31 December 2016 |
|--------------------------------------|--------------|------------------|
| Guarantees given: | | |
| on VAT reimbursements | 5,199,346 | 5,199,346 |
| on tax claims | 17,428,800 | 17,589,470 |
| on municipal claims | 1,134,224 | 1,134,224 |
| guarantees given on rental contracts | 7,215,961 | 3,521,714 |
| Others | 8,916,476 | 10,172,103 |

Others include the following guarantees:

- 4,611,567 euro as at 30 June 2017 (5,872,865 euro as at 31 December 2016) of guarantees on construction works given to clients;
- 3,766,391 euro as at 30 June 2017 (3.766.391 euro as at 31 December 2016) of guarantees given concerning building permits in the Resorts segments.

The Group has not registered provisions for the events/disagreements for which these guarantees were given since its board of Directors believes that the above mentioned events will not result in a loss for the Group.

25. INVESTMENT INCOME

As at 30 June 2017 and 2016, Investment income was made up as follows:

| | 30 June 2017 | 30 June 2016 |
|--|------------------|-------------------|
| Dividends | - | 105,147 |
| Adjustment to the liquidation price of "Sodesa" | 1,448 | |
| Adjustment to the liquidation price of "Powercer" | 4,944 | |
| Adjustment to the selling price of "Box Lines Navegação" | 36,603 | 48,377 |
| Gains in the acquisition of group companies | 1,765,245 | |
| Gains of investments in group companies | 1,808,240 | 48,377 |
| Capital gain associated to the sale of Norscut - Concessionária de Scut Interior Norte, SA and | - | 16,090,448 |
| Income from "Fundo de Investimento Imobiliário Imosonae Dois" | - | 12,601 |
| Gains/(Losses) on sale of other investments | - | 16,103,049 |
| Others | (3) | - |
| Investment Income | - | - |
| | 1,808,237 | 16,256,573 |

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26. TAXATION

As at 30 June 2017 and 2016, Taxation was made up as follows:

| | 30 June 2017 | 30 June 2016 |
|-----------------|----------------|----------------|
| Current tax | 367,159 | 221,170 |
| Deferred tax | 378,505 | 155,876 |
| Taxation | 745,664 | 377,046 |

27. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 30 June 2017 and 2016, the reconciliation of consolidated net profit can be analysed as follows:

| | 30 June 2017 | 30 June 2016 |
|---|--------------------|-------------------|
| Aggregate net profit - continued operations | 151,259,357 | 80,990,279 |
| Aggregate net profit - discontinued operations | (541,829) | (524,732) |
| Harmonisation adjustments | (1,744,446) | (396,224) |
| Elimination of intragroup dividends | (154,894,877) | (454,096,128) |
| Share of gains/(losses) of associated undertakings | 193,871 | 36,177 |
| Elimination of intragroup capital gains/(losses) | 32,399 | (1,726,000) |
| Elimination of intragroup impairment | - | 392,244,800 |
| Adjustments of gains/(losses) on assets disposals | - | - |
| Adjustments of gains/(losses) of financial shareholdings sale | 1,765,245 | (6,711,654) |
| Others | (2) | - |
| Consolidated net profit for the year - continued operations | (3,259,827) | 10,388,206 |
| Consolidated net profit for the year - discontinued operations | (670,456) | (571,688) |
| Consolidated net profit for the year | (3,930,283) | 9,816,519 |

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28. RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

| Transactions | June 2017 | | June 2016 | |
|--|-----------------------------|---------------------------------|-----------------------------|---------------------------------|
| | Sales and services rendered | Purchases and services obtained | Sales and services rendered | Purchases and services obtained |
| Parent company | - | - | - | - |
| Associated companies | 14,760 | 2,342 | 31,220 | 12,356 |
| Andar-Sociedade Imobiliária,SA | - | - | - | - |
| Feneralt - Produção de Energia, ACE | 8,533 | (10,748) | 15,956 | - |
| Lidergraf - Artes Gráficas, Lda | 6,227 | 13,090 | 15,264 | 12,356 |
| Norscut - Concessionária de Scut Interior Norte, SA | - | - | - | - |
| Vastgoed One | - | - | - | - |
| Vastgoed Sun | - | - | - | - |
| Other partners and Group companies | 21,275,852 | 2,777,136 | 23,290,743 | 2,153,570 |
| Águas Furtadas - Soc. Agrícola, SA | 1,253 | - | 1,221 | - |
| Alpêssego - Sociedade Agrícola, SA | 3,314 | - | 1,764 | - |
| ARP Alverca Retail Park, SA | - | - | - | - |
| Casa Agrícola de Ambrães, S.A. | 1,564 | - | 909 | - |
| Aqualuz - Turismo e Lazer, Lda | 695,123 | 1,661 | 620,154 | 55,220 |
| Arrábidasshopping- Centro Comercial, S.A. | 435 | - | - | - |
| Asprela - Sociedade Imobiliária, S.A. | - | - | - | - |
| Azulino Imobiliária, S.A. | - | - | - | - |
| BB Food Service, SA | 259,961 | (3,041) | 314,668 | (5,873) |
| Bertimóvel - Sociedade Imobiliária, S.A. | - | - | - | - |
| BOM MOMENTO - Comércio Retalhista, SA | 31,940 | (34) | 3,801 | - |
| Bright Development Studio, S.A. | 62 | - | - | - |
| Cascaishopping- Centro Comercial, S.A. | 508,351 | (05) | 231,230 | (783) |
| Centro Colombo- Centro Comercial, S.A. | 370,781 | 108,714 | 481,111 | 110,371 |
| Continente Hipermercados, S.A. | 1,959,234 | (16,543) | 579,423 | (8,913) |
| Contimobe-Imobil.Castelo Paiva,SA | - | 1,790 | 284,003 | 2,410 |
| Digitmarket-Sistemas de Informação,SA | - | 135,730 | 75 | 96,831 |
| Discovery Sports, SA | 1,235 | - | 2,046 | - |
| Efanor Investimentos, SGPS, S.A. | - | - | 46 | - |
| Efanor Serviços de Apoio à Gestão, S.A. | 33,682 | - | 33,341 | - |
| Sierra Spain, Shop. Centers Serv.,S.A.U. | - | - | 198 | - |
| Estação Viana - Centro Comercial, S.A. | 16 | - | - | - |
| Euroresinas-Indústrias Químicas,SA | - | (2,820) | - | 4,830 |
| Fashion Division, S.A. | 2,602 | - | 1,832 | - |
| Guimarãesshopping- Centro Comercial, S.A. | 1,529 | - | - | - |
| Iberosegur - Sociedade Ibérica de Mediação de Seguros, Lda | 553 | - | - | - |
| Fundo de Invest. Imobiliário Imosede | 76,710 | 279,464 | 68,369 | 261,324 |
| Imosistema-Sociedade Imobiliária,SA | (3,550) | - | - | - |
| Fundo Invest. Imobiliário Imosonae Dois | 77,215 | - | - | - |
| Infocfield-Informática,SA | 41 | - | 1,893 | - |
| Insco Insular de Hipermercados, S.A. | 84,585 | (04) | 208,541 | (11) |
| LCC LeiriaShopping Centro Comercial SA | (2,276) | - | (1,804) | - |
| NOS Sistemas S.A. | 21,082 | 559,385 | - | 467,552 |
| Modelo - Dist.de Mat. de Construção,S.A. | 2,498 | - | (870) | - |
| Modelo Continente Hipermercados,SA | 9,341,735 | 252,984 | 14,130,773 | (22,386) |
| Modelo Continente Hipermercados, Suc. | 302 | 5,700 | - | 4,800 |

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| | | | | |
|---|-----------|-----------|-----------|-----------|
| MDS Affinity-Sociedade de Mediação Lda | - | - | 634 | |
| MDS Corretor de Seguros, SA | 171,357 | 748 | 189,366 | (8,627) |
| MDS RE - Mediador de resseguros | - | - | 472 | |
| MDS Africa SGPS, S.A. | 418 | - | - | - |
| MDS Auto - Mediação de Seguros, SA | 951 | - | 1,526 | |
| MDS Consulting, SA | 5,489 | 1,026 | 5,858 | 1,905 |
| MDS, SGPS, SA | 636 | - | 340 | |
| Modalfa-Comércio e Serviços,SA | 15,636 | - | 59,585 | |
| MODALLOOP - Vestuário e Calçado, SA | 375 | - | (7,310) | |
| Movelpartes-Comp.para Ind.Mobiliária,SA | 118 | - | 208 | |
| Norteshopping-Centro Comercial, S.A. | 21,500 | 118,302 | - | - |
| Paracentro - Gest.de Galerias Com., S.A. | 46,009 | 2,300 | - | - |
| Parklake Shopping, S.A. | 6,668,986 | (366) | 5,028,969 | |
| Parque Atlântico Shopping - C.C., SA | - | - | - | - |
| PCJ-Público, Comunic e Jornalismo, SA | - | - | - | - |
| PHARMACONTINENTE - Saúde e Higiene, S.A. | 2,270 | 541 | 81,522 | |
| Prosa - Produtos e Serviços Agrícolas,S.A. | 15,460 | (505) | 18,794 | |
| Público-Comunicação Social,SA | 90 | 6,993 | 6 | 1,519 |
| QCE - Desenvolvimento e Fabrico de Equipamentos, S.A. | - | (218,921) | | (399,818) |
| Saphety Level - Trusted Services S.A. | - | 67,197 | | 71,493 |
| SONAESR - Serviços e logistica, S.A. | 10,826 | - | 2,691 | |
| Sempre à Mão - Sociedade Imobiliária,SA | - | - | 31,065 | |
| Sonae Financial Services, S.A. | 1,580 | - | - | - |
| Sonae Indústria-SGPS,SA | 725 | - | 484 | |
| Sonae Arauco Portugal, S.A. | 28,207 | (80) | 30,524 | (203) |
| Sonae Industria de Revestimentos,SA | 229,701 | 147,894 | 210,637 | 189,380 |
| SIRS-Soc.Ind.Radiodifusão Sonora,SA | - | 14,942 | | 11,625 |
| RACE - Refrigeration & Air Conditioning Engineering, S.A. | - | (39,493) | | (30,274) |
| Sierra Management Portugal-Gest. CC,S.A. | 7,733 | 799,546 | 9,980 | 858,237 |
| Socijofra-Sociedade Imobiliária,SA | - | - | 38,645 | |
| Sociloures-Soc.Imobiliária,SA | - | - | - | - |
| Sohi Meat Solut-Distr. Carnes | 26,681 | 10,414 | - | - |
| Siaf-Soc.Iniciat.Aprov.Florestais,SA | - | - | - | - |
| Sonaecenter Serviços, SA | - | - | - | - |
| Sonae Center Serviços II, SA | 25,955 | 284,728 | 84,383 | 241,042 |
| Sonae.com,SGPS,SA | - | - | | 1,287 |
| Sonae Investment Management-S.T.,SGPS,S.A. | - | - | - | - |
| Sonaeacom - Serviços Partilhados, S.A | 49,452 | (75,276) | 46,839 | (65,790) |
| Sonaegest-Soc.Gest.Fundos Investimentos | 1,441 | 112,209 | | 112,786 |
| Sonae MC - Modelo Continente, SGPS, SA | - | - | | (346) |
| Sonaerp - Retail Properties, SA | 213,541 | 8,456 | 228,551 | 4,697 |
| Sonae SGPS, SA | 7,417 | 36,500 | 6,386 | 25,000 |
| Sysvalue Consultadoria, Int e Seg SI, S.A. | - | - | 462 | |
| Sport Zone-Comércio Art.Desporto,SA | 23,762 | 27,404 | 23,627 | 21,693 |
| Tafiber,Tableros de Fibras Ibéricas,SL | - | - | - | - |
| Sonae Arauco, S.A. | 1,929 | - | 6,875 | |
| Sonae Arauco Suisse, S.A. | - | - | - | - |
| Textil do Marco,SA | 57,254 | - | 53,549 | |
| Tableros Tradema,S.L. | 1,530 | - | 4,294 | |
| Centro Vasco da Gama-Centro Comercial,SA | - | 1,951 | | 3,902 |
| Via Catarina- Centro Comercial, S.A. | - | - | - | - |

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| | | | | |
|-------------------------------------|---------|---------|---------|---------|
| We Do Consulting-SI,SA | 181 | 148,077 | - | 148,769 |
| Worten-Equipamento para o Lar,SA | 163,759 | (432) | 130,346 | |
| ZIPPY - Comércio e Distribuição, SA | 4,906 | - | 38,711 | (79) |

| | | | |
|-------------------|------------------|-------------------|------------------|
| 21,290,612 | 2,779,478 | 23,321,963 | 2,165,926 |
|-------------------|------------------|-------------------|------------------|

| Transactions | Interest income | Interest expenses | Interest income | Interest expenses |
|---|-----------------|-------------------|-----------------|-------------------|
| Parent company | - | - | - | - |
| Associated companies | 26,236 | - | 29,190 | - |
| Andar-Sociedade Imobiliária,SA | 26,236 | - | 29,190 | - |
| Norscut - Concessionária de Scut Interior Norte, SA | - | - | - | - |
| Other partners and Group companies | - | 44,613 | - | 48,984 |
| Plaza Mayor Parque de Ocio, SA | - | 44,613 | - | 48,984 |
| | 26,236 | 44,613 | 29,190 | 48,984 |

| Balances | June 2017 | | June 2016 | |
|---|---------------------|------------------|---------------------|------------------|
| | Accounts receivable | Accounts payable | Accounts receivable | Accounts payable |
| Parent company | - | - | - | - |
| Associated companies | 48,403 | 9,282 | 112,744 | 3,074 |
| Andar-Sociedade Imobiliária,SA | 24,464 | - | 28,347 | - |
| Feneralt - Produção de Energia, ACE | 11,599 | - | 79,716 | - |
| Lidergraf - Artes Gráficas, Lda | 12,340 | 9,282 | 4,681 | 3,074 |
| Other partners and Group companies | 5,990,710 | - | 10,704,121 | 1,480,910 |
| 8ª Avenida - Centro Comercial, SA | - | - | - | - |
| Aglom Investimentos, Sgps, S.A. | - | - | - | - |
| Águas Furtadas - Soc. Agrícola, SA | 257 | - | 299 | - |
| ALBCC Albufeirashopping C.Comercial SA | - | - | - | - |
| Algarveshopping- Centro Comercial, S.A. | 16,479 | - | 16,479 | - |
| Alpêssego - Sociedade Agrícola, SA | 2,844 | - | 292 | - |
| Aqualuz - Turismo e Lazer, Lda | 282,126 | - | - | - |
| BB Food Service, SA | 117,526 | - | 80,579 | - |
| BOM MOMENTO - Comércio Retalhista, SA | 5,878 | - | 4,055 | - |
| Casa Agrícola de Ambrães, S.A. | 171 | - | - | - |
| Cascahopping- Centro Comercial, S.A. | 73,432 | - | - | - |
| Centro Colombo- Centro Comercial, S.A. | 154,095 | - | 139,374 | 16,545 |
| Centro Vasco da Gama-Centro Comercial,SA | 1,200 | - | - | - |
| Contimobe-Imobil.Castelo Paiva,SA | - | - | 77,223 | 1,500 |
| Continente Hipermercados, S.A. | 110,633 | - | 350,457 | 4,945 |
| Cumulativa - Sociedade Imobiliária, S.A. | - | - | - | - |
| Digitmarket-Sistemas de Informação,SA | 145,009 | - | 106,409 | 692 |
| Discovery Sports, SA | 1,588 | - | 2,010 | - |
| Efanor Serviços de Apoio à Gestão, S.A. | 1,163 | - | 6,923 | 5,451 |
| Sonaerp - Retail Properties, SA | 24,012 | - | 5,341 | 58,919 |
| Estação Viana - Centro Comercial, S.A. | 4,445 | - | 4,445 | - |
| Euroresinas-Indústrias Químicas,SA | - | - | - | 12,926 |
| Fashion Division, S.A. | 1,364 | - | 1,364 | - |
| Fundo de Invest. Imobiliário Imosede | 96,085 | - | 43,665 | 44,556 |
| Guimarãeshopping- Centro Comercial, S.A. | 327 | - | 720 | - |

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| | | | | |
|--|-----------|---|-----------|---------|
| Herco Consul.Riscos Corret.Seguros, Ltda | - | - | - | 1,071 |
| Iberosegur - Sociedade Ibérica de Mediação de Seguros, Lda | 130 | - | - | - |
| Imosistema-Sociedade Imobiliária,SA | 1,505 | - | 11,842 | - |
| Infocfield-Informática,SA | 1,733 | - | 1,683 | - |
| Insco Insular de Hipermercados, S.A. | 22,568 | - | 108,945 | - |
| LCC LeiriaShopping Centro Comercial SA | - | - | 2,628 | - |
| Loureshopping-Centro Comercial, S.A. | - | - | 37,216 | - |
| Madeirashopping- Centro Comercial, S.A. | 16,168 | - | 42,432 | - |
| MDS Consulting, SA | 85 | - | - | - |
| MDS Corretor de Seguros, SA | 20,338 | - | 33,098 | 129,892 |
| Mds Knowledge Centre, Unipessoal, Lda | - | - | - | - |
| MDS RE - Mediador de resseguros | 838 | - | (530) | - |
| Modalfa-Comércio e Serviços,SA | 4,532 | - | 8,554 | - |
| MODALLOOP - Vestuário e Calçado, SA | - | - | - | 6,235 |
| Modelo - Dist.de Mat. de Construção,S.A. | 2,472 | - | 94,402 | - |
| Modelo Continente Hipermercados, Suc. | 320 | - | - | - |
| Modelo Continente Hipermercados,SA | 3,276,330 | - | 6,961,465 | 260,677 |
| Movelpartes-Comp.para Ind.Mobiliária,SA | 145 | - | - | - |
| Mundo Vip | - | - | - | - |
| Norteshopping-Centro Comercial, S.A. | - | - | - | 456,799 |
| Paracentro - Gest.de Galerias Com., S.A. | - | - | - | 1,700 |
| Parklake Shopping, S.A. | 1,272,948 | - | 1,924,623 | - |
| PHARMACONTINENTE - Saúde e Higiene, S.A. | 396 | - | 7,000 | - |
| Plaza Mayor Parque de Ocio,SA | - | - | - | 40,300 |
| Prosa - Produtos e Serviços Agrícolas,S.A. | 3,032 | - | - | - |
| Público-Comunicação Social,SA | - | - | - | 780 |
| Rio Sul - Centro Comercial, SA | 6,334 | - | 6,334 | - |
| S.C. Microcom Doi Srl | - | - | - | - |
| Saphety Level - Trusted Services S.A. | - | - | - | 35,174 |
| SEKIWI, SGPS., S.A. | 25 | - | 80 | - |
| Sempre à Mão - Sociedade Imobiliária,SA | - | - | 38,209 | - |
| Siaf-Soc.Iniciat.Aprov.Florestais,SA | - | - | 2,261 | - |
| Sierra Management Portugal-Gest. CC,S.A. | 91,989 | - | 87,257 | 91,435 |
| Sierra Management Spain-Gestión C.Com.SA | - | - | - | - |
| Sierra Spain, Shop. Centers Serv.,S.A.U. | - | - | 210 | - |
| SIRS-Soc.Ind.Radiodifusão Sonora,SA | 4,920 | - | 1,997 | 3,953 |
| Sohi Meat Solut-Distr. Carnes | 1,401 | - | - | - |
| Sonae Arauco Portugal, S.A. | 16,635 | - | 14,398 | (130) |
| Sonae Arauco, S.A. | 884 | - | 754 | - |
| Sonae Center Serviços II, SA | 6,245 | - | 9,808 | 77,314 |
| Sonae Indústria de Revestimentos,SA | 137,893 | - | 137,810 | 106,546 |
| Sonae Indústria-SGPS,SA | - | - | 290 | - |
| Sonae SGPS, SA | 6,220 | - | 1,265 | 50,000 |
| Sonae.com,SGPS,SA | - | - | - | 250 |
| Sonaecenter Serviços, SA | - | - | - | - |
| Sonae.com - Serviços Partilhados, S.A | 25,848 | - | 23,587 | 300 |
| Sonaegest-Soc.Gest.Fundos Investimentos | 886 | - | - | 16,657 |
| SONAESR - Serviços e logística, S.A. | 9,114 | - | 33,944 | - |
| Sport Zone-Comércio Art.Desporto,SA | 1,517 | - | 1,083 | 8,158 |
| Tableros Tradema,S.L. | 529 | - | 811 | - |
| Textil do Marco,SA | 9,343 | - | 8,817 | 119 |
| We Do Consulting-SI,SA | - | - | - | 39,800 |

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| | | | | |
|---------------------------------------|--------|---|---------|-------|
| Worten España Distribución, SL | - | - | - | - |
| Worten-Equipamento para o Lar,SA | 12,220 | - | 260,645 | 8,346 |
| ZIPPY - Comercio y Distribución, S.A. | - | - | - | - |
| ZIPPY - Comércio e Distribuição, SA | 1,061 | - | 1,568 | - |

| | 6,039,113 | 9,282 | 10,816,865 | 1,483,984 |
|---|---------------------------|--------------------------|---------------------------|--------------------------|
| Balances | Loans obtained | Loans granted | Loans obtained | Loans granted |
| Parent company | - | - | - | - |
| Associated companies | - | 872,739 | - | 839,697 |
| Andar-Sociedade Imobiliária,SA | - | 872.739 | - | 839.697 |
| Feneralt - Produção de Energia, ACE | - | - | - | - |
| Other partners and Group companies | 1,768,378 | - | 1,825,274 | - |
| Plaza Mayor Parque de Ocio, SA | 1,768,378 | - | 1,825,274 | - |
| | 1,768,378 | 872,739 | 1,825,274 | 839,697 |

- a) The parent company is Efanor Investimentos, SGPS, SA;
b) Balances and transactions with Group Sonae, SGPS and Group Sonae Indústria, SGPS, SA are included under Other partners in Group companies.

29. EARNINGS PER SHARE

Earnings per share for the periods ended 30 June 2017 and 2016 were calculated taking into consideration the following amounts:

| | 30 June 2017 | 30 June 2016 |
|--|--------------|--------------|
| Net profit | | |
| Net profit taken into consideration to calculate basic earnings per share (Net profit for the period) | (4,475,984) | 9,139,503 |
| Net profit taken into consideration to calculate diluted earnings per share | (4,475,984) | 9,139,503 |
| Number of shares | | |
| Weighted average number of shares used to calculated basic earnings per share | 247,345,810 | 246,740,156 |
| Weighted average number of shares used to calculated diluted earnings per share | 247,345,810 | 246,740,156 |
| Earnings per share (basic and diluted) - Continued operations | (0.015385) | 0.039358 |
| Earnings per share (basic and diluted) - Discontinued operations | (0.002711) | (0.002317) |
| Earnings per share (basic and diluted) | (0.018096) | 0.037041 |

There are no convertible instruments included in the shares of Sonae Capital, SGPS, SA, hence there is no dilutive effect.

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30. SEGMENTS INFORMATION

In 30 June 2017 and 31 December 2016, the following were identified as segments:

- Resorts
- Hotels
- Fitness
- Energy
- Refrigeration and HVAC
- Other Assets

The contribution of the business segments to the income statement of the periods ended 30 June 2017 and 2016 can be detailed as follows:

| 30 June 2017 | | | | | | | | |
|---------------------------------|------------------|------------------|-------------------|-------------------|------------------------|------------------|--------------------------|-------------------|
| Profit and Loss Account | Resorts | Hotels | Fitness | Energy | Refrigeration and HVAC | Other Assets | Intersegment Adjustments | Consolidated |
| Turnover | 6,857,208 | 8,082,987 | 11,477,942 | 21,373,805 | 23,274,553 | 6,960,732 | (5,179,434) | 72,847,793 |
| Other operational income | 1,332,779 | 250,166 | 334,476 | 223,866 | (64,381) | 1,204,982 | (566,073) | 2,715,815 |
| Total operational income | 8,189,987 | 8,333,154 | 11,812,418 | 21,597,671 | 23,210,172 | 8,165,714 | (5,745,507) | 75,563,609 |
| Operational cash-flow (EBITDA) | (1,072,061) | (1,311,647) | 1,481,800 | 5,680,836 | (69,384) | 909,014 | - | 5,618,558 |

| 30 June 2016 | | | | | | | | |
|---------------------------------|-------------------|------------------|------------------|-------------------|------------------------|------------------|--------------------------|-------------------|
| Profit and Loss Account | Resorts | Hotels | Fitness | Energy | Refrigeration and HVAC | Other Assets | Intersegment Adjustments | Consolidated |
| Turnover | 10,041,777 | 6,443,946 | 8,592,667 | 21,505,569 | 27,542,699 | 9,558,801 | (5,465,510) | 78,219,949 |
| Other operational income | 1,218,690 | 234,113 | 149,086 | 742,898 | 479,317 | 162,719 | (703,370) | 2,283,453 |
| Total operational income | 11,260,467 | 6,678,059 | 8,741,753 | 22,248,467 | 28,022,016 | 9,721,520 | (6,168,880) | 80,503,402 |
| Operational cash-flow (EBITDA) | 275,159 | (2,344,350) | 922,029 | 4,907,529 | 987,919 | 988,535 | - | 5,736,821 |

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The contribution of the business segments to the Balance sheets as at 30 June 2017 and 31 December 2016 can be detailed as follows:

| 30 June 2017 | | | | | | | | |
|--|--------------------|-------------------|-------------------|-------------------|------------------------|--------------------|--------------------------|--------------------|
| Balance Sheet | Resorts | Hotels | Fitness | Energy | Refrigeration and HVAC | Other Assets | Intersegment Adjustments | Consolidated |
| Fixed Assets Tangible, Intangible and Goodwill | 111,144,025 | 12,700,418 | 9,214,128 | 65,873,648 | 9,801,135 | 127,446,970 | (24,546,483) | 311,633,842 |
| Investments | 49,654,616 | 10,847,909 | 18,898 | 167,258 | 12,789 | 320,552,586 | (379,442,339) | 1,811,717 |
| Other Assets | 55,956,723 | 9,783,788 | 2,558,337 | 10,896,303 | 50,842,371 | 543,498,542 | (471,603,513) | 201,932,551 |
| Total Assets | 216,755,364 | 33,332,115 | 11,791,363 | 76,937,209 | 60,656,295 | 991,498,098 | (875,592,335) | 515,378,108 |
| Total Liabilities | 187,126,117 | 29,135,446 | 7,492,592 | 73,218,738 | 25,756,950 | 371,039,347 | (478,078,809) | 221,690,380 |
| Technical Investment | 769,000 | 487,662 | 976,538 | 965,379 | 89,548 | 1,387,768 | (1,178) | 4,664,717 |
| Gross Debt | 10,743,997 | - | 141,312 | 8,535,569 | - | 100,409,974 | - | 119,830,852 |
| Net Debt | 10,487,549 | (129,440) | 26,810 | 8,333,934 | (854,781) | 86,431,398 | - | 104,295,470 |

| 31 December 2016 | | | | | | | | |
|--|--------------------|-------------------|-------------------|-------------------|------------------------|----------------------|--------------------------|--------------------|
| Balance Sheet | Resorts | Hotels | Fitness | Energy | Refrigeration and HVAC | Other Assets | Intersegment Adjustments | Consolidated |
| Fixed Assets Tangible, Intangible and Goodwill | 115,857,957 | 12,729,785 | 9,145,613 | 29,695,898 | 9,853,707 | 131,504,913 | (24,546,482) | 284,241,391 |
| Investments | 46,712,016 | 10,693,538 | 11,573 | 98,948 | 9,691 | 342,388,894 | (398,200,905) | 1,713,755 |
| Other Assets | 60,237,499 | 9,948,572 | 2,537,855 | 7,882,427 | 44,978,632 | 538,990,283 | (450,152,835) | 214,422,433 |
| Total Assets | 222,807,472 | 33,371,895 | 11,695,041 | 37,677,273 | 54,842,030 | 1,012,884,090 | (872,900,222) | 500,377,576 |
| Total Liabilities | 187,208,324 | 30,113,066 | 8,944,775 | 32,545,115 | 20,914,865 | 350,921,833 | (450,628,131) | 180,019,847 |
| Technical Investment | 1,212,720 | 1,359,711 | 1,994,065 | 3,764,716 | 71,574 | 1,014,124 | (2,668) | 9,414,242 |
| Gross Debt | 11,715,949 | - | 158,972 | 9,658,175 | 515,200 | 76,687,376 | - | 98,735,673 |
| Net Debt | 10,844,588 | (102,001) | 83,404 | 8,830,431 | (110,543) | 46,442,585 | - | 65,988,465 |

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31. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 30 June 2017.

32. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 28 July 2017.

The Board of Directors

PART IV
**INDIVIDUAL FINANCIAL
STATEMENTS**

30 JUNE 2017



SONAE CAPITAL

REPORT AND ACCOUNTS - JUNE 2017

Individual Financial Statements

SONAE CAPITAL, SGPS, SA
INDIVIDUAL BALANCE SHEET AS AT 30 JUNE 2017 AND 31 DECEMBER 2016
(Amounts expressed in euro)

| ASSETS | Notes | 30/06/2017 | 31/12/2016 |
|-------------------------------------|-------|--------------------|--------------------|
| NON-CURRENT ASSETS: | | | |
| Tangible assets | | 27,721 | 28,660 |
| Investments | 4 | 309,649,439 | 308,580,096 |
| Deferred tax assets | 7 | 14,314,699 | 14,314,699 |
| Other non-current assets | 5 | 332,589,677 | 332,918,086 |
| Total non-current assets | | <u>656,581,537</u> | <u>655,841,541</u> |
| CURRENT ASSETS: | | | |
| Taxes recoverable | 6 | 2,189,643 | 2,163,794 |
| Other current assets | 6 | 75,718,451 | 43,498,510 |
| Cash and cash equivalents | 8 | 9,414,399 | 27,861,181 |
| Total Current Assets | | <u>87,322,493</u> | <u>73,523,485</u> |
| TOTAL ASSETS | | 743,904,030 | 729,365,026 |
| EQUITY AND LIABILITIES | | | |
| EQUITY: | | | |
| Share capital | 9 | 250,000,000 | 250,000,000 |
| Own Shares | 9 | (1,305,839) | (1,404,226) |
| Reserves and retained earnings | 10 | 301,630,917 | 316,888,259 |
| Profit/(Loss) for the year | | 21,693,576 | 8,738,316 |
| TOTAL EQUITY | | <u>572,018,654</u> | <u>574,222,348</u> |
| LIABILITIES: | | | |
| NON-CURRENT LIABILITIES: | | | |
| Bank Loans | 11 | 24,733,781 | 19,579,665 |
| Bonds | 11 | 57,176,193 | 57,107,711 |
| Other non current liabilities | 13 | 198,028 | 360,486 |
| Total Non-Current Liabilities | | <u>82,108,002</u> | <u>77,047,862</u> |
| CURRENT LIABILITIES: | | | |
| Trade creditors | 13 | 136,271 | 92,536 |
| Bank Loans | 11 | 18,500,000 | - |
| Other creditors | 12 | 70,074,967 | 76,808,940 |
| Other current liabilities | 13 | 1,066,136 | 1,193,340 |
| Total Current Liabilities | | <u>89,777,374</u> | <u>78,094,816</u> |
| TOTAL LIABILITIES | | <u>171,885,376</u> | <u>155,142,678</u> |
| TOTAL EQUITY AND LIABILITIES | | 743,904,030 | 729,365,026 |

The accompanying notes are part of these financial statements.

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Individual Financial Statements

SONAE CAPITAL, SGPS, SA
INDIVIDUAL INCOME STATEMENTS BY NATURE
FOR THE SIX MONTHS ENDED 30 JUNE 2017 AND 2016
(Amounts expressed in euro)

| | Notes | 30/06/2017 | 30/06/2016 |
|--|-------|--------------------|--------------------|
| Operational profit | | | |
| Other operating income | 17 | 54,560 | 54,036 |
| Operational profit total | | 54,560 | 54,036 |
| Operational loss | | | |
| External supplies and services | 14 | (670,329) | (486,491) |
| Staff costs | 15 | (1,049,450) | (647,696) |
| Depreciation and amortisation | | (939) | (754) |
| Other operating expenses | 17 | (27,967) | (92,733) |
| Operational loss total | | (1,748,685) | (1,227,674) |
| Operational profit/(loss) | | (1,694,126) | (1,173,638) |
| Financial Expenses | 16 | (1,879,163) | (3,552,636) |
| Financial Income | 16 | 5,527,075 | 9,447,876 |
| Net financial income / (expenses) | | 3,647,912 | 5,895,240 |
| Investment income | 16 | 19,208,415 | 28,824,614 |
| Profit/(Loss) before taxation | | 21,162,201 | 33,546,216 |
| taxation | 18 | 531,375 | 142,789 |
| Profit/(Loss) for the year | | 21,693,576 | 33,689,005 |
| Profit/(Loss) per share | | | |
| Basic and Diluted | 19 | 0.087705 | 0.136536 |

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS - JUNE 2017

Individual Financial Statements

SONAE CAPITAL, SGPS, SA
INDIVIDUAL INCOME STATEMENTS BY NATURE
FOR THE SECOND QUARTERS OF 2017 AND 2016
(Amounts expressed in euro)

| | Notes | 2 nd Quarter 17 ¹ | 2 nd Quarter 16 ¹ |
|--|-------|---|---|
| Operational profit | | | |
| Other operating income | | 30,740 | 41,558 |
| Operational profit total | | <u>30,740</u> | <u>41,558</u> |
| Operational loss | | | |
| External supplies and services | | (323,700) | (234,576) |
| Staff costs | | (548,612) | (283,825) |
| Depreciation and amortisation | | (469) | (377) |
| Other operating expenses | | (19,196) | (17,623) |
| Operational loss total | | <u>(891,977)</u> | <u>(536,401)</u> |
| Operational profit/(loss) | | (861,237) | (494,843) |
| Financial Expenses | | (938,058) | (1,836,764) |
| Financial Income | | 2,807,348 | 4,726,438 |
| Net financial income / (expenses) | | 1,869,290 | 2,889,674 |
| Investment income | | 19,186,991 | 28,046,681 |
| Profit/(Loss) before taxation | | 20,195,044 | 30,441,512 |
| taxation | | 312,320 | (92,641) |
| Profit/(Loss) for the year | | 20,507,364 | 30,348,871 |
| Profit/(Loss) per share | | | |
| Basic and Diluted | | 0.082910 | 0.122999 |

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS - JUNE 2017

Individual Financial Statements

SONAE CAPITAL, SGPS, SA
INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017 AND 2016
(Amounts expressed in euro)

| | 30/06/2017 | 30/06/2016 |
|--|-------------------|-------------------|
| Individual net profit/(loss) for the period | 21,693,576 | 33,689,005 |
| Items that may be reclassified subsequently to net profit / (loss): | | |
| Changes in the currency translation differences | | |
| Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5) | - | - |
| Change in the fair value of assets available for sale | - | - |
| Change in the fair value of cash flow hedging derivatives | - | - |
| Tax related to other comprehensive income captions | - | - |
| Other comprehensive income for the period | - | - |
| Total comprehensive income for the period | 21,693,576 | 33,689,005 |

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS - JUNE 2017

Individual Financial Statements

SONAE CAPITAL, SGPS, SA
INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTERS OF 2017 AND 2016
(Amounts expressed in euro)

| | 2 nd Quarter 17 ¹ | 2 nd Quarter 16 ¹ |
|--|---|---|
| Individual net profit/(loss) for the period | 20,507,362 | 30,348,871 |
| Items that may be reclassified subsequently to net profit / (loss): | | |
| Changes in the currency translation differences | | |
| Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5) | - | - |
| Change in the fair value of assets available for sale | - | - |
| Change in the fair value of cash flow hedging derivatives | - | - |
| Tax related to other comprehensive income captions | - | - |
| Other comprehensive income for the period | - | - |
| Total comprehensive income for the period | 20,507,362 | 30,348,871 |

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS - JUNE 2017

Individual Financial Statements

SONAE CAPITAL, SGPS, SA
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017 AND 2016
 (Amounts expressed in euro)

| | Share Capital (Note 9) | Own Shares (Note 9) | Fair Value Reserves (Note 10) | Other Reserves (Note 10) | Retained Earnings | Sub total | Net Profit/(Loss) | Total Equity |
|--|---------------------------|------------------------|-------------------------------------|-----------------------------|----------------------|--------------|----------------------|--------------|
| Balance as at 1 January 2016 | 250,000,000 | (1,426,791) | 9,463,225 | 309,676,446 | - | 319,139,671 | 12,198,782 | 579,911,662 |
| Total individual comprehensive income for the period | - | - | - | - | - | - | 33,689,005 | 33,689,005 |
| Appropriation of profit of 2015: | - | - | - | - | - | - | - | - |
| Transfer to legal reserves and retained earnings | - | - | 609,939 | - | 11,588,843 | 12,198,782 | (12,198,782) | - |
| Dividends paid | - | - | - | (3,080,184) | (11,588,843) | (14,669,027) | - | (14,669,027) |
| (Acquisition)/Sales of own shares | - | 22,565 | - | 218,833 | - | 218,833 | - | 241,398 |
| Other changes | - | - | - | - | - | - | - | - |
| Balance as at 30 June 2016 | 250,000,000 | (1,404,226) | 10,073,164 | 306,815,095 | - | 316,888,259 | 33,689,005 | 599,173,038 |
| Balance as at 1 January 2017 | 250,000,000 | (1,404,226) | 10,073,164 | 306,815,095 | - | 316,888,259 | 8,738,316 | 574,222,348 |
| Total individual comprehensive income for the period | - | - | - | - | - | - | 21,693,576 | 21,693,576 |
| Appropriation of profit of 2016: | - | - | - | - | - | - | - | - |
| Transfer to legal reserves and retained earnings | - | - | 436,916 | - | 8,301,400 | 8,738,316 | (8,738,316) | - |
| Dividends paid | - | - | - | (16,220,257) | (8,301,400) | (24,521,657) | - | (24,521,657) |
| (Acquisition)/Sales of own shares | - | 98,387 | - | 525,999 | - | 525,999 | - | 624,386 |
| Other changes | - | - | - | - | - | - | - | - |
| Balance as at 30 June 2017 | 250,000,000 | (1,305,839) | 10,510,080 | 291,120,837 | - | 301,630,917 | 21,693,576 | 572,018,654 |

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS – JUNE 2017

Individual Financial Statements

SONAE CAPITAL, SGPS, SA
 INDIVIDUAL STATEMENTS OF CASH FLOWS
 FOR THE SIX MONTHS ENDED 30 JUNE 2017 AND 2016
 (Amounts expressed in euro)

| | Notes | 30/06/2017 | 30/06/2016 | 2 nd Quarter 17 ¹ | 2 nd Quarter 16 ¹ |
|---|-------|--------------|--------------|---|---|
| OPERATING ACTIVITIES: | | | | | |
| Cash receipts from trade debtors | | - | 9,512 | - | (120) |
| Cash receipts from trade creditors | | 679,424 | 540,683 | 444,056 | 323,412 |
| Cash paid to employees | | 740,916 | 413,557 | 495,665 | 147,059 |
| Cash flow generated by operations | | (1,420,340) | (944,728) | (939,721) | (470,591) |
| Income taxes (paid) / received | | 259,424 | 232,124 | 263,438 | 94 |
| Other cash receipts and (payments) relating to operating activities | | (1,684,077) | (336,652) | (194,137) | (125,025) |
| Net cash from operating activities (1) | | (3,363,841) | (1,513,504) | (1,397,296) | (595,710) |
| INVESTMENT ACTIVITIES: | | | | | |
| <u>Cash receipts arising from:</u> | | | | | |
| Investments | | 600,000 | 382 | 600,000 | 382 |
| Tangible assets | | - | - | - | - |
| Interest and similar income | | 8,450,559 | 16,242,517 | 12 | 6,997 |
| Dividends | | 18,122,785 | 28,046,298 | 18,122,785 | 28,046,298 |
| Others | | 1,053,753 | 777,933 | 1,053,753 | - |
| Loans granted | | 411,222 | - | - | (240,000) |
| | | 28,638,319 | 45,067,131 | 19,776,550 | 27,813,677 |
| <u>Cash Payments arising from:</u> | | | | | |
| Investments | | 1,069,344 | 1,103,963 | 1,069,344 | 1,103,963 |
| Tangible assets | | - | 1,250 | - | - |
| Loans granted | | 33,124,608 | 3,330,968 | 20,939,372 | (6,429,130) |
| | | 34,193,952 | 4,436,181 | 22,008,716 | (5,325,167) |
| Net cash used in investment activities (2) | | (5,555,633) | 40,630,951 | (2,232,166) | 33,138,845 |
| FINANCING ACTIVITIES: | | | | | |
| <u>Cash receipts arising from:</u> | | | | | |
| Sale of own shares | | 98,387 | 144,043 | 98,387 | 144,043 |
| Loans obtained | | 45,700,000 | 63,650,000 | 43,500,000 | 34,350,000 |
| | | 45,798,387 | 63,794,043 | 43,598,387 | 34,494,043 |
| <u>Cash Payments arising from:</u> | | | | | |
| Interest and similar charges | | 1,774,576 | 3,593,724 | 1,144,853 | 2,223,479 |
| Dividends | | 24,515,574 | 14,665,371 | 24,515,574 | 14,665,371 |
| Aquisition of own shares | | - | - | - | - |
| Loans obtained | | 29,035,543 | 115,208,436 | 5,121,843 | 50,697,721 |
| | | 55,325,693 | 133,467,531 | 30,782,270 | 67,586,571 |
| Net cash used in financing activities (3) | | (9,527,307) | (69,673,488) | 12,816,116 | (33,092,528) |
| Net increase in cash and cash equivalents (4) = (1) + (2) + (3) | | (18,446,781) | (30,556,041) | 9,186,653 | (549,393) |
| Cash and cash equivalents at the beginning of the period | 8 | 27,861,181 | 30,562,977 | 227,746 | 556,329 |
| Cash and cash equivalents at the end of the period | 8 | 9,414,399 | 6,936 | 9,414,399 | 6,936 |

The accompanying notes are part of these financial statements.

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Individual Financial Statements

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017 (Translation from the Portuguese Original) (Amounts expressed in Euro)

1. INTRODUCTION

Sonae Capital, SGPS, SA (“the Company” or “Sonae Capital”) whose registered office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, was set up on 14 December 2007 by public deed, following the demerger from Sonae, SGPS, SA of the whole of the shareholding in the company formerly named Sonae Capital, SGPS, SA, now named SC, SGPS, SA, in compliance with paragraph a) of article 118 of the Commercial Companies Code.

The Company’s financial statements are presented as required by the Commercial Companies Code. According to Decree-Law 158/2009 of 13 July of 2009, the Company’s financial statements have been prepared in accordance with International Financial Reporting Standards

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the accompanying individual financial statements are consisting with those used in the financial statements presented for the year ended 31 December 2016.

2.1 Basis of preparation

Interim financial statements are presented quarterly, in accordance with IAS 34 – “Interim Financial Reporting”.

The accompanying financial statements have been prepared from the books and accounting records on a going concern basis and under the historical cost convention, except for financial instruments which are stated at fair value.

3. CHANGES IN ACCOUNTING POLICIES

During the period there were no changes in accounting policies or prior period errors.

REPORT AND ACCOUNTS - JUNE 2017

Individual Financial Statements

4. FINANCIAL INVESTMENTS

As at 30 June 2017 and 31 December 2016 Investments are detailed as follows:

| | 30 June 2017 | 31 December 2016 |
|---|---------------------|---------------------|
| Investments in affiliated and associated undertakings | 363,041,258 | 361,971,915 |
| Investments in other companies | | |
| Sonae RE - (0,04%) | 1,200 | 1,200 |
| Fundo Invest. Imob. Imosonae Dois - (0,001%) | - | - |
| Matadouro Alto Alentejo, SA - (0,89%) | 1 | 1 |
| NET Novas Tecnologias, SA - (0,98%) | 23,034 | 23,034 |
| Fundo F HITEC - (6,48%) | 250,950 | 250,950 |
| | <u>363,316,443</u> | <u>362,247,100</u> |
| Impairment | <u>(53,667,004)</u> | <u>(53,667,004)</u> |
| | <u>309,649,439</u> | <u>308,580,096</u> |

4.1 Investments in affiliated and associated undertakings

As at 30 June 2017 and 31 December 2016, the detail of Investments in Affiliated and Associated Companies is as shown in the table below:

| 30.06.2017 | | | | | | |
|---------------------------------------|---------|------------|--------------------|--------------------|------------|--------------------------------|
| Company | % Held | Fair Value | Book Value | Fair Value Reserve | Equity | Profit / (Loss) for the period |
| CAPWATT, S.G.P.S., S.A. | 100.00% | | 2,725,000 | | 5,181,333 | 2,188,717 |
| Fundo Esp de Invest. Imob Fechado WTC | 59.87% | | 42,271,519 | | 71,306,365 | 1,677,249 |
| Troiaresort, SGPS, S.A. | 100.00% | | 167,132,793 | | 79,228,144 | (315,637) |
| Interlog - SGPS, S.A. | 98.94% | | 21,658,210 | | 21,855,568 | 2,580 |
| Lidergraf - Artes Gráficas, SA. | 24.50% | | 1,125,301 | | 7,639,846 | 782,886 |
| SC Assets S.G.P.S., SA | 100.00% | | 25,577,659 | | 14,619,952 | 797,996 |
| SC Hospitality, S.G.P.S., S.A. | 100.00% | | 5,857,175 | | 6,344,483 | (96,801) |
| SC Finance B.V. | 100.00% | | 263,698 | | 63,957,627 | 74,794,411 |
| SC Industrials, S.G.P.S., S.A. | 100.00% | | 34,575,100 | | 24,554,105 | 23,354,105 |
| Race, SGPS, S.A. | 70.00% | | 32,492,436 | | 40,865,160 | 214,426 |
| Solinca - Health & Fitness, S.A. | 100.00% | | 15,515,838 | | 4,193,116 | 384,016 |
| Spred, S.G.P.S., S.A. | 100.00% | | 13,846,529 | | 171,902 | (47,871) |
| Total | | | 363,041,258 | | | |

impairment losses

| | |
|-------------------------|-------------------|
| SC Assets S.G.P.S., SA | 21,565,892 |
| Interlog - SGPS, S.A. | 36,864 |
| Troiaresort, SGPS, S.A. | 19,344,286 |
| Spred, S.G.P.S., S.A. | 12,719,962 |
| Total | 53,667,004 |

| 31.12.2016 | | | | | | |
|---------------------------------------|---------|------------|--------------------|--------------------|--------------|--------------------------------|
| Company | % Held | Fair Value | Book Value | Fair Value Reserve | Equity | Profit / (Loss) for the period |
| CAPWATT, S.G.P.S., S.A. | 100.00% | | 2,725,000 | | 8,022,003 | 5,294,092 |
| Fundo Esp de Invest. Imob Fechado WTC | 59.57% | | 42,271,519 | | 71,389,116 | 3,137,593 |
| Troiaresort, SGPS, S.A. | 100.00% | | 167,132,793 | | 79,543,780 | (2,001,159) |
| Interlog - SGPS, S.A. | 98.94% | | 21,658,210 | | 21,852,988 | 30,161 |
| Lidergraf - Artes Gráficas, SA. | 24.50% | | 1,125,301 | | 7,558,348 | 1,233,982 |
| SC Assets S.G.P.S., SA | 100.00% | | 25,577,659 | | 13,821,956 | (3,476,518) |
| SC Hospitality, S.G.P.S., S.A. | 100.00% | | 5,857,175 | | 6,746,620 | 305,336 |
| SC Finance B.V. | 100.00% | | 263,698 | | (10,836,784) | (964,510) |
| SC Industrials, S.G.P.S., S.A. | 100.00% | | 34,575,100 | | 13,873,988 | 12,673,988 |
| Race, SGPS, S.A. | 70.00% | | 32,492,436 | | 40,650,733 | (239,599) |
| Solinca - Health & Fitness, S.A. | 100.00% | | 14,446,494 | | 975,503 | (244,941) |
| Spred, S.G.P.S., S.A. | 100.00% | | 13,846,529 | | 227,094 | 84,120 |
| Total | | | 361,971,915 | | | |

impairment losses

| | |
|-------------------------|-------------------|
| SC Assets S.G.P.S., SA | 21,565,892 |
| Interlog - SGPS, S.A. | 36,864 |
| Troiaresort, SGPS, S.A. | 19,344,286 |
| Spred, S.G.P.S., S.A. | 12,719,962 |
| Total | 53,667,004 |

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Investments carried at cost correspond to those in unlisted companies and for which a fair value cannot be reliably estimated.

Impairment tests on financial investments were performed in 2016, based on external valuations of the real estate of group companies or DCF methodology, to assess the fair value of such investments.

These assessments use discount rates that correspond to the weighted average rates of the cost of capital (WACC), calculated on the basis of the business type in which they operate and its target capital structures, and are in the range [7.2% - 10.1%]. 5 years projections were considered and growth rates in perpetuity were considered void.

As a result of this impairment tests as at 30 June 2017 and 31 December 2016, the detail of Impairments on Investments in Affiliated and Associated Companies is as shown in the table below.

| | 30 June 2017 | 31 December 2016 | Variation |
|------------------------|---------------------|---------------------|-----------|
| Spred, SGPS, SA | (12,719,962) | (12,719,962) | - |
| Interlog - SGPS,S.A. | (36,864) | (36,864) | - |
| Troiareort, SGPS, S.A. | (19,344,286) | (19,344,286) | - |
| SC Assets SGPS SA | (21,565,892) | (21,565,892) | - |
| | <u>(53,667,004)</u> | <u>(53,667,004)</u> | - |

5. OTHER NON-CURRENT ASSETS

As at 30 June 2017 and 31 December 2016, other non-current assets are detailed as follows:

| | 30 June 2017 | 31 December 2016 |
|-----------------------------------|--------------------|--------------------|
| Loans granted to group companies: | | |
| SC Assets, SGPS, SA | 177,691,228 | 177,691,228 |
| Troiareort, S.G.P.S., SA | 135,742,637 | 135,742,637 |
| SC Finance BV | 5,885,000 | 5,885,000 |
| Solinca - Health & Fitness, SA | 2,529,000 | 2,940,222 |
| SC Hospitality SGPS SA | 9,971,000 | 9,971,000 |
| SC Industrials SGPS SA | 688,000 | 688,000 |
| | <u>332,506,865</u> | <u>332,918,086</u> |
| Deferred costs - Non Current | | |
| Financing charges | 82,813 | - |
| | <u>332,589,677</u> | <u>332,918,086</u> |

These assets were not due or impaired as at 30 June 2017. The fair value of loans granted to Group companies is basically the same as their book value.

Loans to group companies interest at market rates and are repayable within a period exceeding one year. The interest rate as at 30 June 2017 stood, in average, at approximately 2.980%.

The deferred costs relate to the deferral of the financial charges associated with the bank loans obtained, by their due dates.

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Individual Financial Statements

6. OTHER CURRENT ASSETS and INCOME TAX

As at 30 June 2017 and 31 December 2016, other current assets and Income tax are made up as follows:

| | <u>30 June 2017</u> | <u>31 December 2016</u> |
|-----------------------|---------------------|-------------------------|
| Other Debtors - Group | 2,277,942 | 1,417,349 |
| Loans granted | 66,159,508 | 33,034,900 |
| Other Debtors | 1,176,584 | 55,192 |
| Accrued income | 5,630,740 | 8,608,007 |
| Deferred costs | 473,677 | 383,062 |
| | <u>75,718,451</u> | <u>43,498,510</u> |
| | | |
| Income tax withheld | <u>2,189,643</u> | <u>2,163,794</u> |
| | <u>77,908,094</u> | <u>45,662,304</u> |

The balance registered at Other Debtors - Group is related to the values transferred from subsidiaries under the IRC regime (RETGS).

As at 30 June 2017 and 31 December 2016, the item Loans Granted is related to financial operations with the following subsidiaries:

| | <u>30 June 2017</u> | <u>31 December 2016</u> |
|--------------------------------|---------------------|-------------------------|
| Loans to group companies | | |
| SC Assets, SGPS, SA | 3,500,280 | 59,000 |
| CAPWATT, SGPS, S.A. | 41,504,700 | 13,225,200 |
| Inparvi SGPS, SA | 85,545 | 68,000 |
| SC, SGPS, S.A. | 14,320,574 | 13,943,600 |
| Solinca - Health & Fitness, SA | - | 703,400 |
| Spred SGPS SA | 808,000 | 2,523,500 |
| Troiaresort, S.G.P.S., SA | 5,940,409 | 2,512,200 |
| | <u>66,159,508</u> | <u>33,034,900</u> |

Loans to group companies interest at market rates and are repayable within a period inferior to one year. The interest rate as at 30 June 2017 stood, in average, at approximately 1.870%.

The item Other Debtors includes as at 30 June 2017 the amount 1,155,121 euro related to the credit acquired from its subsidiary Spred SGPS SA and related to the settlement of the sale price of the stake in the company, Box Lines Navegação SA, in previous years.

The amount recorded in the accrued income includes 5,574,394 euro relating to interest on loans granted to subsidiaries as well as 56,346 euro relating to commissions of guarantees given to subsidiaries.

Deferred costs include 425,510 euro relating to bank charges, which are deferred over the loan period.

Income Tax

Under current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except if there have been tax losses or tax benefits, or ongoing tax inspections or claims. In these cases, and depending on the circumstances, the time limits are extended or suspended. In this way the Company tax return, from the years 2014 to 2017, could still be subject to review. However, in the opinion of the Company's Board of Directors, it is not expected that any correction relating to the said financial years will be significant for the consolidated financial statements as at 30 June 2017.

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The Company is subject to the special regime for the taxation of groups of companies (RETGS) provided for in Article 69 and following of the IRC Code, integrating the taxation group, which is the mother company.

In the fiscal year 2017, the Company is subject to taxation on Corporate Income Tax at the normal rate of 21%, plus municipal taxes at a maximum rate of 1.5%.

In addition, on the part of the taxable profit of more than 1,500,000 euros subject to and not exempt from Corporate Income Tax, the following state levy fees are levied: 3% over 1,500,000 euros and less than 7,500,000 euros; 5% on the upper part to 7,500,000 euros and up to 35,000,000 euros; and 7% that is levied on the part of the taxable income that exceeds 35,000,000 euros.

Under the terms of Article 88 of the Portuguese Income Tax Code, the company is also subject to autonomous taxation on a set of charges at the rates provided for in the mentioned article.

The Corporate income tax rate in force for 2017 is 21%.

As at 30 June 2017 and 31 December 2016, the item Income tax is made up as follows:

| | 30 June 2017 | 31 December 2016 |
|-------------------------------|------------------|------------------|
| Income tax withheld | 1,589,286 | 1,325,486 |
| Income tax (advanced payment) | 1,466,143 | 1,374,287 |
| Income tax | <u>(865,786)</u> | <u>(535,979)</u> |
| | <u>2,189,643</u> | <u>2,163,794</u> |

7. DEFERRED TAXES

Deferred tax assets and liabilities as at 30 June 2017 and 31 December 2016 can be detailed as follows, split between the different types of temporary differences:

| | Deferred tax assets | | Deferred tax liabilities | |
|----------------------------|---------------------|------------------|--------------------------|------------------|
| | 30 June 2017 | 31 December 2016 | 30 June 2017 | 31 December 2016 |
| Tax losses carried forward | 14,314,699 | 14,314,699 | - | - |

The movements in deferred tax assets and liabilities for the periods ended 30 June 2017 and 31 December 2016 were as follows:

| | Deferred tax assets | | Deferred tax liabilities | |
|----------------------------|---------------------|-------------------|--------------------------|------------------|
| | 30 June 2017 | 31 December 2016 | 30 June 2017 | 31 December 2016 |
| Opening balance | 14,314,699 | 8,275,218 | - | - |
| Effect in results | | | | |
| Tax losses carried forward | - | 6,039,482 | - | - |
| Others | - | - | - | - |
| | <u>14,314,699</u> | <u>14,314,701</u> | <u>-</u> | <u>-</u> |
| Effect in reserves: | - | - | - | - |
| Closing balance | <u>14,314,699</u> | <u>14,314,701</u> | <u>-</u> | <u>-</u> |

In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 30 June 2017 and 31 December 2016, tax losses carried forward can be summarized as follows:

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| | 30 June 2017 | | | 31 December 2016 | | |
|-------------------|-------------------|---------------------|------------------|-------------------|---------------------|------------------|
| | Tax losses | Deferred tax assets | To be used until | Tax losses | Deferred tax assets | To be used until |
| Generated in 2013 | 61,175 | 12,847 | 2018 | 61,175 | 12,847 | 2018 |
| Generated in 2014 | 13,536,168 | 2,842,595 | 2026 | 13,536,168 | 2,842,595 | 2026 |
| Generated in 2015 | 47,663,128 | 10,009,257 | 2027 | 47,663,128 | 10,009,257 | 2027 |
| Generated in 2016 | 6,904,762 | 1,450,000 | 2028 | 6,904,762 | 1,450,000 | 2028 |
| Generated in 2017 | - | - | 2022 | - | - | 2022 |
| | <u>68,165,233</u> | <u>14,314,699</u> | | <u>68,165,233</u> | <u>14,314,699</u> | |

The constitution of deferred tax assets was based on the analysis of the relevance of its recognition, notably as regards the possibility of their recovered, given the prospects for medium and long term of the company.

The deferred tax assets recognized resulting from fiscal losses are recorded to the extent that it is probable that taxable profit will occur in the future.

The valuation of deferred tax assets is based on the business plans of the Group companies, periodically reviewed and updated.

Since fiscal year 2014, most of the Group's subsidiaries, based in Portugal, are part of the perimeter of the taxed Corporate Group in accordance with the Special Taxation Regime for Company Groups (RETGS), whose parent company is the Sonae Capital, SGPS, SA. Gains generated by the application of this tax regime are allocated to Sonae Capital, SGPS, SA.

The analysis carried out on 30 June 2017, resulted that there is reasonable expectation of recovery of deferred tax assets recorded before their date of expiry.

8. CASH AND CASH EQUIVALENTS

As at 30 June 2017 and 31 December 2016, cash and cash equivalents can be detailed as follows:

| | 30 June 2017 | 31 December 2016 |
|--|------------------|-------------------|
| Cash | - | - |
| Bank deposits | 9,414,399 | 27,861,181 |
| Cash and cash equivalents in the balance sheet | <u>9,414,399</u> | <u>27,861,181</u> |
| Bank overdrafts | - | - |
| Cash and cash equivalents in the cash flow statement | <u>9,414,399</u> | <u>27,861,181</u> |

9. EQUITY

The share capital of Sonae Capital, SGPS, SA both in June 2017 and December 2016 is represented by 250,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each.

As at 30 June 2017, Sonae Capital, SGPS, SA holds 4,783,433 own shares representing 1.913% of the share capital (5,516,226 shares at 31 December 2016), recorded by 1,305,839 euros (1,404,226 euros at 31 December 2016) (Note 10).

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10. RESERVES

As at 30 June 2017 and 31 December 2016 the caption Other Reserves can be detailed as follows:

| | 30 June 2017 | 31 December 2016 |
|--------------------|--------------------|--------------------|
| Free reserves | 157,176,745 | 172,772,616 |
| Demerger reserve | 132,638,253 | 132,638,253 |
| Own shares reserve | 1,305,839 | 1,404,226 |
| | <u>291,120,837</u> | <u>306,815,095</u> |

Free Reserves: These reserves result from the transfer of the positive results obtained in retained exercises and can be distributed to shareholders provided they are not required to cover losses.

The overall value of the demerger reserve (Note 1), representing the difference between the book value of the stake in SC, SGPS, SA (382,638,252 euros) which was highlighted Sonae, SGPS, SA for the Company and the amount of capital social Society (250,000,000 euros) which is comparable to the legal Reserve, according to the Companies Code, may not be distributed to the shareholders except in the event of liquidation of the Company, but may be used to absorb accumulated losses, after other reserves are exhausted, or can be incorporated into capital.

Legal Reserve: Under the law, at least 5% of annual net profit is positive, should be allocated to the legal reserve until it represents 20% of the share capital. This reserve is not distributable except in the event of liquidation of the company, but can be used to absorb losses after the other reserves, or increase capital. On 30 June 2017 the value of this item amounts to 10,510,080 Euros (December 2016: 10,073,164 Euros).

Reserve own shares: This reserve, established in accordance with article 342 of the CSC, is the same amount of the own shares value held by the company. This reserve is unavailable while the own shares are in possession of the company.

11. LOANS

As at 30 June 2017 and 31 December 2016 this caption included the following loans:

| | 30 June 2017 | | 31 December 2016 | |
|---|-------------------|-------------------|------------------|-------------------|
| | Current | Non Current | Current | Non Current |
| Bank loans | | | | |
| Sonae Capital SGPS - commercial paper a) | 4,000,000 | - | - | - |
| Sonae Capital SGPS - commercial paper b) | 10,000,000 | - | - | - |
| Sonae Capital SGPS - commercial paper c) | - | 15,000,000 | - | - |
| Sonae Capital SGPS - commercial paper d) | - | - | - | 20,000,000 |
| Sonae Capital SGPS - commercial paper e) | 4,500,000 | - | - | - |
| Sonae Capital SGPS - commercial paper f) | - | 10,000,000 | - | - |
| Up-front fees not yet charged to income statement | - | (266,219) | - | (420,335) |
| | <u>18,500,000</u> | <u>24,733,781</u> | <u>-</u> | <u>19,579,665</u> |
| Bank overdrafts (Note 8) | - | - | - | - |
| | <u>18,500,000</u> | <u>24,733,781</u> | <u>-</u> | <u>19,579,665</u> |
| Bond Loans | | | | |
| Sonae Capital 2016/2021 Bonds g) | - | 15,000,000 | - | 15,000,000 |
| Sonae Capital 2014/2019 Bonds h) | - | 42,500,000 | - | 42,500,000 |
| Up-front fees not yet charged to income statement | - | (323,807) | - | (392,289) |
| | <u>-</u> | <u>57,176,193</u> | <u>-</u> | <u>57,107,711</u> |
| | <u>18,500,000</u> | <u>81,909,974</u> | <u>-</u> | <u>76,687,376</u> |

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- a) Commercial paper program launched on 28 March 2008 and valid for a period of 10 years, and may be extended on the initiative of Sonae Capital. Emissions placed with investors and / or financial institutions supported by committed credit lines with terms between 6 months and one year, contracted with relationship banks.
- b) Commercial paper program, with guarantee of subscription, started on June 30, 2017 with annual renewals, unless denounced by either party.
- c) Commercial paper program, with guaranteed by subscription, started on March 31, 2011 and valid until August 2019. This loan is secured by mortgage on real estate.
- d) Commercial paper program, with guaranteed by subscription, started on June 23, 2016, valid for a period of 5 years, with annual amortizations.
- e) Commercial paper program, with guaranteed subscription beginning on December 31, 2013 with annual automatic renewals up to a maximum of seven years and six months, unless notice is given by either party.
- f) Commercial paper program, guaranteed by subscription, started on February 24, 2017, valid until February 2023, with semiannual amortizations beginning in 2019.
- g) Bond loan Sonae Capital SGPS - 2016/2021 in the amount of 15,000,000 euro, with a 5 year maturity, and a sole reimbursement on 29 July 2021. This bond loan pays interest every six months.
- h) Bond loan Sonae Capital, SGPS 2014/2019, repayable after 5 years, in one instalment, on 28 May 2019. This bond issue pays interest every six months.

The interest rate on bank loans and bonds in force on 30 June 2017 was on average 2.303%.

Bank loans pay interest rates that are indexed to the Euribor market rates of the period, and its fair value is considered close to its book value.

In case of any Bank institution or commercial paper investor do not renew, at the maturity date, its respective loans, the Group has credit lines available to overcome such renewables.

There are no derivative instruments.

12. OTHER CREDITORS

As at 30 June 2017 and 31 December 2016 other creditors can be detailed as follows:

| | <u>30 June 2017</u> | <u>31 December 2016</u> |
|------------------------------------|---------------------|-------------------------|
| <u>Other creditors</u> | | |
| Group companies - Short term loans | 68,667,157 | 75,502,700 |
| Other creditors | 1,407,810 | 1,306,240 |
| | <u>70,074,967</u> | <u>76,808,940</u> |

As at 30 June 2017 and 31 December 2016 the caption loans granted is relative to financial operations granted to the following subsidiaries:

| | <u>30 June 2017</u> | <u>31 December 2016</u> |
|---|---------------------|-------------------------|
| Group companies - Short term loans: | | |
| Interlog-SGPS,SA | 21,851,200 | 21,856,000 |
| SC Industrials,SGPS,S.A. | 24,646,000 | 37,421,000 |
| SC For - Serv. de For. e Desenv. de Recur. Hu | 20,800 | 19,700 |
| Race, SGPS, S.A. | 19,006,400 | 13,074,500 |
| SC Hospitality SGPS SA | 2,678,893 | 3,131,500 |
| Solinca - Health & Fitness, SA | 463,864 | - |
| | <u>68,667,157</u> | <u>75,502,700</u> |

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Loans obtained from group companies bear interest at market rates and are repayable within one year. The interest rate as at 30 June 2017 was, in average, approximately 0.080%.

The item Other Creditors - other, there are included 1,385,452 euros regarding transfers from subsidiaries of tax estimates under the special regime RETGS.

13. SUPLIERS, TAXES, OTHER NON CURRENT AND CURRENT LIABILITIES

As at 30 June 2017 and 31 December 2016 these items were as follows:

| | 30 June 2017 | | 31 December 2016 | |
|-----------------------------|------------------|----------------|------------------|----------------|
| | Current | Non current | Current | Non current |
| Trade creditors | 136,271 | - | 92,536 | - |
| Taxes payable - income tax | - | - | - | - |
| Taxes payable - other taxes | 47,734 | - | 70,975 | - |
| Other current liabilities | - | - | - | - |
| Accruals: | - | - | - | - |
| Staff costs | 618,793 | 198,028 | 664,870 | 360,486 |
| Interest payable | 354,709 | - | 379,457 | - |
| Other accruals | 44,198 | - | 73,119 | - |
| Deferred income | 703 | - | 4,919 | - |
| | <u>1,066,136</u> | <u>198,028</u> | <u>1,193,340</u> | <u>360,486</u> |

As at 30 June 2017 and 31 December 2016 interest payable can be detailed as follows:

| | 30 June 2017 | 31 December 2016 |
|------------------------------------|----------------|------------------|
| Interest payable | | |
| Bank Loans | 317,877 | 371,182 |
| Group companies - Short term loans | 36,832 | 8,275 |
| | <u>354,709</u> | <u>379,457</u> |

As at 30 June 2017 and 31 December 2016 the Income tax and Other taxes can be detailed as follows:

| | 30 June 2017 | 31 December 2016 |
|------------------------------------|---------------|------------------|
| Income taxation | - | - |
| Income taxation - amounts withheld | 24,962 | 42,921 |
| VAT | 69 | 55 |
| Social security contributions | 22,703 | 27,998 |
| Stamp tax | - | - |
| | <u>47,734</u> | <u>70,975</u> |

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14. EXTERNAL SUPPLIES AND SERVICES

As at 30 June 2017 and 2016 External Supplies and services can be detailed as follows:

| | <u>30 June 2017</u> | <u>30 June 2016</u> |
|---------------------|---------------------|---------------------|
| Operational rents | (21.645) | (4.830) |
| Insurance costs | (19.953) | (20.941) |
| Travelling expenses | (26.274) | (25.754) |
| Services obtained | (558.944) | (427.882) |
| Other services | (43.514) | (7.085) |
| | <u>(670.329)</u> | <u>(486.491)</u> |

In services obtained, stands out the amounts in heading fee of shared services, of 92,006 euros (2016: 130,969 euros) and heading Holding cost with the amount of 331,661 euros (2016: 208,210 euros), invoiced by subsidiary SC Sociedade de Consultadoria, SA.

15. STAFF COSTS

As at 30 June 2017 and 2016, staff costs were made up as follows:

| | <u>30 June 2017</u> | <u>30 June 2016</u> |
|---------------------------------------|---------------------|---------------------|
| Governing bodies' remunerations | (607,493) | (533,981) |
| Staff and other sectors remunerations | (292,961) | (32,744) |
| Compensation | (42,935) | - |
| Social security contributions | (95,977) | (78,644) |
| Other staff costs | (10,084) | (2,327) |
| | <u>(1,049,450)</u> | <u>(647,696)</u> |

In 2017 the average number of employees was 1 (one) (2016: 1 one).

16. NET FINANCIAL EXPENSES AND INVESTMENT INCOME

As at 30 June 2017 and 30 June 2016, Net Financial Expenses and Investment Income can be detailed as follows:

| | <u>30 June 2017</u> | <u>30 June 2016</u> |
|---|---------------------|---------------------|
| Interest payable and similar expenses | | |
| Interest arising from: | | |
| Bank loans | (135,748) | (1,230,245) |
| Bonds | (976,367) | (867,914) |
| Other | (28,795) | (90,986) |
| Other financial expenses | (738,253) | (1,363,491) |
| | <u>(1,879,163)</u> | <u>(3,552,635)</u> |
| Interest receivable and similar income | | |
| Interest income | 5,527,075 | 9,447,876 |
| | <u>5,527,075</u> | <u>9,447,876</u> |
| Net financial expenses | <u>3,647,912</u> | <u>5,895,241</u> |
| Reversal of /and Impairment losses (Note 4.1) | - | (6,744,800) |
| Dividends received | 18,122,785 | 34,791,098 |
| Losses on financial investments | 31,877 | - |
| Other income | 1,053,753 | 778,316 |
| Investment income | <u>19,208,415</u> | <u>28,824,614</u> |

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As at 30 June 2017, the amount mentioned in “Interest arising from other” refers in its entirety to interest on current loans obtained from group companies.

As at 30 June 2017, the amount mentioned in “interest receivable and similar income” includes interest on loans granted to group companies amounting to 5,526,121 euros.

As at 30 June 2017, the amount mentioned in “Other financial expenses” refers to commissions incurred with the assembly and management of bank loans and bonds.

As at 30 June 2017, the amount mentioned in “Other income” relates to income received from the WTC Fund.

17. OTHER OPERATIONAL PROFIT AND OTHER OPERATIONAL EXPENSES

As at 30 June 2017 and 2016 these items were as follows:

| | <u>30 June 2017</u> | <u>30 June 2016</u> |
|---|---------------------|---------------------|
| Operational profit | | |
| Other supplementary income - guarantees commissions (Note 21) | 54,131 | 49,141 |
| Others | 429 | 4,895 |
| | <u>54,560</u> | <u>54,036</u> |
| Operational expenses | | |
| Indirect taxes | (27,965) | (92,549) |
| Others | (1) | (184) |
| | <u>(27,967)</u> | <u>(92,733)</u> |

18. TAXATION

As at 30 June 2017 and 2016, Taxation was made up as follows:

| | <u>30 June 2017</u> | <u>30 June 2016</u> |
|-----------------------|---------------------|---------------------|
| Current tax (Note 6) | 531,375 | 142,789 |
| Deferred tax (Note 7) | - | - |
| | <u>531,375</u> | <u>142,789</u> |

As stated in Note 6, the Company is taxable according to the RETGS.

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19. EARNINGS PER SHARE

Earnings per share for the periods ended 30 June 2017 and 2016 were calculated taking into consideration the following amounts:

| | 30 June 2017 | 30 June 2016 |
|--|--------------------|--------------------|
| Net profit | | |
| Net profit taken into consideration to calculate basic earnings per share (Net profit for the period) | 21,693,576 | 33,689,005 |
| Effect of dilutive potential shares | - | - |
| Net profit taken into consideration to calculate diluted earnings per share | <u>21,693,576</u> | <u>33,689,005</u> |
| Number of shares | | |
| Weighted average number of shares used to calculate basic earnings per share | 247,345,810 | 246,740,156 |
| Weighted average number of shares used to calculate diluted earnings per share | <u>247,345,810</u> | <u>246,740,156</u> |
| Earnings per share (basic and diluted) | <u>0.087705</u> | <u>0.136536</u> |

20. COMPLIANCE WITH LEGAL REQUIREMENTS

Art 5 nr 4 of Decree-Law nr 495/88 of 30 December changed by art 1 of Decree-Law nr 318/94 of 24 December.

In the period ended 30 June 2017 there are no shareholders' loan contracts.

In the period ended 30 June 2017 short-term loan contracts were entered with the companies: Companhia Térmica Tagol, Lda.; Capwatt Maia-Heat Pow.,SA; Capwatt Martim Longo,SA; Capwatt Vale de Caima-H.P,SA; Capwatt ACE;; QCE-D.Fab.Equipamentos, SA;; Sistavac SA Matosinhos; Soberana Invest.Imobil.SA; Troiamarket, SA; The House Ribeira Hotel SA; Soternix-Prod.Energia,ACE; Golftime - Golfe e Inv. Turisticos SA; Troiaresort SA; Tulipamar-Expl.Hoteleira Imob.SA; Imoresort - Sociedade Imobiliária, S.A.; Marmagno - Expl.Hoteleira Imob.,SA; Atlantic Ferries-Tráf.Loc,Flu.e Marít.SA; Marina de Tróia, SA; Aqualuz Tróia - Exploração Hoteleira e Imobiliária SA; RACE - Refrigeration & Air Conditioning Engineering, S.A.; Sôtaqua - Soc. de Empreend. Turisticos and Imopenínsula - Sociedade Imobiliária, SA

As at 30 June 2017 amounts due by affiliated companies can be summarized as follows:

Loans and Short term loans granted

| Companies | Closing Balance |
|--------------------------------|--------------------|
| SC Assets, SGPS, SA | 181,191,508 |
| SC Hospitality, SGPS, SA | 9,971,000 |
| CAPWATT, SGPS, S.A. | 41,504,700 |
| Inparvi SGPS, SA | 85,545 |
| SC Finance BV | 5,885,000 |
| SC, SGPS, S.A. | 14,320,574 |
| Solinca - Health & Fitness, SA | 2,529,000 |
| Troiaresort, S.G.P.S., SA | 141,683,046 |
| SC Industrials SGPS, SA | 688,000 |
| Spred SGPS SA | <u>808,000</u> |
| | <u>398,666,372</u> |

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As at 30 June 2017 amounts due to affiliated companies can be summarized as follows:

Short term loans obtained

| Companies | Closing Balance |
|--|-------------------|
| Interlog-SGPS,SA | 21,851,200 |
| SC - Industrials,SGPS,S.A. | 24,646,000 |
| SC For - Serv. de For. e Desenv. de Recur. Hum., Unipe., Lda | 20,800 |
| Race, SGPS, S.A. | 19,006,400 |
| SC Hospitality SGPS SA | 2,678,893 |
| Solinca - Health & Fitness, SA | 463,864 |
| | <u>68,667,157</u> |

21. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 30 June 2017.

22. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on 28 July 2017.

Board of Directors