

SONAE INVESTIMENTOS, SGPS, SA

**Head Office: Rua João Mendonça, 529 – 4464-501 Senhora da
Hora**

Share Capital 1,000,000,000 Euro

Porto Commercial Registry and Fiscal Number 501 532 927

REPORT AND ACCOUNTS

31 March 2017

Management Report

Sonae Investimentos – S.G.P.S., S.A.

In accordance with Portuguese Law and the company's articles of association, we hereby present the management report of Sonae Investimentos - S.G.P.S., S.A. for the first three months of 2017.

Activity evolution for the period

During the course of the first three months of 2017, the consolidated turnover of Sonae Investimentos totalled 1,247 million euros, which corresponds to an increase of 5.8% when compared to the same period of the previous year. Performance benefited from the increased contributions of Sonae MC, Sports & Fashion and Worten, which have more than compensated the lower turnover of Sonae RP, resulting from sale and leaseback (S&LB) transactions over the course of 2016.

The Company's operating cash-flow (EBITDA) reached 49 million euros, representing a decrease of 58 million euros versus last year. Regardless the positive contribution of Worten and Sports & Fashion, enhanced by the consolidation of Salsa and by an improvement in other businesses of Sports & Fashion, this evolution was negatively influenced by the non-recurrent items which included the capital gains of sale and leaseback transactions occurred during 2016.

Overall, EBITDA margin stood at 4.0% of turnover, decreasing -5.1p.p. comparing to 3M16. Operating results (EBIT) amounted to 4 million euros in the period, decreasing when compared to the first three months of 2016 driven by the aforementioned effects.

Sonae Investimentos consolidated net result in the first three months of 2017 totalled -7 million euros, behind last year comparable period.

Overall, it should be mentioned that the performance of retail businesses during first quarter 2017 was highly hampered by the adverse calendar effect, with one less day in February, one less weekend and Easter appearing only in April.

By the end of March, Sonae Investimentos operated in an overall portfolio of 1,628 stores, corresponding to a sales area of 1,167 thousand sqm. During this period, Sonae Sports & Fashion continued to consolidate its store networks, which also includes Salsa stores.

Outlook

Sonae Investimentos strategic guidelines privilege growth and the strengthening of the value proposition based on a continued investment in efficiency and innovation. This positioning, consistently adopted by the Company, has allowed for the combination of strong growth rhythms with strong profitability benchmarks, and once again will be at the basis of the Company's performance during the course of the next months.

Methodological note

The consolidated financial information contained in this report was prepared in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the European Union. The financial information regarding quarterly figures was not subject to audit procedures.

Maia, 15 of May 2017

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Luis Miguel Mesquita Soares Moutinho

Luis Miguel Vieira de Sá da Mota Freitas

Luis Filipe Campos Dias de Castro Reis

Glossary

Turnover

Sale of articles + services rendered;

EBITDA

“Underlying EBITDA” + share of results in joint ventures and associated undertakings+ non-recurrent items;

“Underlying” EBITDA

total direct income - total expenses - reversal of impairment losses;

Direct EBIT

Direct EBT - financial results;

Direct EBT

Direct results before non-controlling interests and taxes;

Direct income

Results excluding contributions to indirect income;

Indirect income

Includes arising from: (i) impairment of real estate assets for retail, (ii) decrease in goodwill, (iii) provisions (net of tax) for possible future liabilities and impairments related with non-core financial investments, businesses, discontinued assets (or be discontinued / repositioned), (iv) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (v) other irrelevant issues.

Investments (CAPEX)

Investments in tangible and intangible assets and investments in acquisitions;

Working Capital

customer debts (receivables derived from the normal course of the Group’s activities) – suppliers (amount payable resulting from purchases derived from the normal course of the Group’s activities) + inventories (goods booked at acquisition cost, less quantity discounts and impairment losses) + other assets and liabilities (State and other public entities + associated companies + accruals and prepayments + deferred taxes + provisions for risks and charges + fixed asset suppliers + sundry debtors and creditors)

Net Invested capital

Total net debt + total shareholder funds

**Condensed consolidated
financial statements**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017 AND 2016 AND 31 DECEMBER 2016

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

ASSETS	Notes	31 March 2017	31 March 2016 Restated (Note 3)	31 December 2016
NON-CURRENT ASSETS:				
Tangible assets	5	1,607,206,499	1,517,435,690	1,606,784,467
Intangible assets	6	332,464,918	229,509,456	332,952,435
Goodwill	7	542,341,507	498,530,956	542,341,507
Investments in joint ventures and associates	8	52,402,917	47,246,636	51,061,618
Other investments	9	10,900,930	12,496,708	10,910,647
Deferred tax assets	12	49,209,919	57,476,269	49,861,522
Other non-current assets	10	15,876,738	11,241,726	15,315,834
Total Non-Current Assets		2,610,403,428	2,373,937,441	2,609,228,030
CURRENT ASSETS:				
Inventories		692,206,759	616,534,021	696,012,657
Trade account receivable and other current assets	11	337,317,180	340,769,292	299,418,239
Investments	9	688,118	647,934	4,207,972
Cash and cash equivalents	13	73,323,185	86,724,274	119,726,191
Total Current Assets		1,103,535,242	1,044,675,521	1,119,365,059
Assets held for sale	14	-	-	19,522,549
TOTAL ASSETS		3,713,938,670	3,418,612,962	3,748,115,638
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	15	1,000,000,000	1,000,000,000	1,000,000,000
Own shares		(320,000,000)	(320,000,000)	(320,000,000)
Reserves and retained earnings		(15,107,194)	(57,780,244)	(53,307,887)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		(7,363,828)	31,504,564	80,471,632
Equity attributable to the equity holders of the Parent Company		657,528,978	653,724,320	707,163,745
Equity attributable to non-controlling interests	16	84,662,964	53,120,116	85,020,788
TOTAL EQUITY		742,191,942	706,844,436	792,184,533
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	17	800,946,288	574,933,559	623,570,841
Other non-current liabilities	19	422,078,144	437,731,216	420,960,111
Deferred tax liabilities	12	103,772,213	69,277,027	102,935,155
Provisions	22	16,125,607	11,999,220	16,006,272
Total Non-Current Liabilities		1,342,922,252	1,093,941,022	1,163,472,379
CURRENT LIABILITIES:				
Loans	17	140,325,770	162,924,031	186,327,715
Trade creditors and other current liabilities	21	1,485,290,140	1,452,083,523	1,591,200,267
Provisions	22	3,208,566	2,819,950	3,204,001
Total Current Liabilities		1,628,824,476	1,617,827,504	1,780,731,983
Liabilities held for sale	14	-	-	11,726,743
TOTAL LIABILITIES		2,971,746,728	2,711,768,526	2,955,931,105
TOTAL EQUITY AND LIABILITIES		3,713,938,670	3,418,612,962	3,748,115,638

The accompanying notes are part of these condensed consolidated financial statements.

The Board of Directors

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017 AND 2016

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 March 2017	31 March 2016
Sales		1,221,944,017	1,159,732,285
Services rendered		25,149,698	19,248,104
Investment income investments recorded at fair value through profit		-	1,582
Financial income		1,143,743	497,979
Other income	24	169,619,777	226,992,004
Cost of goods sold and materials consumed		(1,012,997,942)	(971,613,205)
Changes in stocks of finished goods and work in progress		(31,362)	64,391
External supplies and services		(164,458,010)	(149,302,668)
Staff costs		(172,458,070)	(161,460,865)
Depreciation and amortisation	5 and 6	(45,518,114)	(40,209,805)
Provisions and impairment losses		(628,802)	(7,361,739)
Financial expense		(12,969,308)	(16,503,786)
Other expenses		(15,592,132)	(16,404,306)
Share of results of joint ventures and associated companies	8	(1,595,973)	(750,579)
Profit/(Loss) before taxation		(8,392,478)	42,929,392
Taxation	25	1,814,134	(10,585,477)
Profit/(Loss) after taxation		(6,578,344)	32,343,915
Attributable to:			
Equity holders of the Parent Company		(7,363,828)	31,504,564
Non-controlling interests	16	785,484	839,351
Profit/(Loss) per share			
Basic	27	(0.008182)	0.035005
Diluted	27	(0.008182)	0.035005

The accompanying notes are part of these condensed consolidated financial statements.

The Board of Directors

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 MARCH 2017
AND 2016**

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

<i>(Amounts expressed in euro)</i>	31 March 2017	31 March 2016
Net Profit / (Loss) for the period	(6,578,344)	32,343,915
Items that maybe reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	133,119	(115,208)
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method (Note 8.3)	131,772	414,888
Changes in hedge and fair value reserves	(2,911,925)	(2,112,051)
Deferred taxes related with other components of comprehensive income	609,368	515,237
Others	-	-
Other comprehensive income for the period	(2,037,666)	(1,297,134)
Total comprehensive income for the period	(8,616,010)	31,046,781
Attributable to:		
Equity holders of parent company	(9,350,016)	30,238,935
Non controlling interests	734,006	807,846

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The Board of Directors

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 MARCH 2017 AND 2016

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

<i>(Amounts expressed in euro)</i>	Share Capital	Own Shares	Legal Reserve	Reserves and Retained Earnings				Total	Net Profit/ (Loss)	Total	Non controlling Controlling Interests (Note 16)	Total Equity
				Currency translation Reserve	Hedging Reserve	Legal Reserves in accordance with article 342º CSC	Other Reserves and Retained Earnings					
Balance as at 1 January 2016 Restated	1,000,000,000	(320,000,000)	170,940,266	345,388	(239,492)	320,000,000	(577,639,207)	(86,593,045)	70,039,847	663,446,802	52,292,885	715,739,687
Total comprehensive income for the period	-	-	-	(125,300)	(1,555,217)	-	414,888	(1,265,629)	31,504,564	30,238,935	807,846	31,046,781
Appropriation of profit of 2015												
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	70,039,847	70,039,847	(70,039,847)	-	-	-
Dividends distributed	-	-	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)	(114,810)	(40,114,810)
Partial disposal or acquisitions of affiliated companies	-	-	-	-	-	-	39,064	39,064	-	39,064	134,197	173,261
Others	-	-	-	-	-	-	(481)	(481)	-	(481)	(2)	(483)
Balance as at 31 March 2016 Restated	1,000,000,000	(320,000,000)	170,940,266	220,088	(1,794,709)	320,000,000	(547,145,889)	(57,780,244)	31,504,564	653,724,320	53,120,116	706,844,436
Balance as at 1 January 2017	1,000,000,000	(320,000,000)	170,940,266	541,768	1,948,405	320,000,000	(546,738,326)	(53,307,887)	80,471,632	707,163,745	85,020,788	792,184,533
Total comprehensive income for the period	-	-	-	131,563	(2,249,522)	-	131,772	(1,986,187)	(7,363,828)	(9,350,016)	734,006	(8,616,010)
Appropriation of profit of 2016												
Transfer to legal reserves and retained earnings	-	-	3,905,502	-	-	-	76,566,130	80,471,632	(80,471,632)	-	-	-
Dividends distributed	-	-	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)	-	(40,000,000)
Income distribution	-	-	-	-	-	-	-	-	-	-	(111,750)	(111,750)
Partial disposal or acquisitions of affiliated companies	-	-	-	-	-	-	(287,862)	(287,862)	-	(287,862)	(980,014)	(1,267,876)
Others	-	-	-	-	-	-	3,110	3,110	-	3,111	(66)	3,045
Balance as at 31 March 2017	1,000,000,000	(320,000,000)	174,845,768	673,331	(301,117)	320,000,000	(510,325,176)	(15,107,194)	(7,363,828)	657,528,978	84,662,964	742,191,942

The accompanying notes are part of these condensed consolidated financial statements.

The Board of Directors

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2017 AND 2016

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	Notes	31 March 2017	31 March 2016
OPERATING ACTIVITIES			
Net cash flow from operating activities (1)		(110,148,714)	(157,369,939)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments		21,009,032	-
Tangible assets and investment properties	8 and 9	1,366,392	229,972,175
Interests and similar income		438,199	278,505
Others		-	1,581
		22,813,623	230,252,261
Cash Payments arising from:			
Investments		(1,370,397)	(374,015)
Tangible assets and investment properties		(86,497,297)	(69,647,156)
		(87,867,694)	(70,021,171)
Net cash used in investment activities (2)		(65,054,072)	160,231,090
FINANCING ACTIVITIES			
Cash receipts arising from:			
Investments		537,500	173,261
Loans obtained		1,316,592,869	1,311,645,404
		1,317,130,369	1,311,818,665
Cash Payments arising from:			
Loans obtained		(1,188,877,501)	(1,308,777,235)
Interests and similar charges		(2,746,252)	(3,029,529)
Others		(3,812)	(424,372)
		(1,191,627,565)	(1,312,231,136)
Net cash used in financing activities (3)		125,502,804	(412,470)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(49,699,982)	2,448,681
Effect of foreign exchange rate		(34,874)	183,937
Cash and cash equivalents at the beginning of the period	13	101,996,613	76,441,012
Cash and cash equivalents at the end of the period	13	52,331,505	78,705,756

The accompanying notes are part of these condensed consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2017

(Amounts expressed in euro)

*(Translation of condensed consolidated financial statements originally issued in Portuguese.
In case of discrepancies the Portuguese version prevails.)*

1 INTRODUCTION

Sonae Investimentos, SGPS, SA, has its head-office at Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Portugal, and is the parent company of a group of companies, as detailed in Notes 8 and 31 the Sonae Investimentos Group ("Sonae Investimentos"). Sonae Investimentos's operations and operating segments are described in Note 4.

2 PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those used in the preparation of the consolidated financial statements for the period ended as at 31 December 2016.

Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable to economic period beginning on 1 January 2017, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Standards Interpretations Committee ("IFRS - IC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as at the consolidated financial statements issuance date.

Interim financial statements are presented quarterly, in accordance with IAS 34 - "Interim Financial Reporting".

The accompanying condensed consolidated financial statements have been prepared from the books and accounting records of the Company, subsidiaries and joint ventures adjusted in the consolidation process, on a going concern basis and under the historical cost convention, except for financial instruments which are stated at fair value.

New accounting standards and their impact on the consolidated financial statements:

The following standards, interpretations, amendments and revisions were endorsed by the European Union and have mandatory application in future economic exercises:

With mandatory application after 2017:	Effective Date (for financial years beginning on or after)
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IFRS 9 - Financial instruments (establishes the new requirements regarding the classification and measurement of financial assets and liabilities, the methodology for calculating impairment and for the application of hedge accounting rules)	01 Jan 2018
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IFRS 15 - Revenue from contracts with customers (introduces a principles-based revenue recognition framework based on a template to be applied to all contracts with customers)	01 Jan 2018
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The Group did not proceed to earlier adoption of any of these standards on the financial statements for the period ended on the 31 March 2017, since their application is not yet mandatory. The impacts of the above mentioned standards are being analysed by the Group.

The following standards, interpretations, amendments and revisions haven't been, until the date of approval of these financial statements, endorsed by the European Union:

With mandatory application after 2017:	Effective Date (for financial years beginning on or after)
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IFRS 14 – (Regulatory Deferral Accounts)	01 Jan 2016
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IFRS 16 –Leases - (recognition and measurement principles)	01 Jan 2019
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IFRS 10 and IAS 28 (amendment) - (eliminate the conflict between the standards, related to the sale or contribution of assets between the investor and the associated or between the investor and the joint venture)	To be defined
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IAS 12 (amendment) - Income taxes (clarify the conditions for recognition and measurement of tax assets resulting from unrealized losses)	01 Jan 2017
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IAS 7 (amendment) - Statement of cash flows (introducing additional disclosures related to cash flows from financing activities)	01 Jan 2017
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IFRS 15 (amendment) - Revenue from contracts with customers (various clarifications are introduced in the standard to eliminate the possibility of divergent interpretations of various topics)	01 Jan 2018
IFRS 2 (amendment) - Share-based payments (various clarifications are included in the standard relating to the recording of cash-settled share-based payment transactions, (ii) recording changes to share-based payment transactions (Of net settled to equity settlement), (iii) the classification of transactions with net settlement characteristics)	01 Jan 2018
IFRS 4 (amendment) - Insurance contracts (provides guidance on the application of IFRS 4 in together with IFRS 9)	01 Jan 2018
IFRS 40 (amendment) - Investment properties (clarify that the change in classification from or to investment property should only be made when there is evidence of a change in the use of the asset)	01 Jan 2018
Annual Improvements to IFRS (cycle 2014-2016)	01 Jan 2017 and 01 Jan 2018
IFRIC 22 - Transactions in foreign currency and advances (establish the date of the initial recognition of the advance or deferred income as the date of the transaction for determining the exchange rate of the recognition of the revenue)	01 Jan 2018

The Group did not proceed to earlier adoption of any of these standards on the financial statements for the period ended on the 31 March 2017, due to the fact that their application is not mandatory, lying in the process of analyzing expected effects of those standards that, with exception of IFRS 16 are not expected to reflect significant impacts.

3 RESTATEMENT OF FINANCIAL STATEMENT

The Losan Group is a multinational group and the parent company based in Spain, specializes in the wholesale business of children's wear. This acquisition aimed to improve skills in the supply chain and strengthen international capacity expansion of Sonae through wholesale channels. These companies were incorporated in the consolidated financial statements as at 31 December 2015 period from which Sonae began to exercise control over its activities.

Given the proximity of the acquisition at the end of the year 2015, only in the course of 2016 was it possible to complete the fair value calculation exercise and Goodwill calculation. The impact of the restatement in the statement of financial position as at 31 March 2016 can be analysed as follows:

Amounts in thousands of euros	31 March 2016		
	Before the restatement	Adjustments to fair value	After the restatement
Assets			
Tangible and Intangible assets	1,722,254	24,691	1,746,945
Goodwill	517,491	(18,960)	498,531
Investments	59,743	-	59,743
Deferred tax assets	57,251	225	57,476
Other non-current assets	11,242	-	11,242
Non-current assets	2,367,981	5,956	2,373,937
Inventories	616,534	-	616,534
Trade account receivables	64,744	(400)	64,344
Other debtors	275,008	1,417	276,425
Investments	648	-	648
Cash and cash equivalents	86,724	-	86,724
Current assets	1,043,659	1,017	1,044,676
Total assets	3,411,640	6,973	3,418,612
Liabilities			
Loans	574,934	-	574,934
Other non-current liabilities	437,731	-	437,731
Deferred tax liabilities	63,204	6,073	69,277
Provisions	11,099	900	11,999
Non-current liabilities	1,086,968	6,973	1,093,941
Loans	162,924	-	162,924
Other current liabilities	1,454,903	-	1,454,903
Total current liabilities	1,617,827	-	1,617,827
Total liabilities	2,704,795	6,973	2,711,768
Shareholders' funds excluding non-controlling interests	653,724	-	653,724
Non-controlling interests	53,120	-	53,120
Total shareholders' funds	706,844	-	706,844
Total shareholders' funds and liabilities	3,411,640	6,973	3,418,613

The fair value was determined through various valuation methodologies for each type of asset or liability, based on the best information available. The main adjustments to fair value made under this process were:

- (i) Wholesale customer portfolio (+13.1 million euro), valued based on the discounted cash-flow methodology, using discount rates based on the weighted average cost of the segment's capital (11%), where Companies are included and considering an average retention rate of customers (84% based on historical data). These portfolios will be amortized on a straight-line basis based on the estimated average retention period of customers (10 years);
- (ii) Losan brand (+11.6 million euros), valued based on the released royalty methodology and for which no defined life was identified; and
- (iii) Contingent liabilities relating to present liabilities amounting to 0.9 million euro;

4 SEGMENT INFORMATION

Sonae Investimentos is a group of retail and has five segments:

- Sonae MC is the food retail unit, operating 41 Continente hypermarkets, 129 Continente Modelo supermarkets, 77 convenience stores Bom Dia, 256 stores operated under franchise Meu Super and 200 parapharmacy Well's;
- Worten that is included in the top 3 of Iberian electronic players, counting on a portfolio of 233 physical stores in Iberia;
- Sports&Fashion directly operating 377 own stores sports and clothing products, combined with a franchise network;
- Sonae RP is the retail real estate unit which actively manages properties of Sonae, composed mainly of stores operating under the brand Continente and under other brands of Sonae;
- Maxmat is a company that operates in the retail DIY products, building and garden.

These operating segments have been identified taking into consideration that each of these segments have separate identifiable revenues and costs, separate financial information is produced, and its operating results are reviewed by management on which it makes decisions.

The list of Group companies and their businesses are detailed in Note 31.

4.1 Financial information by business segment

The main operating segment information as at 31 March 2017, 2016 and 31 December 2016 can be detailed as follows:

31 March 2017	Turnover	Depreciation and amortisation	Provisions and impairment losses	EBIT
Sonae MC	854,715,239	23,720,639	92,641	5,773,815
Worten	217,706,859	6,529,882	185,913	(5,258,512)
Sports & Fashion	144,396,413	8,368,229	350,248	(8,907,818)
Sonae RP	22,921,431	6,097,838	-	13,957,097
Maxmat	16,994,235	458,239	-	188,072
Others, eliminations and adjustments	(9,640,462)	343,288	-	(2,125,537)
Total consolidated	1,247,093,715	45,518,114	628,802	3,627,117

31 March 2016	Turnover	Depreciation and amortisation	Provisions and impairment losses	EBIT
Sonae MC	829,682,081	21,867,449	217,234	8,258,392
Worten	216,493,836	6,064,784	95,372	(6,191,099)
Sports & Fashion	114,727,340	5,565,991	449,133	(10,805,131)
Sonae RP	24,395,643	5,889,902	6,600,000	72,592,989
Maxmat	15,367,778	503,278	-	(161,089)
Others, eliminations and adjustments	(21,686,290)	318,401	-	(4,571,629)
Total consolidated	1,178,980,389	40,209,805	7,361,739	59,122,433

	Investment (CAPEX)		Invested capital	
	31 March 2017	31 March 2016	31 March 2017	31 December 2016
Sonae MC	28,292,422	34,917,109	687,886,548	562,784,619
Worten	6,031,500	5,672,532	(25,907,272)	(53,491,326)
Sports & Fashion	7,699,229	7,144,755	380,027,369	372,504,176
Sonae RP	8,450,769	8,938,718	913,901,992	930,735,887
Maxmat	349,741	105,823	34,790,278	33,050,597
Others, eliminations and adjustments	(151,675)	(280,998)	8,662,063	22,457,694
Total consolidated	50,671,986	56,497,938	1,999,360,978	1,868,041,646

The intra-groups of the turnover can be analyzed by following:

Turnover	31 March 2017 Inter-group	31 March 2016 Inter-group
Sonae MC	(567,175)	(440,435)
Worten	(1,703,558)	(1,066,811)
Sports & Fashion	(10,124,503)	(8,218,044)
Sonae RP	(21,108,226)	(21,757,003)
Total consolidated	(33,503,462)	(31,482,293)

The caption " Others, eliminations and adjustments " can be analyzed as follows:

	Turnover		EBIT	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Inter-segment income	(33,503,462)	(31,482,293)	-	-
Equity method (Note 8.3)	-	-	(1,595,973)	(750,579)
Contribution from companies not included in the segments	-	-	404,792	(1,385,214)
Others	23,863,000	9,796,003	(934,356)	(2,435,836)
Others, eliminations and adjustments	(9,640,462)	(21,686,290)	(2,125,537)	(4,571,629)

	Investment		Invested capital	
	31 March 2017	31 March 2016	31 March 2017	31 December 2016
Investments and loans granted	-	-	53,054,036	51,712,737
Contribution from companies not included in the segments	-	-	1,989,311	8,308,455
Others	(151,675)	(280,998)	(46,381,284)	(37,563,498)
Others, eliminations and adjustments	(151,675)	(280,998)	8,662,063	22,457,694

All performance measures are reconciled to the financial statements in note 28.

Glossary:

Net Invested capital = Total net debt + total shareholder funds;

Net debt = Bonds + bank loans + other loans + shareholder loans + financial leases - cash, bank deposits, current investments.

Other eliminations and adjustments = Intra-groups + consolidation adjustments + contributions from other companies not included in the disclosed segments by do not fit in any reportable segment, ie are included in addition to Sonae Investimentos SGPS companies identified as "Other" in Note 31;

Investments (CAPEX) = Gross Investment in tangible and intangible assets and investments in acquisitions.

5 TANGIBLE ASSETS

During the three month period ended at 31 March 2017 and 2016, the movements in tangible assets as well as accumulated depreciation and impairment losses are made up as follows:

	Tangible assets				
	Land and buildings	Plant and machinery	Other tangible assets	Tangible assets in progress	Total tangible assets
Gross assets:					
Opening balance as at 1 January 2017	1,368,650,242	1,424,680,843	201,951,455	30,457,184	3,025,739,724
Acquisitions	673,905	757,718	446,394	39,035,549	40,913,566
Disposals	(288,131)	(14,324,342)	(1,412,740)	(999,052)	(17,024,265)
Exchange rate effect	1,153	1,851	(11,357)	-	(8,353)
Transfers	1,344,737	32,818,389	4,135,075	(39,837,484)	(1,539,283)
Closing balance as at 31 March 2017	1,370,381,906	1,443,934,459	205,108,827	28,656,197	3,048,081,389
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2017	397,006,243	869,466,288	152,371,902	110,824	1,418,955,257
Depreciation of the period	5,558,165	27,352,087	4,267,423	-	37,177,675
Disposals	(282,664)	(13,425,911)	(1,331,877)	-	(15,040,452)
Exchange rate effect	543	-	(10,150)	-	(9,607)
Transfers	43,779	(38,772)	(212,990)	-	(207,983)
Closing balance as at 31 March 2017	402,326,066	883,353,692	155,084,308	110,824	1,440,874,890
Carrying amount as at 31 March 2017	968,055,840	560,580,767	50,024,519	28,545,373	1,607,206,499

	Tangible assets				Total tangible assets
	Land and buildings	Plant and machinery	Other tangible assets	Tangible assets in progress	
Gross assets:					
Opening balance as at 1 January 2016	1,339,900,206	1,319,040,930	180,728,612	24,060,810	2,863,730,558
Acquisitions	808,774	51,349	469,816	48,142,698	49,472,637
Disposals	(31,977,821)	(11,463,647)	(1,132,874)	(1,902,778)	(46,477,120)
Exchange rate effect	34,627	(23)	18,448	-	53,052
Transfers	6,991,198	28,212,193	3,134,884	(37,654,683)	683,592
Closing balance as at 31 March 2016	1,315,756,984	1,335,840,802	183,218,886	32,646,047	2,867,462,719
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2016	367,696,952	816,708,115	140,185,808	-	1,324,590,875
Depreciation of the period	4,876,509	25,622,875	3,881,204	-	34,380,588
Impairment losses for the period (Note 22)	6,600,000	-	-	-	6,600,000
Disposals	(4,956,061)	(9,466,713)	(1,069,740)	-	(15,492,514)
Exchange rate effect	33,656	-	16,487	-	50,143
Transfers	346,629	(284,064)	(164,628)	-	(102,063)
Closing balance as at 31 March 2016	374,597,685	832,580,213	142,849,131	-	1,350,027,029
Carrying amount as at 31 March 2016	941,159,299	503,260,589	40,369,755	32,646,047	1,517,435,690

The investment includes the acquisition of assets of approximately 40.9 million euro (49.5 million euro as at 31 March 2016), associated with the opening and remodeling of stores.

During the period ended as at 31 March 2016, several sale and leaseback transactions were accounted for by the Group. The accounting values of the disposed assets, approximately, 170.1 million euro, correspond to 16 real estate food retail assets located in Portugal and 3 Worten stores in Spain. These operations resulted in a cash inflow of 230 million euro and generated a net capital gain of approximately, 62.7 million euro (Note 24).

The most significant values under the caption "Tangible assets in progress" refer to the following projects:

	31 March 2017	31 March 2016
Refurbishment and expansion of stores located in Portugal	24,878,161	27,278,839
Refurbishment and expansion of stores located in Spain	1,131,165	437,825
Projects of stores for which advance payments were made	1,196,000	2,743,500
Others	1,340,047	2,185,883
	28,545,373	32,646,047

The caption "Impairment losses for tangible assets" can be detailed as follows:

	Land and Buildings	Plant and Machinery	Other tangible assets	Tangible assets in progress	Total tangible assets
Impairment losses					
Opening balance as at 1 January 2017	90,802,912	28,067,641	555,437	110,824	119,536,814
Disposals	-	(2,581,045)	(31,708)	-	(2,612,753)
Transfers	-	(8,575)	(34,948)	-	(43,523)
Closing balance as at 31 March 2017 (Note 22)	90,802,912	25,478,021	488,781	110,824	116,880,538

6 INTANGIBLE ASSETS

During the three month period ended at 31 March 2017 and 2016, the movements in intangible assets as well as accumulated depreciation and impairment losses are made up as follows:

	Intangible assets			
	Patents and other similar rights	Other intangible assets	Intangible assets in progress	Total intangible assets
Gross assets				
Opening balance as at 1 January 2017	166,652,955	378,595,941	27,309,726	572,558,622
Acquisitions	1,000	191,451	8,306,748	8,499,199
Disposals	(92,263)	(4,950)	(342,120)	(439,333)
Exchange rate effect	(16,235)	5,388	-	(10,847)
Transfers	78,332	3,437,909	(3,777,118)	(260,877)
Closing balance as at 31 March 2017	166,623,789	382,225,739	31,497,236	580,346,764
Accumulated depreciation and impairment losses				
Opening balance as at 1 January 2017	28,141,659	211,464,528	-	239,606,187
Depreciation of the period	508,279	7,832,160	-	8,340,439
Disposals	(54,663)	(59)	-	(54,722)
Exchange rate effect	(12,713)	2,874	-	(9,839)
Transfers	-	(219)	-	(219)
Closing balance as at 31 March 2017	28,582,562	219,299,284	-	247,881,846
Carrying amount as at 31 March 2017	138,041,227	162,926,455	31,497,236	332,464,918

	Intangible assets			
	Patents and other similar rights	Other intangible assets	Intangible assets in progress	Total intangible assets
Gross assets				
Opening balance as at 1 January 2016	104,002,453	284,976,051	26,896,520	415,875,024
Fair value of acquired assets (Note 3)	11,559,000	13,132,000	-	24,691,000
Opening balance as at 1 January 2016 Restated	115,561,453	298,108,051	26,896,520	440,566,024
Acquisitions	48,000	80,536	6,845,316	6,973,852
Disposals	(90,464)	(11,254)	(185,983)	(287,701)
Exchange rate effect	(4,394)	28,192	-	23,798
Transfers	83,178	5,239,610	(5,865,301)	(542,513)
Closing balance as at 31 March 2016 Restated	115,597,773	303,445,135	27,690,552	446,733,460
Accumulated depreciation and impairment losses				
Opening balance as at 1 January 2016	27,000,338	184,475,276	-	211,475,614
Depreciation of the period	214,363	5,614,854	-	5,829,217
Disposals	(90,464)	(2,103)	-	(92,567)
Exchange rate effect	(3,202)	14,494	-	11,292
Transfers	-	448	-	448
Closing balance as at 31 March 2016	27,121,035	190,102,969	-	217,224,004
Carrying amount as at 31 March 2016 Restated	88,476,738	113,342,166	27,690,552	229,509,456

7 GOODWILL

Goodwill is allocated to each of the operating segment and within each segment to each of the homogeneous groups of cash generating units.

Goodwill is allocated to each operating business segment, Sonae MC, Worten and Sports & Fashion, being afterwards distributed by each homogenous group of cash generating units, namely to each insignia within each segment and country, distributed by country and each of the properties in case of operating segment Sonae RP.

On 31 March 2017 and 31 December 2016, the caption “Goodwill” was made up as follows by insignia and country:

	31 March 2017			
	Portugal	Spain	Other countries	Total
Sonae MC	435,108,109	-	-	435,108,109
Worten	53,422,018	-	-	53,422,018
Sports & Fashion	50,721,927	-	-	50,721,927
Sonae RP	3,089,453	-	-	3,089,453
	542,341,507	-	-	542,341,507

	31 December 2016			
	Portugal	Spain	Other countries	Total
Sonae MC	435,108,109	-	-	435,108,109
Worten	53,422,018	-	-	53,422,018
Sports & Fashion	50,626,432	95,495	-	50,721,927
Sonae RP	3,089,453	-	-	3,089,453
	542,246,012	95,495	-	542,341,507

On 31 March 2017 and 2016, the movements in the caption goodwill as well as in the corresponding impairment losses, are as follows:

	31 March 2017	31 March 2016
Gross value:		
Opening balance	549,983,175	526,058,679
Re-allocation of Goodwill to fair value of assets acquired (Note 3)	-	(18,960,204)
Opening balance restated	549,983,175	507,098,475
Other variations	-	(925,851)
Closing balance	549,983,175	506,172,624
Accumulated impairment losses:		
Opening balance	7,641,668	7,641,668
Increases	-	-
Closing balance	7,641,668	7,641,668
Carrying amount	542,341,507	498,530,956

8 INVESTMENTS IN JOINT VENTURES AND ASSOCIATE COMPANIES

8.1 Detail of the book value of investments in joint ventures and associated companies

The Joint Venture and Associates, their head offices, percentage of share capital held and the value of the statement of financial position as at 31 March 2017 and 31 December 2016 are as follows:

Company	Head Office	Percentage of capital held				Statement of financial position	
		31 March 2017		31 December 2016		31 March 2017	31 December 2016
		Direct*	Total*	Direct*	Total*		
¹⁾ Sohi Meat Solutions - Distribuição de Carnes	Santarém	50.00%	50.00%	100.00%	100.00%	2,782,243	-
Investments in joint ventures						2,782,243	-
APOR- Agência para a Modernização do Porto, SA	Porto	22.75%	22.75%	22.75%	22.75%	267,518	323,194
MDS SGPS, SA (consolidated)	Maia	47.53%	47.53%	47.53%	47.53%	40,744,998	41,382,361
MOVVO, SA	Porto	25.58%	25.58%	25.58%	25.58%	2,657,529	2,793,649
S2 Mozambique, SA	Maputo	30.00%	30.00%	30.00%	30.00%	1,399,100	1,406,711
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	1,306,458	1,338,322
Ulabox, S.L.	Barcelona	39.18%	39.18%	39.18%	39.18%	3,245,071	3,817,381
Investments in associated companies						49,620,674	51,061,618
Total						52,402,917	51,061,618

* the percentage of capital held "Total" is the total percentage of interest held by the parent company's shareholders; the percentage of capital held "Direct" corresponds to the percentage that subsidiary(ies) which hold(s) a participation, hold(s) this participation directly in the share capital of that company;

¹⁾ Sohi Meat Solutions, results from the agreement signed on 3 January 2017, the date on which a Joint Venture was formed between Sonae MC and Hilton Food Group. Since then, Sohimeat has been consolidated using the equity method due the loss of control (Note 14).

Joint ventures and associated companies were included in the consolidated financial statements by the equity method.

8.2 Summary financial information of financial investments

8.2.1 Joint ventures

Summary financial information of joint ventures can be analyzed as follows:

	Sohi Meat
Joint Ventures	31 March 2017
Assets	
Tangible and Intangible assets	15,980,018
Deferred tax assets	131,502
Non-current assets	16,111,520
Trade account receivables	32,588,580
Cash and cash equivalents	5,057,472
Other current assets	11,784,799
Current assets	49,430,851
Total assets	65,542,371
Liabilities	
Other non-current liabilities	277,829
Non-current liabilities	277,829
Trade creditors	50,766,730
Other current liabilities	9,013,763
Total current liabilities	60,058,322
Shareholders' funds excluding non-controlling interests	5,206,220
Total equity and liabilities	65,542,371

	Sohi Meat
Joint Ventures	31 March 2017
Total revenue	60,555,808
Other income	7,607,068
	68,162,876
External supplies and services	(1,936,361)
Staff costs	(1,711,345)
Operational expenses	(64,304,263)
	(67,951,969)
Financial results	37
Income taxation	(48,174)
Consolidated net income/(loss) for the year	162,770
Other comprehensive income for the period	-
Total comprehensive income for the period	162,770

8.2.2 Associated companies

Summary financial information of associated companies can be analyzed as follows:

	31 March 2017				
Associated Companies	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	S2 Mozambique	Others
Non-current assets	61,647,605	1,100,968	1,249,773	3,669,341	985,923
Current assets	14,093,756	10,230,366	1,206,126	2,615,865	3,371,241
Non-current liabilities	23,942,409	-	-	94,196	2,240,946
Total current liabilities	21,588,040	5,734,938	1,609,023	1,474,007	1,007,149
Shareholders' funds excluding non-controlling interests	30,210,912	5,596,396	846,876	4,717,004	1,109,069

	31 December 2016				
Associated Companies	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	S2 Mozambique	Others
Non-current assets	61,968,120	1,205,266	1,176,547	3,517,781	986,708
Current assets	18,759,708	10,371,548	1,662,970	1,838,977	3,316,322
Non-current liabilities	24,013,978	-	-	-	2,240,946
Total current liabilities	25,520,031	6,223,527	531,941	667,722	977,842
Shareholders' funds excluding non-controlling interests	31,193,819	5,353,287	2,307,575	4,689,036	1,084,243
	31 March 2017				
Associated Companies	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	S2 Mozambique	Others
Turnover	11,331,579	12,279,909	2,361,562	1,783,914	216,896
Other operational income	99,294	723,466	99,522	46,363	21,697
Operational expenses	(12,468,715)	(12,690,830)	(3,364,452)	(2,740,915)	(1,115,791)
Net financial expense	(264,549)	1,813	-	204,866	(4,994)
Share of results of joint ventures and associated companies	3,689	-	-	-	-
Taxation	27,092	(71,250)	-	(46,530)	-
Consolidated net income/(loss) for the period	(1,271,610)	243,108	(903,368)	(752,302)	(882,191)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	(1,271,610)	243,108	(903,368)	(752,302)	(882,191)
	31 March 2016				
Associated Companies	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	Outros	
Turnover	9,833,357	11,657,044	1,639,863	10,815	
Other operational income	143,826	882,216	-	-	
Operational expenses	(10,139,671)	(12,307,530)	(2,468,849)	(89,401)	
Net financial expense	(358,532)	2,991	-	-	
Taxation	3,318	(53,371)	-	-	
Consolidated net income/(loss) for the period	(517,702)	181,350	(828,986)	(78,586)	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	(517,702)	181,350	(828,986)	(78,586)	

8.3 Movements occurred in the period

During the period ended at 31 March 2017 and 2016, movements in investments in joint ventures and associates are as follows:

	31 March 2017			31 March 2016		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Joint ventures						
Initial balance as at January,1	-	-	-	-	-	-
Change of consolidation method Equity method:	2,703,451	-	2,703,451	-	-	-
Effect in gain or losses in joint ventures	78,792	-	78,792	-	-	-
	2,782,243	-	2,782,243	-	-	-
Associated companies						
Initial balance as at January,1	22,403,095	28,658,523	51,061,618	21,073,725	26,508,602	47,582,327
Acquisitions during the period	102,049	-	102,049	-	-	-
Equity method:						
Effect in gain or losses in associated companies	(1,674,765)	-	(1,674,765)	(750,579)	-	(750,579)
Other effects on reserves	131,772	-	131,772	414,888	-	414,888
Total	23,744,394	28,658,523	52,402,917	20,738,034	26,508,602	47,246,636

The value of the "Change in consolidation method for the loss of control" in the amount of 2,703,451 euro refers to Sohi Meat Solutions- Distribuição de Carnes, SA. This company results from the agreement signed on 3rd January 2017, the date on which a Joint Venture was formed between Sonae MC and Hilton Food Group PLC through a capital increase of this Group in Sohi Meat. Since then, Sohi Meat has been consolidated using the equity method (Note 14).

9 OTHER INVESTMENTS

Other non-current investments, their head offices, percentage of share capital held and book value as at 31 March 2017 and 31 December 2016, are as follows:

Company	Head Office	Percentage of capital held				Statement of financial position	
		31 March 2017		31 December 2016		31 March 2017	31 December 2016
		Direct	Total	Direct	Total		
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	14.28%	14.28%	14.28%	14.28%	9,976	9,976
Inscó - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	925,197	925,197
Other investments						9,965,757	9,975,474
						10,900,930	10,910,647

As at 31 March 2017 the caption "Other investments" includes, among others, 9,956,041 euro (9,966,231 euro in 31 December 2016) related to deposited amounts on an Escrow Account which is applied in investment funds with superior rating, which is a guarantee for contractual liabilities assumed in the disposal of a Brazil Retail business and for which provisions were recorded in the applicable situations (Note 22 and 23).

As at 31 March 2017 and 31 December 2016, the movements in "Other investments" made up as follows:

	31 March 2017		31 March 2016	
	Non Current	Current	Non Current	Current
Other investments:				
Opening balance as at 1 January	10,910,647	-	12,164,765	-
Increases in the period	473	-	336,083	-
Decreases in the period	(10,190)	-	-	-
Increase/(Decrease) in fair value	-	-	(4,140)	-
Closing balance as at 31 March	10,900,930	-	12,496,708	-
Derivative financial instruments				
Fair value as at 1 January	-	4,207,972	-	2,506,086
Increase/(Decrease) in fair value	-	(3,519,854)	-	(1,858,152)
Fair value as at 31 March (Note 18)	-	688,118	-	647,934
Total of Other Investments	10,900,930	688,118	12,496,708	647,934

10 OTHER NON-CURRENT ASSETS

As at 31 March 2017 and 31 December 2016, "Other non-current assets" are detailed as follows:

	31 March 2017	31 December 2016
Loans granted to related parties	651,119	651,119
Trade accounts receivable and other debtors		
Bails (a)	4,938,783	5,043,273
Legal deposits (b)	789,723	762,246
Special regime for payment of tax and social security debts (c)	6,213,629	6,213,629
Amount receivable for selling the Modelo Cont.Seguros	2,450,000	2,450,000
Amount retained in the acquisition of the Salsa group	2,463,875	2,463,875
Others	37,863	45,864
	16,893,873	16,978,887
Accumulated impairment losses in other debtors (Note 22)	(2,498,383)	(2,450,000)
	14,395,490	14,528,887
Other non-current assets	830,129	135,828
	15,876,738	15,315,834

"Loans granted to related parties" refers to MDS SGPS, SA, these loans bear interest at market rates and have no defined maturity, since they are of a supply nature. It is estimated that its fair value does not differ significantly from its value in the statement of financial position.

Most significant values included in "Trade accounts receivable and other debtors" refers to:

- Amounts related with guarantees of lease contracts in group stores located in Spain, which have not matured until this date;
- Amounts related to legal deposits made by a Brazilian subsidiary, for which are recorded the correspondent liabilities in the caption "Other non-current liabilities" (Note 19), with no defined maturity;
- The amount disclosed as Special Regime for Payment of Tax and Social Security Debts corresponds to taxes paid, voluntarily, related to settlements of income tax on corporate income, which were already in judicial process. The judicial processes are still in progress, however the guarantees provided for the said processes were cancelled. No impairment loss was recorded since it is the Board of Directors

understanding that the claims presented will have a favourable end to Sonae, reason why they were not object of provision.

11 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at 31 March 2017 and 31 December 2016, "Trade accounts receivable and other current assets" are detailed as follows:

	31 March 2017	31 December 2016
Trade accounts receivable	91,359,241	82,195,661
Taxes recoverable	48,213,506	44,761,264
Granted loans to related companies	47,596,481	35,310,075
Other debtors		
Trade suppliers - debtor balances	42,574,471	41,190,501
Disposal of investments	40,000	21,585,746
VAT recoverable on real estate assets	4,427,002	3,723,869
Accounts receivable from the disposal of tangible fixed assets	2,327,293	2,303,985
Vouchers and gift cards	1,264,453	1,924,216
Other debtors	15,995,337	17,172,271
	66,628,556	87,900,588
Other current assets		
Commercial discounts	64,431,089	35,631,051
Insurance premiums paid in advance	7,461,953	5,690,303
Prepayments - Rents	7,478,544	7,220,792
Software licenses	1,374,707	1,998,476
Commissions to be received	1,229,205	1,678,933
Insurance indemnities	1,571,823	1,509,212
Condominiums management fee's	191,882	738,978
Interests to be received	589,985	558,540
Other current assets	13,807,140	9,204,854
	98,136,328	64,231,139
Accumulated impairment losses (Note 22)	(14,616,932)	(14,980,488)
	337,317,180	299,418,239

The caption "Granted loans to related companies" includes the amount of 47.6 million euro (35.3 million euro as at 31 December 2016) relating to the amount receivable from Sonae SGPS, SA resulting from the Inclusion of group companies in the special scheme for the taxation of groups of companies.

As at 31 December 2016, the caption "Disposal of financial investments" includes the amount of 21,009,032 euro related to the disposal of the subsidiary Imoconti which was received in 2017.

12 DEFERRED TAX

Deferred tax assets and liabilities as at 31 March 2017 and 31 December 2016 are as follows, taking into consideration its temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Difference between fair value and acquisition cost	4,524,608	4,524,608	35,921,827	35,887,692
Temporary differences on tangible and intangible assets	1,648,587	1,646,837	66,154,306	64,538,394
Provisions and impairment losses not accepted for tax purposes	20,415,944	21,189,836	-	-
Write off of tangible and intangible assets	25,524	25,524	44,232	44,232
Valuation of hedging derivatives	102,616	86,933	21,948	626,051
Revaluation of tangible assets	-	-	1,011,817	1,040,637
Tax losses carried forward	18,615,448	18,565,479	-	-
Reinvested capital gains/(losses)	-	-	322,855	329,611
Tax benefits	531,085	531,867	-	-
Others	3,346,107	3,290,438	295,228	468,538
	49,209,919	49,861,522	103,772,213	102,935,155

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

	31 March 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 2014	1,194,236	250,790	2026	1,194,236	250,790	2026
Generated in 2015	90,184	18,939	2027	90,184	18,939	2027
Generated in 2016	242,975	51,025	2028	242,980	51,025	2028
Generated in 2017	216,122	45,387	2029	-	-	
	1,743,517	366,141		1,527,400	320,754	
Without limited time use	72,854,031	18,249,307		72,840,938	18,244,725	
	74,597,548	18,615,448		74,368,338	18,565,479	

As at 31 March 2017 and 31 December 2016, the deferred taxes to be recognized arising from tax losses were evaluated. Deferred tax assets have only been recorded to the extent that future taxable profits will arise which might be offset against available tax losses or against deductible temporary differences. This assessment was based on the business plans of Sonae Investimentos companies, which are periodically reviewed and updated.

As at 31 March 2017 deferred tax assets related to tax losses generated in current and previous years, by Modelo Continente Hipermercados, S.A. Spanish Branch of Retail operating segment, amount to 14.1 million euro (14.1 million euro as at 31 December 2016). The mentioned tax losses can be recovered within the Income Tax Group established in Spain, according to Spanish law. Modelo Continente Hipermercados, S.A. Spanish Branch, as at 31 March 2017 and 31 December 2016, was the dominant entity within the group of companies taxed in accordance with the Spanish regime for taxing groups of companies.

As at 31 March 2017, there was tax losses carried forward, amounting to 303.8 million euro (295.1 million euro as at 31 December 2016) for which no deferred tax assets were recognized due to uncertainties of their future use.

	31 March 2017			31 December 2016		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use						
Generated in 2012	1,987,314	417,336	2017	2,099,873	440,973	2017
Generated in 2013	809,338	169,961	2018	809,338	169,961	2018
Generated in 2016	412	87	2028	412	87	2028
Generated in 2017	-	-	2029			
	<u>2,797,064</u>	<u>587,384</u>		<u>2,909,623</u>	<u>611,021</u>	
Without limited time use	300,954,458	76,782,346		292,183,274	74,572,733	
With a time limit different from the above mentioned	39,536	8,201		34,819	6,864	
	<u>303,791,058</u>	<u>77,377,931</u>		<u>295,127,716</u>	<u>75,190,618</u>	

13 CASH AND CASH EQUIVALENTS

As at 31 March 2017 and 31 December 2016 “Cash and cash equivalents” can be detailed as follows:

	31 March 2017	31 December 2016
Cash at hand	8,825,795	9,038,215
Bank deposits	64,486,453	110,676,690
Treasury applications	10,937	11,286
Cash and cash equivalents on the statement of financial position	<u>73,323,185</u>	<u>119,726,191</u>
Bank overdrafts (Note 17)	<u>(20,991,680)</u>	<u>(17,729,578)</u>
Cash and cash equivalents on the statement of cash flows	<u>52,331,505</u>	<u>101,996,613</u>

Bank overdrafts are disclosed in the statement of financial position under Current bank loans.

14 NON-CURRENT ASSETS HELD FOR SALE

In 2016 an agreement was reached between the Group and an entity specialized in the processing and packaging of meat with the objective of realizing a joint venture to operate the Meat Processing Center. This partnership was deal in January 2017, which is why as at 31 December 2016, we transferred the related assets and liabilities to the asset and liability items held for sale. The detail of these figures is as follows:

Amounts in euro	31 december 2016
Tangible and Intangible assets	17,057,018
Deferred tax assets	166,792
Inventories	1,850,977
Other current assets	445,762
Caixa e equivalentes de caixa	2,000
Assets available for sale	<u>19,522,549</u>
Other non-current liabilities	284,632
Trade creditors	2,802,583
Other current liabilities	8,639,528
Liabilities available for sale	<u>11,726,743</u>

15 SHARE CAPITAL

As at 31 March 2017, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares which do not hold right to any fixed income, with a nominal value of 1 Euro each.

As at 31 March 2017 and 31 December 2016, the subscribed share capital was held as follows:

Company	31 March 2017	31 December 2016
Sonae, SGPS, S.A.	25.029%	25.029%
Sonaecenter Serviços, SA	51.827%	51.827%
Sonae Investimentos, BV	13.142%	13.142%
Sonae MC-Modelo Continente, SGPS, SA	10.000%	10.000%
Libra Serviços, Lda	0.002%	0.002%

As at 31 March 2017, Efanor Investimentos, SGPS, S.A. and its subsidiaries held 52.48% of the share capital of Sonae, SGPS, S.A., which holds directly and indirectly 100% of the other entities who hold the company's share capital.

As at 31 March 2017 and 31 December 2016, Sonae Investimentos holds 10% of treasury shares. Following the mentioned acquisition free reserves amounting to the cost of the above mentioned shares were made unavailable, in accordance with commercial legislation (Art. 324 of "CSC"). The distribution of this reserve depends on the termination or disposal of the treasury shares.

16 NON-CONTROLLING INTERESTS

As at 31 March 2017 and 31 December 2016, non-controlling interests are detailed as follows:

	31 March 2017				
	Equity	Net Profit/ (Loss)	Statement of financial position	Proportion in income	Dividends/ Income received
Investments Funds	274,664,214	3,986,230	30,419,892	370,235	-
IVN - Serviços Partilhados, SA	61,048,619	676,094	30,524,310	338,047	-
Others	51,572,342	(194,707)	23,718,762	77,202	(111,750)
Total	387,285,175	4,467,617	84,662,964	785,484	(111,750)

	31 December 2016				
	Equity	Net Profit/ (Loss)	Statment of financial position	Proportion in income	Dividends/ Income received
Investments Funds	270,677,984	32,315,645	31,029,671	1,863,867	(1,235,677)
IVN - Serviços Partilhados, SA	60,453,882	5,930,459	30,226,941	2,965,230	-
Others	52,019,026	4,361,367	23,764,176	1,756,499	(114,810)
Total	383,150,892	42,607,471	85,020,788	6,585,596	(1,350,487)

Movements in non-controlling interests during the periods ended as at 31 March 2017 and 2016 are as follows:

	31 March 2017			
	Investments Funds	IVN - Serviços Partilhados, SA	Others	Total
Balance as at 1 January	31,029,671	30,226,941	23,764,176	85,020,788
Dividends distributed	-	-	(111,750)	(111,750)
Changes in shareholding interests	(980,014)	-	-	(980,014)
Exchange rate effect	-	-	1,490	1,490
Changes in hedge reserves	-	(40,678)	(12,356)	(53,034)
Profit for the period attributable to non-controlling interests	370,235	338,047	77,202	785,484
Closing balance	30,419,892	30,524,310	23,718,762	84,662,964

	31 March 2016		
	Investments Funds	Others	Total
Balance as at 1 January	30,390,421	21,902,464	52,292,885
Dividends distributed	-	(114,810)	(114,810)
Changes in shareholding interests	134,197	-	134,197
Exchange rate effect	-	10,091	10,091
Changes in hedge reserves	-	(41,598)	(41,598)
Profit for the period attributable to non-controlling interests	752,069	87,282	839,351
Closing Balance	31,276,687	21,843,429	53,120,116

17 LOANS

As at 31 March 2017 and 31 December 2016, "Loans" are made up as follows:

	31 March 2017		31 December 2016	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae Investimentos, SGPS, S.A. - commercial paper	100,000,000	300,000,000	148,000,000	121,000,000
Subsidiary of Sonae Investimentos 2014/2020	-	50,000,000	-	50,000,000
Subsidiary of Sonae Investimentos 2015/2020	-	55,000,000	-	55,000,000
Subsidiary of Sonae Investimentos 2015/2019	5,000,000	35,000,000	5,000,000	35,000,000
Others	5,135,270	18,787,758	6,678,849	20,540,714
	110,135,270	458,787,758	159,678,849	281,540,714
Bank overdrafts (Note 13)	20,991,680	-	17,729,578	-
Up-front fees beared with the issuance of loans	-	(235,206)	-	(265,801)
Bank loans	131,126,950	458,552,552	177,408,427	281,274,913
Bonds				
Bonds Sonae Investimentos /June 2013/ 2018	-	-	-	50,000,000
Bonds Sonae Investimentos SGPS/ December 2015/2020	-	50,000,000	-	50,000,000
Bonds Sonae Investimentos SGPS/ May 2015/2020	-	75,000,000	-	75,000,000
Bonds Sonae Investimentos SGPS/ December 2015/2020	-	30,000,000	-	30,000,000
Bonds Sonae Investimentos SGPS/ June 2016/2021	-	95,000,000	-	95,000,000
Bonds Sonae Investimentos SGPS/ September 2016/2021	3,000,000	12,000,000	3,000,000	12,000,000
Bonds IVN 2016/2023	5,000,000	30,000,000	5,000,000	30,000,000
Up-front fees beared with the issuance of loans	(1,483)	(1,813,630)	(1,483)	(1,993,142)
Bonds	7,998,517	340,186,370	7,998,517	340,006,858
Other loans	12,030	1,335,080	12,030	1,335,080
Derivative instruments (Note 18)	663,832	-	358,117	-
Other loans	675,862	1,335,080	370,147	1,335,080
Obligations under finance leases	524,441	872,286	550,624	953,990
	140,325,770	800,946,288	186,327,715	623,570,841

The average interest rate at 31 March 2017 of bonds and loans was 1.32% (1.44% on 31 December 2016). These bonds and bank loans bear interests at variable interest rates indexed to Euribor.

The derivative instruments are recorded at fair value (Note 18).

The repayment schedule of the nominal value of borrowings (including bank loans and obligations under finance leases) is summarized as follows:

	31 March 2017	31 December 2016
N+1	139,663,421	185,971,081
N+2	128,497,429	78,894,669
N+3	147,299,779	47,687,327
N+4	274,767,273	274,784,071
N+5	235,930,644	207,463,717
After N+5	16,500,000	17,000,000
	942,658,545	811,800,865

The maturities above were estimated in accordance with the contractual terms of loans and taking into account the expectation of Sonae Investimentos as to its amortisation date.

Under the credit facilities and commercial paper programs with firm commitments, the Group has 272 million euro credit facilities available to meet its liquidity requirements, as follows:

	31 March 2017		31 December 2016	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities	48,568,052	223,500,000	52,769,017	348,000,000
Agreed credit facilities	168,260,000	565,000,000	218,260,000	511,000,000

Additionally, as at 31 March 2017, Sonae Investimentos has, as detailed in Note 13 “Cash and cash equivalents”, the value of 73,323,185 euro (119,726,191 euro on 31 December 2016).

18 DERIVATIVES

Exchange rate derivatives

In what concerns financial risk management policy, Sonae Investimentos essentially uses exchange rate derivatives to hedge future cash flows that occur in the next 12 months.

Sonae Investimentos entered into several exchange rate forwards in order to manage its exchange rate exposure.

The fair value of exchange rate derivatives hedging instruments, calculated based on present market value of equivalent financial instruments of exchange rate, is 663,832 euro as liabilities (358,117 euro as at 31 December 2016) and 688,118 euro as assets (4,207,972 euro as at 31 December 2016).

The computation of the fair value of these financial instruments was made taking into consideration the present value at statement of financial position date of the forward settlement amount in the maturity date of the contract. The settlement amount considered in the valuation, is equal to the currency notional amount (foreign currency) multiplied by the difference between the contracted forward exchange rate and the forward exchange market rate at that date as at the valuation date.

Losses in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment were recorded directly in the income statement in the captions “Financial income” or “Financial expenses”.

Gains and losses for the year associated with the change in market value of derivative instruments are recorded under the caption "Hedging reserve" when considered cash flow hedging and when considered as fair value hedging are recorded under the caption “Financial income” or “Financial expenses”. The change in fair value of derivative instruments when considered speculation is recorded in the income statement under "Other expenses".

Interest rate derivatives

Sonae Investimentos does not have any interest rate hedging derivatives recorded as at 31 March 2017.

Interest rate and exchange rate derivatives

As at 31 March 2017 no contracts existed related to interest rate and exchange rate derivatives at the same time.

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets		Liabilities	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Hedging derivatives				
Exchange rate	688,118	4,207,972	663,832	358,117
	688,118	4,207,972	663,832	358,117

19 OTHER NON-CURRENT LIABILITIES

As at 31 March 2017 and 31 December 2016, the caption “Other non-current liabilities” is detailed as follows:

	31 March 2017	31 December 2016
Shareholders loans	400,020,093	400,001,807
Other non-current liabilities	1,806,389	1,044,316
Share based payments (Note 20)	1,222,186	1,759,823
Deferred of revenue from the sale of warranties extension	15,296,163	15,051,644
Accruals and deferrals	3,733,313	3,102,521
Other non-current liabilities	422,078,144	420,960,111

The caption “Shareholders loans” includes a subordinate bond loan, with a fixed interest rate, repayable after 10 years issued by Sonae Investimentos at market conditions on 28 December 2010 amounting to 400,000,000 euro corresponding to 8,000 bonds with a nominal value of 50,000 euro each, with a flat rate and repayment at the end of the loan period. The fair value of this loan on 31 March 2017 is 52,824 euro (52,994 euro as at 31 December 2016) per obligation having been determined based on discounted cash flows method and using as reference stock market values and there is no indication of impairment of the loan.

As at 31 March 2017, the caption “Other non-current liabilities” includes 638,021 euro (628,119 euro as at 31 December 2016) mainly refers to the estimated amounts to fulfil the legal and tax obligations of a Brazilian subsidiary which were considered appropriate to face up to future losses on lawsuits and for which legal deposits exist, which are recorded under the caption “Other non-current assets” (Note 10).

20 SHARE BASED PAYMENT PLANS

In 2017 and in previous years, Sonae Investimentos Group granted deferred performance bonuses to its directors and eligible employees. These are based on shares to be acquired at nil cost or with discount, three years after they were attributed to the employee. The purchase can be exercised during the period between the third anniversary of the grant date and the end of that year. The company has the choice to settle its responsibilities in cash instead of shares. The option can only be exercised if the employee still works for Sonae Group on the vesting date.

Liabilities arising from deferred performance bonuses as at 31 March 2017 and 31 December 2016 are made up as follows:

	Grant year	Vesting year	Number of participants	Number of shares		Fair Value	
				31 March 2017	31 December 2016	31 March 2017	31 December 2016
Shares							
	2014	2017	62	2,269,192	2,269,192	2,202,728	1,983,274
	2015	2018	74	1,605,213	1,717,914	1,627,891	1,501,457
	2016	2019	82	2,111,405	2,604,753	2,444,372	2,276,555
	2017	2020	82	3,169,176	-	2,444,372	-
Total				9,154,986	6,591,859	8,719,362	5,761,286

As at 31 March 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 has not yet vested:

	31 March 2017	31 December 2016
Staff costs	902,734	1,144,484
Recorded in previous years	3,743,097	2,598,612
	4,645,831	3,743,096
Other non-current liabilities (Note 19)	1,222,186	1,759,823
Other current liabilities (Note 21)	3,423,645	1,983,273
	4,645,831	3,743,096

The share based payment plan costs are recognized during the years between the grant and vesting date as staff costs.

21 TRADE CREDITORS AND OTHER CURRENT LIABILITIES

As at 31 March 2017 and 31 December 2016 the caption "Trade creditors and other current liabilities" can be detailed as follows:

	31 March 2017	31 December 2016
Trade creditors	1,013,919,575	1,123,715,076
Taxes payable	54,365,511	70,345,394
Other creditors		
Tangible asset suppliers	31,240,399	71,890,515
Related undertakings	90,378,672	44,396,659
Other debts	40,909,040	39,551,618
	162,528,111	155,838,792
Other current liabilities		
Holiday pay and bonuses	113,022,173	109,219,524
Other external supplies and services	31,590,499	34,617,917
Deferred of revenue from the sale of warranties extention	45,844,601	45,073,283
Marketing expenses	10,413,584	11,619,869
Charges made on the sale of real estate	17,433,613	17,558,769
Accrued income - rents	8,311,588	7,953,466
Share based payments (Note 20)	3,423,645	1,983,273
Interest payable to Others	11,175,644	1,688,638
Real estate municipality tax	2,609,777	2,154,473
Others	10,651,819	9,431,793
	254,476,943	241,301,005
	1,485,290,140	1,591,200,267

The caption "Related undertakings" includes:

- 40.1 million euro related to dividends assigned but not yet paid; and
- 50.2 million euro (44.4 million euro as at 31 December 2016) related to amount payable to Sonae SGPS, SA result of the inclusion companies in Special Regime of Taxing Groups of Companies.

The caption "Other debts" includes:

- 9,373,190 euro (8,344,127 euro as at 31 December 2016), of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente";
- 13,110,790 euro (15,042,306 euro as at 31 December 2016) related to means of payments owned by clients as vouchers, gift cards and discount tickets owned by clients; and
- 4,052,641 euro (3,992,919 euro as at 31 December 2016) related to amounts payable to Sonae Distribuição Brasil, SA buyer as a result of responsibilities assumed with that entity.

22 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in "Provisions and impairment losses", for the three month period ended as at 31 March 2017 and 2016, were as follows:

Caption	Balance as at 1 January 2017	Increase	Decrease	Balance as at 31 March 2017
Accumulated impairment losses on tangible assets (Note 5)	119,536,814	-	(2,656,276)	116,880,538
Accumulated impairment losses on intangible assets	1,497,024	-	-	1,497,024
Accumulated impairment losses on other non current assets (Note 10)	2,450,000	48,383	-	2,498,383
Accumulated impairment losses on trade accounts receivable and other debtors (Note 11)	14,980,488	628,802	(992,358)	14,616,932
Non current provisions	16,006,272	139,335	(20,000)	16,125,607
Current provisions	3,204,001	4,565	-	3,208,566
	157,674,599	821,085	(3,668,634)	154,827,050

Caption	Balance as at 1 January 2016 Restated	Increase	Decrease	Balance as at 31 March 2016 Restated
Accumulated impairment losses on tangible assets (Note5)	134,000,955	6,600,000	(15,194,681)	125,406,274
Accumulated impairment losses on intangible assets	1,497,024	-	-	1,497,024
Accumulated impairment losses on other non current assets	2,450,000	-	-	2,450,000
Accumulated impairment losses on trade accounts receivable and other debtors	15,236,228	955,526	(497,711)	15,694,043
Non current provisions	11,585,642	1,249,617	(836,039)	11,999,220
Current provisions	2,819,950	-	-	2,819,950
	167,589,799	8,805,143	(16,528,431)	159,866,511

The caption “Non-current Provisions” and “Current Provisions” includes:

- 8,648,772 euro (8,521,318 euro as at 31 December 2016) relating to non-current contingencies assumed by the Company, when selling its subsidiary Sonae Distribuição Brasil, S.A. in 2005. The evolution of the provision between years is associated with the evolution of the real against the euro. This provision is being used in the moment at the liabilities are materialized, being constituted based on the best estimate of the expenses to be incurred with such liabilities and that result from a significant set of processes of a civil and labour nature and of small value; and
- the estimated liabilities incurred by the Group on the sale of warranty extension programs on products traded by Worten operating segment in the amount of 1,449,195 euro (1,449,195 euro as at 31 December 2016). These extensions are granted for a period of one to three years after the end of the legal mandatory warranty provided by the manufacturers.

Impairment losses are deducted from the book value of the corresponding asset.

23 CONTINGENT ASSETS AND LIABILITIES

As at 31 March 2017 and 31 December 2016, the major “Contingent liabilities” were guarantees given, which can be detailed as follows:

Guarantees and sureties given	31 March 2017	31 December 2016
on tax claims	978,247,958	980,164,471
on judicial claims	819,738	816,509
on municipal claims	8,378,511	8,048,110
for proper agreement fulfillment	15,273,348	22,339,055
other guarantees	9,931,334	10,525,488

a) Tax claims

The main tax claims, for which bank guarantees or sureties were provided, can be detailed as follows:

- Some retail operating segment subsidiaries of the Company granted guarantees or securities in favour of the Portuguese Tax Administration, associated with tax claims for additional VAT payment amounting to 556.7 million euro (556.7 million euro as at 31 December 2016) related to the period from 2004 to 2013, which the Company has presented, or has the intention of presenting, a tax appeal. Portuguese tax authorities claim that the Company should have invoiced VAT related to promotional discounts invoiced to suppliers which depend on the purchases made by the Group during the year, as it considers that the discounts correspond to services rendered by the company. Tax authorities also claim that the company should not have deducted VAT from discount vouchers used by its non-corporate clients;
- Sureties in the amount of, approximately, 60 million euro as a result of a tax appeal presented by the Company concerning an additional tax assessment by Tax authorities, relating to 31 December 2005, following the correction of taxable income for that period as Tax authorities did not accept the recognition of tax losses incurred after the liquidation of a subsidiary of Sonae Investimentos, since it considered that

the cover of losses in that subsidiary should not be part of its acquisition cost, which is not in accordance with previous assessments of Tax Authorities;

- Sureties in the amount of, approximately 50 million euro, following a tax appeal presented by the Company concerning additional tax assessments made by Tax authorities, relating to 31 December 2002, which refer to the non-acceptance by Tax authorities of tax losses arising on the sale and liquidation of a subsidiary of the Group;
- Fiscal lawsuit related to rent tax, concerning a subsidiary of the Company in Brazil, in the amount of, approximately, 19.4 million euro (65.6 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 49.1 million euro (165.9 million Brazilian real). The difference between the value of the contingency and the value of the guarantee relates with the update of the related responsibility.

b) Contingent liabilities related to tax claims paid under regularization programs of tax debts

Within the framework of regularization of tax debts to Tax Authorities, (Outstanding Debts Settlement of Tax and Social Security - Decree of Law 151-A/2013 (RERD) e Decree of Law 248-A/2002 (PMFL)), the Group made voluntarily tax payments in the amount of, approximately, 22 million euro, having the respective guarantees been eliminated. The related tax appeals continue in courts, having the maximum contingencies been reduced through the elimination of fines and interests related with these tax assessments.

As permitted by law, the Group maintains the legal proceedings, in order to establish the recovery of those amounts, having recorded as an asset the amounts related with income taxes paid under those plans (Note 10).

c) Other contingent liabilities

- Contingent liabilities related to discontinued activities in subsidiaries in Brazil

Following the disposal of a subsidiary in Brazil, Sonae guaranteed to the buyer of the subsidiary all the losses incurred by that company arising on unfavorably decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euro. As at 31 December 2016, the amount claimed by the Brazilian Tax Authorities, concerning the tax lawsuits still in progress, which the company's lawyers assess as having a high probability of loss, plus the amounts already paid (28.5 million euro) related to programs for the Brazilian State of tax recovery, amount to near 32.4 million euro (32.4 million euro at 31 December 2016). Furthermore, there are other tax assessments totaling 60.8 million euro (60.8 million euro as at 31 December 2016) for which the Board of Directors, based on its lawyers' assessment, understands will not imply future losses to the former subsidiary.

No provision has been recorded to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for Sonae Investimentos.

24 OTHER INCOME

As at 31 March 2017 and 2016, the caption "Other Income" is made up as follows:

	31 March 2017	31 March 2016
Supplementary income	154,151,042	145,165,249
Prompt payment discounts received	5,992,590	6,404,761
Exchange differences	5,471,363	5,934,271
Own work capitalised	2,404,416	2,168,081
Gains on disposal of assets	72,440	64,175,793
Impairment losses and provisions reversals	957,731	1,664,527
Others	570,196	1,479,322
	169,619,777	226,992,004

The caption "Supplementary income" relates mainly to promotional campaigns carried out in the stores of retail segment, reimbursed by the Sonae Investimentos's partners.

As at 31 March 2016, under the caption of "Gains on sales of assets" are included gains related to the operation of "Sale & Leaseback" amounting to 62.7 million euro (Note 5).

25 INCOME TAX

The income taxes recognized in the three month period ended on 31 March 2017 and 2016 are detailed as follows:

	31 March 2017	31 March 2016
Current tax	(3,936,203)	17,837,578
Deferred tax	2,122,069	(7,252,101)
	(1,814,134)	10,585,477

26 RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Parent company	378,082	349,022	443,933	500,743
Jointly controlled companies	9,748,897	-	59,494,640	-
Associated companies	9,872,071	8,702,542	120,615	78,757
Other related parties ¹⁾	13,297,830	14,378,047	14,622,483	18,275,790
	33,296,880	23,429,611	74,681,671	18,855,290
Transactions	Interest income		Interest expenses	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Parent company	-	-	144,037	8,445,506
Jointly controlled companies	-	-	-	-
Associated companies	4,607	4,952	-	-
Other related parties ¹⁾	-	-	8,000,000	130,615
	4,607	4,952	8,144,037	8,576,121

Balances	Accounts receivable		Accounts payable	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Parent company	47,869,817	35,783,208	90,584,106	46,399,686
Jointly controlled companies	8,870,807	-	32,227,625	-
Associated companies	4,657,497	5,663,219	531,695	621,579
Other related parties ¹⁾	15,860,109	43,501,277	21,624,491	29,620,444
	77,258,230	84,947,704	144,967,917	76,641,709

Balances	Loans			
	Obtained		Granted	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Parent company	-	-	-	-
Associated companies	-	-	651,119	660,663
Other related parties ¹⁾	400,027,000	400,027,000	-	-
	400,027,000	400,027,000	651,119	660,663

- 1) "Other related parties" are considered to be related party affiliates or companies under joint control of Efanor SGPS, SA that are not included in Sonae Investimentos, including companies belonging to the Sonae Group, Sonae Indústria and Sonae Capital, and minority shareholders of subsidiaries of the Group.

The amounts recorded as loans granted from other relating parties represent borrowings from shareholders of subsidiary companies which bear interests at market rates.

Granted loans to associated companies, refer to values of loans granted to associated company MDS, SGPS, SA. (651.119 euros as at 31 March de 2017 and 31 December 2016) (Note 11).

27 EARNINGS PER SHARE

Earnings per share for the three month period ended on 31 March 2017 and 2016 were calculated taking into consideration the following amounts:

	31 March 2017	31 March 2016
Net profit		
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	(7,363,828)	31,504,564
Net profit taken into consideration to calculate diluted earnings per share	(7,363,828)	31,504,564
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	900,000,000	900,000,000
Weighted average number of shares used to calculated diluted earnings per share	900,000,000	900,000,000
Earnings per share (basic and diluted)	(0.008182)	0.035005

On 31 March 2017 and 2016 there is no dilutive effect on the number of shares outstanding.

28 PRESENTATION OF CONSOLIDATED INCOME STATEMENT

In the Management Report, and for the purposes of calculating financial indicators as EBIT, EBITDA and Underlying EBITDA the consolidated income statement is divided between Direct Income and Indirect Income.

The Indirect Income includes: (i) impairment of real estate assets for retail, (ii) decreases in goodwill, (iii) provisions (net of tax) for possible future liabilities, and impairments related to non-core investments, businesses and discontinued assets (or to be discontinued / repositioned), (iv) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (v) other irrelevant issues.

The value of EBITDA is calculated in the direct income component, i.e. excluding the indirect contributions.

The reconciliation between consolidated income and direct-indirect income for the periods ended 31 March 2017 and 2016 can be summarised as follows:

	31 March 2017			31 March 2016		
	Consolidated accounts	Indirect income	Direct income	Consolidated accounts	Indirect income	Direct income
Turnover	1,247,093,715	-	1,247,093,715	1,178,980,389	-	1,178,980,389
Investment income						
Dividends and other adjustments	-	-	-	1,582	-	1,582
Impairment losses reversal	973,038	-	973,038	833,404	-	833,404
Others	168,526,739	-	168,526,739	162,515,964	-	162,515,964
Total income	1,416,593,492	-	1,416,593,492	1,342,331,339	-	1,342,331,339
Total expenses	(1,363,474,238)	(194,030)	(1,363,280,208)	(1,296,088,884)	(188,850)	(1,295,900,034)
Depreciation and amortisation	(45,518,114)	-	(45,518,114)	(40,209,805)	-	(40,209,805)
Losses on tangible and intangible assets	(545,398)	-	(545,398)	(1,209,309)	-	(1,209,309)
Provisions and impairment	-	-	-	-	-	-
Others	(628,802)	-	(628,802)	(7,361,739)	-	(7,361,739)
Profit before financial results and share of results in joint ventures and associated companies	6,426,939	(194,030)	6,620,970	(2,538,397)	(188,850)	(2,349,546)
Non recurrent items	(1,397,880)	-	(1,397,880)	62,224,175	-	62,224,175
Financial profit/(loss)	(11,825,565)	-	(11,825,565)	(16,005,807)	-	(16,005,807)
Share of results in joint ventures and associated undertakings						
MDS	(774,098)	-	(774,098)	(516,683)	-	(516,683)
Ulabox	(572,310)	-	(572,310)	-	-	-
Others	(249,565)	-	(249,565)	(233,896)	-	(233,896)
Profit before taxation	(8,392,479)	(194,030)	(8,198,448)	42,929,392	(188,850)	43,118,243
Income tax	1,814,134	-	1,814,134	(10,585,477)	-	(10,585,477)
Profit/(Loss) after taxation	(6,578,345)	(194,030)	(6,384,314)	32,343,915	(188,850)	32,532,766
Attributable to equity holders of Sonae	(7,363,828)	(194,030)	(7,169,798)	31,504,564	(188,850)	31,690,914
Non-controlling interests	785,484	-	785,484	839,351	-	839,351
"Underlying" EBITDA (b)			52,340,246			45,596,319
Direct EBITDA (a)			49,346,393			107,069,916
Direct EBIT (c)			3,627,117			59,122,468

(a) Direct EBITDA = total direct income - total direct expenses - reversal of direct impairment losses + Share of results in joint ventures and associated undertakings +unusual results;

(b) "Underlying" EBITDA = Direct EBITDA - effect of share result in joint ventures and associated undertakings – non recurrent results;

(c) Direct EBIT = Direct EBT - financial results;

(d) Direct EBT = Direct results before non-controlling interests and taxes;

(e) Direct income = Results excluding contributions to indirect income;

(f) Indirect income = Includes results arising from: (i) impairment of real estate assets for retail; (ii) decrease in goodwill; (iii) provisions (net of tax) for possible future liabilities and impairments related with non-core financial investments, Businesses, discontinued assets (or be discontinued / repositioned); (iv) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (v) other irrelevant issues.

29 SUBSEQUENT EVENTS

As at 26 April 2017, Sonae Investimentos SGPS, SA, through one of its subsidiaries, has reached an agreement with the shareholders of BRIO – Produtos de Agricultura Biológica, S.A. (BRIO) for the acquisition of 100% of BRIO's share capital. Founded in 2008, BRIO is the first organic supermarket chain launched in Portugal, and operates 6 supermarkets specialised in organic food, all of them with convenient locations in the Lisbon area.

30 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 15 May 2017.

31 GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The subsidiaries included in the consolidated financial statements, its head offices and percentage of capital held as at 31 March 2017 and 31 December 2016 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31 March 2017		31 December 2016	
		Direct*	Total*	Direct*	Total*
Sonae Investimentos, SGPS, SA	Matosinhos	Holding	Holding	Holding	Holding
Sonae MC					
BB Food Service, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Bom Momento – Restauração, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Continente Hipermercados. SA	a) Lisboa	100.00%	100.00%	100.00%	100.00%

	Elergone Energias, Lda	a)	Matosinhos	75.00%	75.00%	75.00%	75.00%
	Farmácia Selecção. SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	MCCARE – Serviços de Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	MJB – Design, Lda	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modelo Continente Hipermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modelo Continente International Trade, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmaconcept – Actividades em Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
1)	Sohi Meat Solutions- Distribuição de Carnes, SA	a)	Matosinhos	50.00%	50.00%	100.00%	100.00%
	Sonae MC – Modelo Continente. SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae MC S2 Africa Limited	a)	La Valeta (Malta)	100.00%	100.00%	100.00%	100.00%

Worten

	HighDome PCC Limited (Cell Europe)	a)	La Valeta (Malta)	100.00%	100.00%	100.00%	100.00%
	Infofield – Informática, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sonae SR Malta Holding Limited	a)	La Valeta (Malta)	100.00%	100.00%	100.00%	100.00%
	Worten Canarias, S.L.	a)	Tenerife (Spain)	60.00%	60.00%	60.00%	60.00%
	Worten – Equipamento para o Lar, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Worten España Distribución, S.L.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%

Sports & Fashion

	Aduanas Caspe, S.L.U.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
	Comercial Losan Polonia SP. Z.O.O.	a)	Warsaw (Poland)	100.00%	100.00%	100.00%	100.00%
	Comercial Losan, S.L.U.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
	Discovery Sports, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Fashion Division, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Fashion Division Canarias, SL	a)	Tenerife (Spain)	100.00%	100.00%	100.00%	100.00%
	Global Usebti, S.L.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%

Irmãos Vila Nova, SA	a)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
Irmãos Vila Nova III - Imobiliária, SA	a)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
IVN - Serviços Partilhados, SA	a)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
IVN Asia Limited	a)	Hong Kong (China)	100.00%	50.00%	100.00%	50.00%
Losan Colombia, S.A.S.	a)	Bogotá (Colombia)	100.00%	100.00%	100.00%	100.00%
Losan Overseas Textile, S.L	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
2) Losan Russia	a)	Moscow (Russia)	100.00%	100.00%	-	-
Losan Tekstil Urun.V E Dis Ticaret, L.S.	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
Modalfa - Comércio e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modalloop – Vestuário e Calçado, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Salsa DE GmbH	a)	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
Salsa Distribution USA LLC	a)	New York (USA)	100.00%	50.00%	100.00%	50.00%
Salsa France, S.A.R.L.	a)	Paris (France)	99.99%	50.00%	100.00%	50.00%
Salsa Luxembourg, Sàrl	a)	Luxembourg	100.00%	50.00%	100.00%	50.00%
SLS Salsa - Comércio e Difusão de Vestuário, S.A.	a)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
SLS Salsa España - Comercio y Difusión de Vestuario, S.A.U.	a)	Pontevedra (Spain)	100.00%	50.00%	100.00%	50.00%
SDSR – Sports Division SR, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sonae SR – Serviços e Logística, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sport Zone Canarias, SL	a)	Tenerife (Spain)	60.00%	60.00%	60.00%	60.00%
Sport Zone España - Comércio de Articulos de Deporte, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Sport Zone Sport Maiz.Per.Satis.Ith.Ve tic Ltd Sti	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
Têxtil do Marco, SA	a)	Marco de Canaveses	92.76%	92.76%	92.76%	92.76%
Usebti Textile México S.A. de C.V.	a)	City of Mexico (Mexico)	100.00%	100.00%	100.00%	100.00%

Zippy – Comércio e Distribuição, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Zippy - Comércio Y Distribución, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Zippy Cocuk Malz.Dag.Ith.Ve Tic Ltd.Sti	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
ZYEvolution- Investig.e Desenvolvimento, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sonae RP						
Arat Inmuebles, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100,00%	100,00%	100,00%	100,00%
Canasta - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fozimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosede	a)	Maia	80.40%	80.40%	80.40%	80.40%
Fundo de Investimento Imobiliário Fechado Imosonae Dois	a)	Maia	98.69%	98.69%	97.91%	97.91%
Igimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Iginha - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoestrutura - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoresultado - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imosistema - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
MJLF - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Ponto de Chegada - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Predicomercial - Promoção Imobiliária, SA	a)	Maia	100.00%	100,00%	100.00%	100.00%
Predilugar - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Selifa - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%

Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sesagest - Proj.Gestão Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Socijofra - Sociedade Imobiliária, SA	a)	Gondomar	100.00%	100.00%	100.00%	100.00%
Sociloures - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sonaerp – Retail Properties, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sondis Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Valor N, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Others						
Marcas MC, zRT	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
Modelo - Distribuição de Materiais de Construção, SA	b)	Maia	50.00%	50.00%	50.00%	50.00%
SFS – Serviços de Gestão e Marketing, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Soflorin, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Sonae Financial Services, SA	a)	Maia	100.00%	100,00%	100.00%	100.00%
Sonaecenter Serviços II, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sonaegest- Sociedade Gestora de Fundos de Investimento, SA	a)	Maia	60.00%	60.00%	60.00%	60.00%
Sonvecap, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Tlantic, BV	a)	Amsterdam (Netherlands)	72.10%	72.10%	72.10%	72.10%
Tlantic Portugal - Sistemas de Informação, SA	a)	Matosinhos	100.00%	72.10%	100.00%	72.10%
Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	100.00%	72.10%	100.00%	72.10%

*the percentage of capital held "Total" is the total percentage of interest held by the parent company's shareholders; the percentage of capital held "Direct" corresponds to the percentage that subsidiary(ies) which hold(s) a participation, hold(s) this participation directly in the share capital of that company;

a) Control held by majority of voting rights which confer power of relevant activities that influence;

b) Control held by management control.

1) On January 3rd 2017, a Joint Venture was established between Sonae MC and Hilton Food Group PLC through a capital increase of this Group on Sohimeat. From this moment onwards, Sohimeat is consolidated through the equity method;

2) Company acquired as at 22 February 2017.

These entities are consolidated using the full consolidation method, considering that they are controlled by Sonae Investimentos SGPS, SA.

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Luís Miguel Mesquita Soares Moutinho

Luis Miguel Vieira de Sá da Mota Freitas

Luis Filipe Campos Dias de Castro Reis

Condensed separate financial statements

CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017 AND 2016 AND 31 DECEMBER 2016

(Translation of condensed separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31.March.2017	31.March.2016	31.December.2016
ASSETS				
NON-CURRENT ASSETS:				
Intangible assets		183	378	215
Investments in subsidiaries and associates	4	1,624,961,811	1,679,936,622	1,625,691,885
Other non-current assets	5	1,147,454,999	1,180,022,499	1,149,120,000
Total non-current assets		2,772,416,993	2,859,959,499	2,774,812,100
CURRENT ASSETS:				
Trade account receivables and other current assets	6	1,621,437,095	2,120,190,252	1,618,633,280
Cash and cash equivalents	7	89,710	17,099	215,967
Total current assets		1,621,526,805	2,120,207,351	1,618,849,247
TOTAL ASSETS		4,393,943,798	4,980,166,850	4,393,661,347
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	8	1,000,000,000	1,000,000,000	1,000,000,000
Reserves and retained earnings		1,796,785,082	1,758,675,056	1,758,675,056
Profit/(Loss) for the period		(2,571,637)	(944,602)	78,110,026
TOTAL EQUITY		2,794,213,445	2,757,730,454	2,836,785,082
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	9	610,186,370	432,887,134	431,006,858
Other non-current liabilities	10	400,000,000	400,234,375	400,000,000
Total non-current liabilities		1,010,186,370	833,121,509	831,006,858
CURRENT LIABILITIES:				
Loans	9	107,739,970	147,737,187	153,556,224
Trade creditors and other current liabilities	11	481,804,013	1,241,577,700	572,313,183
Total current liabilities		589,543,983	1,389,314,887	725,869,407
TOTAL EQUITY AND LIABILITIES		4,393,943,798	4,980,166,850	4,393,661,347

The accompanying notes are part of these condensed separate financial statements.

The Board of Directors

**CONDENSED SEPARATE INCOME STATEMENT FOR THE PERIODS ENDED 31 MARCH 2017
AND 2016**

(Translation of condensed separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31.March.2017	31.March.2016
Gains or losses on investments	14	1,392,373	114,810
Financial income	15	7,612,519	17,565,122
Other income		80,268	99,860
External supplies and services		(796,835)	(854,116)
Staff costs		(8,764)	(8,718)
Depreciation and amortisation		(32)	(57)
Financial expenses	15	(11,904,271)	(18,086,758)
Other expenses		(15,888)	(23,588)
Profit/(Loss) before taxation		(3,640,630)	(1,193,445)
Taxation		1,068,993	248,843
Profit/(Loss) after taxation		(2,571,637)	(944,602)
Profit/(Loss) per share (basic and diluted)	16	(0.0029)	(0.0010)

The accompanying notes are part of these condensed separate financial statements.

The Board of Directors,

**CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS
ENDED 31 MARCH 2017 AND 2016**

(Translation of condensed separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	31.March.2017	31.March.2016
Net Profit / (Loss) for the period	(2,571,637)	(944,602)
Total comprehensive income for the period	(2,571,637)	(944,602)

The accompanying notes are part of these condensed separate financial statements.

The Board of Directors,

CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED AS AT 31 MARH 2017 AND 2016

(Translation of condensed separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Share capital	Legal reserve	Other reserves and retained earnings	Total reserves and retained earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2016	1,000,000,000	170,940,266	1,647,891,199	1,818,831,465	(20,156,409)	2,798,675,056
Total comprehensive income for the period	-	-	-	-	(944,602)	(944,602)
Appropriation of profit of 2015:						
Transfer to other reserves	-	-	(20,156,409)	(20,156,409)	20,156,409	-
Reserves distributed	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)
Balance as at 31 March 2016	1,000,000,000	170,940,266	1,587,734,790	1,758,675,056	(944,602)	2,757,730,454
Balance as at 1 January 2017	1,000,000,000	170,940,266	1,587,734,790	1,758,675,056	78,110,026	2,836,785,082
Total comprehensive income for the period	-	-	-	-	(2,571,637)	(2,571,637)
Appropriation of profit of 2016:						
Transfer to reserves	-	3,905,502	34,204,524	38,110,026	(38,110,026)	-
Dividends distributed	-	-	-	-	(40,000,000)	(40,000,000)
Balance as at 31 March 2017	1,000,000,000	174,845,768	1,621,939,314	1,796,785,082	(2,571,637)	2,794,213,445

The accompanying notes are part of these condensed separate financial statements.

The Board of Directors,

CONDENSED SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 31 MARCH 2017 AND 2016

(Translation of condensed separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31.March.2017	31.March.2016
OPERATING ACTIVITIES			
Net cash flow from operating activities (1)		(1,540,363)	(1,852,143)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments		537,500	-
Interest and similar income		30,261,166	20,793,633
Loans granted		715,242,046	734,463,318
		746,040,712	755,256,951
Cash payments arising from:			
Investments		-	(384,068)
Loans granted		(736,905,546)	(724,582,647)
		(736,905,546)	(724,966,715)
Net cash used in investment activities (2)		9,135,166	30,290,236
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		1,594,713,000	1,690,048,329
Investments		1,968,533	-
		1,596,681,533	1,690,048,329
Cash payments arising from:			
Loans obtained		(1,603,464,000)	(1,708,625,972)
Investments		(1,457,836)	(3,108,685)
Interest and similar charges		(1,664,503)	(2,187,727)
		(1,606,586,339)	(1,713,922,384)
Net cash used in financing activities (3)		(9,904,806)	(23,874,055)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(2,310,003)	4,564,038
Cash and cash equivalents at the beginning of the period		(2,341,740)	(12,322,046)
Cash and cash equivalents at the end of the period	7	(4,651,743)	(7,758,008)

The accompanying notes are part of these condensed separate financial statements.

The Board of Directors,

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(Translation of condensed separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

1 INTRODUCTION

SONAE INVESTIMENTOS, SGPS, SA, “the Company” or “Sonae Investimentos” it’s a Portuguese Corporation, with head-office in Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Matosinhos, Portugal.

The Company’s main activity is the management of shareholdings (Note 4).

2 BASIS OF PREPARATION

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

3 PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those described in the file of the annual financial statements for the year ended 31 December 2016.

4 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES COMPANIES

As at 31 March 2017 and 31 December 2016, the investments in subsidiaries and associates companies are made up as follows:

Companies	31.March.2017		31.December.2016	
	% held	Final balance	% held	Final balance
Apor - Agência para a Modernização do Porto, SA	22.75%	300,000	22.75%	300,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	100.00%	-	100.00%	-
Elergone Energia, Lda	75.00%	1,118,737	75.00%	1,118,737
Fundo de Investimento Imobiliário Fechado Imosede	80.40%	103,497,607	80.40%	103,497,607
Fundo de Investimento Imobiliário Imosonaes Dois	0.78%	1,267,876	-	-
MCCARE, Serviços de Saúde, SA	100.00%	50,000	100.00%	50,000
MDS, SGPS, SA	47.53%	41,996,920	47.53%	41,996,920
Modelo - Distribuição de Materiais de Construção, SA	50.00%	21,510,614	50.00%	21,510,614
MOVVO, SA	25.58%	3,354,111	25.58%	3,252,061
Ponto de Chegada - Promoção Imobiliária, SA	-	-	100.00%	2,100,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	100.00%	565,000	100.00%	565,000
SFS - Serviços de Gestão e Marketing, SA	100.00%	50,000	100.00%	50,000
Sonae Capital Brasil, Ltda	37.00%	-	37.00%	-
Sonae Center Serviços II, SA	100.00%	58,032,319	100.00%	58,032,319
Sonae MC - Modelo Continente, SGPS, SA	100.00%	1,375,504,276	100.00%	1,375,504,276
Sonae Financial Services, SA	100.00%	17,330,000	100.00%	17,330,000
Sonae SR Malta Holding Limited	-	1	-	1
Sonaegest - Soc. Gest. de Fundos de Investimento, SA	40.00%	384,351	40.00%	384,351
Total		1,624,961,811		1,625,691,885

5 OTHER NON-CURRENT ASSETS

As at 31 March 2017 and 31 December 2016 the other non-current assets were as follows:

	31.March.2017	31.December.2016
Loans granted	1,147,414,999	1,149,080,000
Other debtors	40,000	40,000
Total	1,147,454,999	1,149,120,000

The loans granted to subsidiaries and associates companies have a long-term maturity, bear interests at market rates indexed to Euribor and their fair value is similar to their carrying amount.

As at 31 March 2017 and 31 December 2016 the loans granted are no past due.

6 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at 31 March 2017 and 31 December 2016 the trade accounts receivable and other current assets were as follows:

	31.March.2017	31.December.2016
Group companies:		
Short term loans	1,588,201,449	1,564,872,949
Interests charged but not received	199,056	30,448,655
Taxes - Special Regime for taxation of groups of companies	6,218,480	5,149,159
Dividends receivable	1,611,750	-
Additional tax payment	17,721	17,721
Special regime for payment of tax and social security debts (DL 248-A/2002, 14 November)	2,795,019	2,795,019
Special regime for payment of tax and social security debts (DL 151-A/2013, 31 October)	788,298	788,298
Special program for debt reduction to tax authorities (PERES) (DL 67/2016, 3 November)	1,002,114	1,002,114
Receivables on the sale of investments	40,000	575,714
Taxes recoverable	8,363,533	8,362,600
Accrued and deferred assets	12,131,710	4,542,059
Others	67,965	78,992
Total	1,621,437,095	1,618,633,280

Loans granted to group companies return interest at variable market rates indexed to Euribor and have a maturity less than one year.

The amount disclosed as 'Special regime for payment of tax and social security debts' (DL 248-A/2002, of 14 November, DL 151-A/2013, of 31 October and DL 67/2016, 3 November) relates to taxes paid which were previously disputed and subject to reimbursement claims. The tax litigations are still in progress, although, following the payment, the guarantees previously given were canceled. No impairment loss was recorded since it is Sonae Investimentos understanding that the decisions over the appeals will be favorable to the Company.

The caption accrued and deferred assets include mainly receivables relating to interest, from loans granted to group companies.

7 CASH AND CASH EQUIVALENTS

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

	31.March.2017	31.December.2016
Bank deposits	89,710	215,967
Cash and cash equivalents on the balance sheet	89,710	215,967
Bank overdrafts	(4,741,453)	(2,557,707)
Cash and cash equivalents on the cash flow statement	(4,651,743)	(2,341,740)

Bank overdrafts are disclosed in the statement of financial position under the caption short term bank loans.

8 SHARE CAPITAL

As at 31 March 2017 and 31 December 2016, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares, with a nominal value of 1 euro each.

A subsidiary company Sonae MC – Modelo Continente, SGPS, SA owns 100,000,000 shares of Sonae Investimentos. These shares are considered as treasury shares under the Commercial Companies Code, reason why the underlying rights to these shares are suspended.

As at 31 March 2017 and 31 December 2016, the subscribed share capital was held as follows:

	31.March.2017	31.December.2016
Sonae, SGPS, SA	25.0287%	25.0287%
Sonae Investimentos BV	13.1419%	13.1419%
Sonae MC - Modelo Continente, SGPS, SA	10.0000%	10.0000%
Sonaecenter Serviços, SA	51.8269%	51.8269%
Libra Serviços, Sociedade Unipessoal, Lda	0.0025%	0.0025%

9 BORROWINGS

As at 31 March 2017 and 31 December 2016, this caption included the following loans:

	31.March.2017	31.December.2016
Bonds Sonae Investimentos / June 2013/2018	50,000,000	50,000,000
Bonds Sonae Investimentos / December 2015/2020	50,000,000	50,000,000
Bonds Sonae Investimentos / May 2015/2020	75,000,000	75,000,000
Bonds Sonae Investimentos / December 2015/2020	30,000,000	30,000,000
Bonds Sonae Investimentos/ June 2016/2021	95,000,000	95,000,000
Bonds Sonae Investimentos/ 2016/2021	12,000,000	12,000,000
Up-front fees not yet charged to income statement	(1,813,630)	(1,993,142)
Bonds loans	310,186,370	310,006,858
Commercial paper	300,000,000	121,000,000
Loans	300,000,000	121,000,000
Non-current loans	610,186,370	431,006,858
	31.March.2017	31.December.2016
Bonds Sonae Investimentos/ 2016/2021	3,000,000	3,000,000
Up-front fees not yet charged to income statement	(1,483)	(1,483)
Bonds loans	2,998,517	2,998,517
Commercial paper	100,000,000	148,000,000
Bank overdrafts	4,741,453	2,557,707
Loans	104,741,453	150,557,707
Current loans	107,739,970	153,556,224

Under the above mentioned lines of credit and commercial paper programs with firm commitments, the company had 243 million euro credit facilities available to meet its liquidity requirements as follows:

	Commitments of less than one year	Commitments of more than one year
Agreed credit facilities amounts	138,000,000	510,000,000
Available credit facilities amounts	33,264,398	210,000,000

The interest rate as at 31 March 2017 of the bonds and bank loans was, on average, 1.27% (1.43% as at 31 December 2016).

As at 31 March 2017 and 31 December 2016 the analysis of maturity of loans excluding the derived instruments having in consideration its nominal value is as follows:

	31.March.2017	31.December.2016
N+1	107,741,453	153,557,707
N+2	110,500,000	60,500,000
N+3	110,500,000	10,500,000
N+4	163,000,000	163,000,000
N+5	228,000,000	199,000,000

10 OTHER NON-CURRENT LIABILITIES

As at 31 March 2017 and 31 December 2016 this caption is as follows:

	31.March.2017	31.December.2016
Loans granted	400,000,000	400,000,000
Total	400,000,000	400,000,000

The amount of 400,000,000 euro recorded in the caption obtained loans is related to a subordinated bond loan, with maturity of 10 years issued at market conditions by Sonae Investimentos, SGPS, SA in 28 December 2010, corresponding to 8,000 bonds with nominal value of 50,000 each, at a fixed rate and repayment at the end of the loan period.

As at 31 March 2017 the fair value of this bond loan is 52,824 euro (52,994 euro on 31 December 2016) per bond, and was determined based on discounted cash flows method.

As at 31 March 2017 and 31 December 2016 Sontel, BV held all the bonds.

11 TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

As at 31 March 2017 and 31 December 2016, this heading is made up as follows:

	31.March.2017	31.December.2016
Suppliers	26,549	41,122
Group companies:		
Short term loans	422,468,082	562,219,082
Taxes - Special Regime for taxation of groups of companies	4,532,087	4,532,087
Taxes and contributions payable	1,893,927	1,893,948
Accrued and deferred liabilities	12,555,153	3,324,996
Others	328,215	301,948
Total	481,804,013	572,313,183

The caption accrued and deferred liabilities includes mainly accrued interests not yet due relating to loans obtained.

12 CONTINGENT LIABILITIES

As at 31 March 2017 and 31 December 2016 the contingent liabilities were detailed as follows:

	31.March.2017	31.December.2016
Guarantees rendered:		
related to tax claims awaiting outcome		
Guarantees provided by financial institutions	84,934,460	86,763,780
Guarantees provided by parent company	249,502,009	255,152,531
others	5,016,098	12,403,113
Guarantees given in favour of subsidiaries (a)	62,888,849	62,888,849

- a) Guarantees given to Tax Authorities in favour of subsidiaries to suspend claims from tax authorities.

The caption Guarantees provided on tax claims includes guarantees granted to Tax Authorities regarding income tax. The most significant amounts relate to an additional tax assessment made by Tax Authorities, relating the taxable period ending 2005, regarding the covering of losses made by the Company in a subsidiary, having Tax Authorities not considered the usage of taxable losses on this operation and subsequent liquidation of the Company's subsidiary, which is not in accordance with previous assessments made by Tax Authorities. The Company has presented an appeal against this tax claim, being the Board of Directors understanding, based on its advisors assessment, that such appeal will be favorable.

No provision has been recorded for these additional tax assessments, to which some guarantees were provided, as the Board of Directors considers that their outcome will be favorable, therefore with no additional liabilities to the Company.

Following the disposal of a Brazilian subsidiary company, the group guaranteed to that subsidiary company buyer all the losses it will have as consequence of tax additional assessments as it is described in the Note of Contingent assets and liabilities in the Consolidated financial statements.

13 RELATED PARTIES

Main balances and transactions with related parties are detailed as follows:

Balance:	31.March.2017	31.December.2016
Parent companies	4,690,123	3,671,763
Subsidiaries	13,433,216	34,701,540
Associated companies	4,607	9,545
Accounts receivable	18,127,946	38,382,848
Parent companies	40,271,503	1,372,154
Subsidiaries	5,975,217	5,165,471
Associated companies	19,704	-
Other related parties	8,355,748	355,747
Accounts payable	54,622,173	6,893,372
Subsidiaries	2,738,207,246	2,716,543,747
Associated companies	651,119	651,119
Loans granted	2,738,858,365	2,717,194,866
Subsidiaries	422,468,082	562,219,082
Other related parties	400,000,000	400,000,000
Loans obtained	822,468,082	962,219,082

Transactions:	31.March.2017	31.March.2016
Parent companies	322,205	354,733
Associated companies	6,652	6,221
Other related parties	36	35
Purchases and services obtained	328,893	360,989
Parent companies	14,596	16,105
Subsidiaries	65,238	71,718
Other income	79,834	87,823
Subsidiaries	7,602,396	17,375,396
Associated companies	4,607	23,675
Interest income	7,607,003	17,399,071
Parent companies	8,144,037	7,381,817
Subsidiaries	811,741	4,352,699
Other related parties	-	1,175,581
Interest expenses	8,955,779	12,910,097
Subsidiaries	1,611,750	114,810
Dividend income	1,611,750	114,810
Subsidiaries	1,968,533	-
Investments disposal	1,968,533	-
Subsidiaries	2,000,000	-
Loans disposal	2,000,000	-

All Sonae, SGPS, S.A. and Efanor Investimentos SGPS, SA subsidiaries, associates and joint ventures are considered related parties and are identified in Consolidated Financial Statements.

During 1st quarter 2017 and 2016 did not occur any transactions including granted loans to the Company's Directors.

14 INVESTMENT INCOME

As at 31 March 2017 and 2016 investment income is as follows:

	31.March.2017	31.March.2016
Dividends received	1,611,750	114,810
Losses on investments sales	(219,377)	-
Total	1,392,373	114,810

15 FINANCIAL INCOME / EXPENSES

As at 31 March 2017 and 2016, net financial expenses are as follows:

	31.March.2017	31.March.2016
Interest receivable		
related to bank deposits	3,731	4,438
related to loans granted	7,607,003	17,399,071
Others	1,785	161,613
Financial income	7,612,519	17,565,122
Interest payable		
related to bank deposits and overdrafts	(518,691)	(686,240)
related to non convertible bonds	(1,554,050)	(3,251,720)
related to loans obtained	(8,955,779)	(12,910,098)
Other financial expenses		
Up front fees on the issuance of debt	(875,333)	(1,236,900)
Others	(418)	(1,800)
Financial expenses	(11,904,271)	(18,086,758)

16 EARNINGS PER SHARE

Earnings per share for the periods ended 31 March 2017 and 2016 were calculated taking into consideration the following amounts:

	31.March.2017	31.March.2016
Net Profit/(loss)		
Net profit/(loss) taken into consideration to calculate basic earnings per share (Net profit for the period)	(2,571,637)	(944,602)
Net profit/(loss) taken into consideration to calculate diluted earnings per share	(2,571,637)	(944,602)
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	900,000,000	900,000,000
Weighted average number of shares used to calculate diluted earnings per share	900,000,000	900,000,000
Earnings per share (basic and diluted)	(0.0029)	(0.0010)

17 SUBSEQUENT EVENTS

The appropriation of the 2016 result has been approved in the Shareholders' General Meeting held on the 28th April 2017. The distribution of dividends amounting to 40,000,000 euro has been approved. Shares held by company or by any of its subsidiaries are not entitled to the dividends. The dividends amount has been recorded on these financial statements.

18 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 15 May 2017.

19 INFORMATION REQUIRED BY LAW

Decree-Law n^{er} 318/94 art. 5th n^{er} 4th

During the period ended as at 31 March 2017 shareholders' loan contracts were signed with the following companies:

Sonae Capital Brasil Ltda

During the period ended as at 31 March 2017, treasury application agreements were signed with the following companies:

BB Food Service, SA

MCCARE, Serviços de Saúde, SA

Sonae, SGPS, SA

As at 31 March 2017 amounts owed by subsidiaries can be detailed as follows:

Company	31.March.2017
Azulino - Imobiliária, SA	57,000
Canasta - Empreendimentos Imobiliários, SA	15,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	3,325,000
Citorres - Sociedade Imobiliária, SA	148,000
Cumulativa - Sociedade Imobiliária, SA	88,000
Discovery Sports, SA	1,715,000
Fashion Division, SA	43,483,000
Fozimo – Sociedade Imobiliária, SA	7,000
Igimo – Sociedade Imobiliária, SA	95,000
Iginha – Sociedade Imobiliária, SA	218,000
Imoestrutura - Sociedade Imobiliária, SA	55,000
Imomuro - Sociedade Imobiliária, SA	111,000
Imoresultado – Sociedade Imobiliária, SA	61,000
Imosistema - Sociedade Imobiliária, SA	21,000
MJB - Design, Lda	954,000
MJLF - Empreendimentos Imobiliários, SA	128,000
Modalfa - Comércio e Serviços, SA	12,003,971
Modalloop - Vestuário e Calçado, SA	2,625,500
Modelo Continente Hipermercados, SA	675,232,000
MDS, SGPS, SA	651,119
Ponto de Chegada - Sociedade Imobiliária, SA	2,344,000
Predilugar - Sociedade Imobiliária, SA	13,000
SDSR - Sports Division SR, SA	28,069,546
Selifa - Sociedade de Empreendimentos Imobiliários, SA	1,500,169
Sempre à Mão - Sociedade Imobiliária, SA	666,000
Socijofra - Sociedade Imobiliária, SA	60,000
Sociloures - Sociedade Imobiliária, SA	8,000
Sonae Capital Brasil, Ltda	6,620,628
Sonae Center Serviços II, SA	43,297,000
Sonae MC - Modelo Continente, SGPS, SA	1,868,589,454
Sonaerp - Retail Properties, SA	40,418,478
Sondis Imobiliária, SA	5,000
Valor N, SA	155,000
Zippy - Comércio e Distribuição, SA	6,040,500
Zyevolution - Investigação e Desenvolvimento, SA	78,000
Total	2,738,858,365

The amounts due to group companies as at 31 March 2017 related to the mentioned contracts were the following:

<u>Company</u>	<u>31.March.2017</u>
BB Food Service, SA	205,000
Bertimóvel - Sociedade Imobiliária, SA	12,509,000
Bom Momento - Comércio Retalhista, SA	233,000
Contimobe - Imobiliária do Castelo de Paiva, SA	5,338,000
Continente Hipermercados, SA	196,534,082
Elergone Energia, Lda	1,096,000
Farmácia Selecção, SA	670,000
Infofield - Informática, SA	373,000
Modelo Hiper Imobiliária, SA	4,553,000
MCCARE - Serviços de Saúde,SA	48,000
Pharmaconcept - Actividades em Saúde, SA	2,000
Pharmacontinente - Saúde e Higiene, SA	5,777,000
Predicomercial - Promoção Imobiliária, SA	19,252,000
Sesagest - Projectos e Gestão Imobiliária, SA	39,067,000
Sonaesr Serviços e Logística, SA	6,122,000
Têxtil do Marco, SA	1,336,000
Tlantic Portugal - Sistemas de Informação, SA	118,000
Worten - Equipamentos para o Lar, SA	129,235,000
<u>Total</u>	<u>422,468,082</u>

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Luis Miguel Mesquita Soares Moutinho

Luis Miguel Vieira de Sá da Mota Freitas

Luis Filipe Campos Dias de Castro Reis