

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

30 September 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 nine months of 2017.

Activity evolution for the period

During the course of the first nine months of 2017, the consolidated turnover of Sonae Investimentos totalled 4.027 million euros, which corresponds to an increase of 6.9% when compared to the same period of the previous year. Performance benefited from the increased contributions of Sonae MC, Worten and Sports & Fashion, which have more than compensated the lower turnover of Sonae RP, resulting from sale and leaseback (S&LB) transactions over the course of 2016.

Operational cash-flow (EBITDA) reached 222 million euros, which reflects a general improvement of retail businesses performance, both in Portugal and Spain, while benefitted from the incorporation of Salsa. However, the evolution versus last year is negative driven by non-recurrent items given the capital gains from S&LB operations during 2016 (63 million euros).

Overall, EBITDA margin stood at 5.5% of turnover, decreasing -1.5p.p. comparing to 9M16. Operating results (EBIT) amounted to 77 million euros in the period, decreasing when compared to the first nine months of 2016 driven by the aforementioned effects.

Sonae Investimentos consolidated net result in the first nine months of 2017 totalled 36 million euros, behind last year comparable period.

By the end of September, Sonae Investimentos operated in an overall portfolio of 1,721 stores, corresponding to a sales area of 1,202 thousand sqm. During this period, the retail businesses continued to consolidate its store networks, namely Sports & Fashion which includes Salsa stores, since June 2016.

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 over 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, 13 of November 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 30 SEPTEMBER 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	30 September 2017	30 September 2016 Restated (Note 3)	31 December 2016 Restated (Note3)
NON-CURRENT ASSETS:				
Tangible assets	6	1,610,886,486	1,593,515,801	1,602,400,467
Intangible assets	7	340,602,249	322,181,294	332,952,435
Goodwill	8	551,303,673	542,656,232	544,073,187
Investments in joint ventures and associates	9	40,427,907	55,201,795	51,061,618
Other investments	10	10,894,040	10,922,811	10,910,647
Deferred tax assets	13	50,001,892	61,287,582	49,861,522
Other non-current assets	11	18,254,047	14,524,126	15,315,834
Total Non-Current Assets		2,622,370,294	2,600,289,640	2,606,575,710
CURRENT ASSETS:				
Inventories		688,049,240	670,884,000	696,012,657
Trade account receivable and other current assets	12	392,909,295	353,376,561	299,418,239
Investments	10	533,056	870,226	4,207,972
Cash and cash equivalents	14	116,976,140	84,541,521	119,726,191
Total Current Assets		1,198,467,731	1,109,672,308	1,119,365,059
Non current assets held for sale	15	-	-	19,522,549
TOTAL ASSETS		3,820,838,025	3,709,961,949	3,745,463,318
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	16	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		(14,508,461)	(55,264,278)	(53,307,887)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		36,480,052	80,367,797	80,471,632
Equity attributable to the equity holders of the Parent Company		701,971,591	705,103,519	707,163,745
Equity attributable to non-controlling interests	17	89,349,572	81,380,763	83,289,108
TOTAL EQUITY		791,321,163	786,484,282	790,452,853
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	18	646,598,168	628,287,165	623,570,841
Other non-current liabilities	20	422,488,987	439,062,682	420,960,111
Deferred tax liabilities	13	104,195,565	88,739,981	102,014,515
Provisions	23	15,148,959	17,328,333	16,006,272
Total Non-Current Liabilities		1,188,431,679	1,173,418,161	1,162,551,739
CURRENT LIABILITIES:				
Loans	18	182,505,593	180,039,554	186,327,715
Trade creditors and other current liabilities	22	1,654,740,743	1,567,200,001	1,591,200,267
Provisions	23	3,838,847	2,819,950	3,204,001
Total Current Liabilities		1,841,085,183	1,750,059,505	1,780,731,983
Non current liabilities held for sale	15	-	-	11,726,743
TOTAL LIABILITIES		3,029,516,862	2,923,477,666	2,955,010,465
TOTAL EQUITY AND LIABILITIES		3,820,838,025	3,709,961,949	3,745,463,318

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

The Board of Directors

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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	3 rd Quarter 2017	3 rd Quarter 2016 Restated	30 September 2017	30 September 2016 Restated (Note 3)
Sales		1,457,445,180	1,392,223,075	3,944,515,345	3,701,221,004
Services rendered		29,929,118	19,996,833	82,409,637	64,253,780
Investment income investments recorded at fair value through profit	25	(1,732,407)	-	(9,217,910)	91,406
Financial income		110,875	1,634,870	1,280,027	2,726,785
Other income	26	215,814,847	167,979,120	582,288,075	574,998,649
Cost of goods sold and materials consumed		(1,212,196,696)	(1,132,256,986)	(3,293,523,005)	(3,068,973,431)
Changes in stocks of finished goods and work in progress		(1,511,277)	1,062,558	(147,480)	1,502,495
External supplies and services		(177,522,685)	(173,283,716)	(507,820,390)	(479,889,780)
Staff costs		(172,346,986)	(165,206,225)	(523,296,353)	(487,540,862)
Depreciation and amortisation	6 and 7	(47,233,212)	(43,633,257)	(138,715,000)	(124,946,261)
Provisions and impairment losses		(1,977,951)	(843,178)	(3,531,845)	(8,577,857)
Financial expense		(14,206,924)	(15,471,343)	(40,975,518)	(46,710,840)
Other expenses		(25,426,539)	(14,855,817)	(56,738,408)	(46,352,385)
Share of results of joint ventures and associated companies	9.3	1,032,376	102,435	(1,363,537)	(570,878)
Profit/(Loss) before taxation		50,177,719	37,448,369	35,163,638	81,231,825
Taxation	27	(8,650,251)	3,691,761	5,998,178	2,966,371
Consolidated Profit/(Loss) for the period		41,527,468	41,140,130	41,161,816	84,198,196
Attributable to:					
Equity holders of the Parent Company		39,114,250	39,250,105	36,480,052	80,367,797
Non-controlling interests	17	2,413,218	1,890,025	4,681,764	3,830,399
Profit/(Loss) per share					
Basic	30	0.043460	0.043611	0.040533	0.089298
Diluted	30	0.043460	0.043611	0.040533	0.089298

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

The Board of Directors

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 SEPTEMBER 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>	3 rd Quarter 2017	3 rd Quarter 2016 Restated	30 September 2017	30 September 2016 Restated (Note 3)
Net Profit / (Loss) for the period	41,527,468	41,140,130	41,161,816	84,198,196
Items that maybe reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	609,418	238,531	1,473,204	(534,644)
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method (Note 9.3)	(12,220)	(217,044)	(997,656)	1,566,882
Changes in hedge and fair value reserves	3,034,553	(176,832)	(2,568,765)	380,948
Deferred taxes related with other components of comprehensive income	(562,394)	112,315	653,497	(23,475)
Others	(12,030)	-	131,181	-
Other comprehensive income for the period	3,057,327	(43,030)	(1,308,539)	1,389,711
Total comprehensive income for the period	44,584,795	41,097,100	39,853,277	85,587,907
Attributable to:				
Equity holders of parent company	41,781,470	39,175,201	34,840,411	81,673,895
Non controlling interests	2,803,325	1,921,899	5,012,866	3,914,012

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

The Board of Directors

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 30 SEPTEMBER 2017 AND 2016

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

	Reserves and Retained Earnings								Net Profit/ (Loss)	Total	Non controlling Controlling Interests (Note 17)	Total Equity
	Share Capital	Own Shares	Legal Reserve	Currency translation Reserve	Hedging Reserve	Legal Reserves in accordance with article 342º CSC	Other Reserves and Retained Earnings	Total				
<i>(Amounts expressed in euro)</i>	Attributable to Equity Holders of Parent Company											
Balance as at 1 January 2016 Restated	1,000,000,000	(320,000,000)	170,940,266	1,058,142	(239,492)	320,000,000	(578,351,961)	(86,593,045)	70,039,847	663,446,802	52,292,885	715,739,687
Total comprehensive income for the period	-	-	-	(568,007)	307,223	-	1,566,882	1,306,098	80,367,797	81,673,895	3,914,012	85,587,907
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)
Income distribution	-	-	-	-	-	-	-	-	-	-	(610,230)	(610,230)
Aquisitions of affiliated companies (note 4)	-	-	-	-	-	-	-	-	-	-	25,887,826	25,887,826
Partial disposal or aquisitions of affiliated companies	-	-	-	-	-	-	(5,189)	(5,189)	-	(5,189)	11,059	5,870
Others	-	-	-	-	-	-	(11,989)	(11,989)	-	(11,989)	21	(11,968)
Balance as at 30 September 2016 Restated	1,000,000,000	(320,000,000)	170,940,266	490,135	67,731	320,000,000	(546,762,410)	(55,264,278)	80,367,797	705,103,519	81,380,763	786,484,282
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	83,289,108	790,452,853
Total comprehensive income for the period	-	-	-	1,307,998	(1,915,268)	-	(1,032,371)	(1,639,641)	36,480,052	34,840,411	5,012,866	39,853,277
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)	(1,162,225)	(41,162,225)
Income distribution	-	-	-	-	-	-	-	-	-	-	(1,277,903)	(1,277,903)
Aquisitions of affiliated companies (Note 4)	-	-	-	-	-	-	-	-	-	-	3,198,590	3,198,590
Constitution of affiliated companies	-	-	-	-	-	-	-	-	-	-	400,000	400,000
Partial disposal or aquisitions of affiliated companies	-	-	-	-	-	-	(32,565)	(32,565)	-	(32,565)	(110,864)	(143,429)
Others	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 September 2017	1,000,000,000	(320,000,000)	174,845,768	1,849,766	33,137	320,000,000	(511,237,132)	(14,508,461)	36,480,052	701,971,591	89,349,572	791,321,163

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

The Board of Directors

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 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	3 rd Quarter 2017	3 rd Quarter 2016	30 September 2017	30 September 2016
OPERATING ACTIVITIES					
Net cash flow from operating activities (1)		232,785,144	224,190,605	189,772,077	76,230,207
INVESTMENT ACTIVITIES					
Cash receipts arising from:					
Investments	12 and 29	-	-	21,009,032	-
Tangible assets and investment properties	6	35,158,219	512,889	37,007,169	230,797,052
Interests and similar income		-	262,982	445,855	1,077,397
Loans granted		-	-	651,118	-
Dividends		-	-	130,000	455,023
Others		15,765	-	15,765	1,581
		35,173,984	775,871	59,258,938	232,331,053
Cash Payments arising from:					
Investments	29	(2,013,027)	2,500,221	(4,148,698)	(65,343,994)
Tangible assets and investment properties		(64,653,883)	(61,283,244)	(206,678,251)	(199,493,773)
Loans granted		(502)	-	(1,500,502)	-
		(66,667,412)	(58,783,023)	(212,327,451)	(264,837,767)
Net cash used in investment activities (2)		(31,493,428)	(58,007,152)	(153,068,513)	(32,506,714)
FINANCING ACTIVITIES					
Cash receipts arising from:					
Investments		40,000	-	624,007	2,840,683
Loans obtained		1,412,411,351	1,790,491,878	4,368,965,445	4,456,793,252
Capital increases, additional paid in capital and share premiums		400,000	-	400,000	-
		1,412,851,351	1,790,491,878	4,369,989,452	4,459,633,935
Cash Payments arising from:					
Investments		(128,929)	(6,613,930)	(2,589,173)	(6,613,930)
Loans obtained		(1,518,696,015)	(1,874,530,279)	(4,334,174,039)	(4,443,702,510)
Interests and similar charges		(4,453,172)	(6,801,493)	(12,663,720)	(20,257,678)
Dividends		(40,000,000)	(40,138,613)	(42,440,129)	(40,746,481)
Others		-	(484,221)	-	(944,112)
		(1,563,278,116)	(1,928,568,536)	(4,391,867,062)	(4,512,264,711)
Net cash used in financing activities (3)		(150,426,765)	(138,076,658)	(21,877,610)	(52,630,776)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		50,864,951	28,106,795	14,825,955	(8,907,283)
Effect of foreign exchange rate		17,226	(635,488)	153,319	(683,671)
Cash and cash equivalents at the beginning of the period	14	65,821,524	39,475,117	101,996,613	76,441,012
Cash and cash equivalents at the end of the period	14	116,669,249	68,217,400	116,669,249	68,217,400

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 30 SEPTEMBER 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 9 and 33 the Sonae Investimentos Group ("Sonae Investimentos"). Sonae Investimentos's operations and operating segments are described in Note 5.

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:

Up to the date of approval of these consolidated financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions some of which become mandatory during the year 2017:

With mandatory application during 2017:	Effective Date (for financial years beginning on or after)
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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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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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These standards were applied by the Group in 2017, however there were no significant impacts on these 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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IFRS 16 – Leases - (recognition and measurement principles)	01 Jan 2019
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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
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IFRS 4 (amendment) - Insurance contracts (provides guidance on the application of IFRS 4 in together with IFRS 9)	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 30 September 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)
IFRS 17 – Insurance contracts	01 Jan 2021
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 9 (amendment) – Prepayment features with negative compensation	01 Jan 2019
IAs 28 (amendment) – Long-term interests in associates and joint ventures	01 Jan 2019
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
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
IFRIC 23 – Uncertainty over income tax treatments (clarifies the accounting for uncertainties in income taxes)	01 Jan 2019
Annual Improvements to IFRS (cycle 2014-2016)	01 Jan 2017 and 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 30 September 2017, since their application is not mandatory, lying in the process of analysing expected effects of those standards.

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.

IVN – Serviços Partilhados, SA holds the brand Salsa which is a Portuguese brand of jeanswear of international renown, recognized for its entrepreneurial spirit and the development of innovative products. Being a truly international company, its products can be found in about 2,000 points of sale in 32 countries.

Following the acquisition of these companies, a preliminary assessment was made regarding the fair value of the assets acquired and the liabilities assumed. 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 in Losan and 35.5 million euro in Salsa), 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 of 84% based on historical data, for Losan and 9.4% for wholesale Salsa's customers. 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;
- (iii) Salsa brand (51 million euro) was valued based on the methodology of the released royalties, using for this purpose the discount rates based on weighted average cost of capital of the segment where the companies fall (11%) and a royalty rate of 4%, and for which was not estimated a defined useful life;
- (iv) Real estate assets in Salsa (15.8 million euro) were valued based on a preliminary external valuation of the mentioned assets, which had been obtained prior to the acquisition, the new evaluation process was completed in 31 May 2017;
- (v) contingent liabilities in Salsa relating to present obligations in the amount of 6 million euro, over which there were also recognized indemnifying assets as contractually supported; and
- (vi) Contingent liabilities in Losan relating to present liabilities amounting to 0.9 million euro;

For the remaining assets and liabilities, no significant differences were identified between the fair value and the respective book value. As usually happens in the concentrations of business activities also in this operation could not be assigned, in accounting terms, the fair value of identifiable assets and liabilities assumed part of the cost of acquisition, being that component recognized as goodwill and recorded under the caption Intangible Assets.

The above valuations correspond to Level 3 of Fair Value, in accordance with IFRS 13.

As these acquisitions occurred at the end of the year 2015 and on June 30, 2016, for Losan and Salsa respectively, only at the end of 2016, in the case of Losan and during the first half of 2017 in the case of Salsa, was it possible to complete the fair value calculation exercise and Goodwill calculation.

The impact of this valuation in the statement of financial position as at 31 December 2016 can be analysed as follows:

Amounts in thousands of euros	31 December 2016		
	Before the restatement	Adjustments to fair value Salsa	After the restatement
Assets			
Tangible and Intangible assets	1,939,737	(4,384)	1,935,353
Goodwill	542,342	1,731	544,073
Other non-current assets	127,150	-	127,150
Non-current assets	2,609,228	(2,653)	2,606,575
Current assets	1,119,365	-	1,119,365
Assets classified as held for sale	19,523	-	19,523
Total assets	3,748,116	(2,653)	3,745,463
Liabilities			
Loans and other non-current liabilities	1,060,537	-	1,060,537
Deferred tax liabilities	102,935	(921)	102,014
Non-current liabilities	1,163,472	(921)	1,162,551
Total current liabilities	1,780,732	-	1,780,732
Non-current liabilities available for sale	11,727	-	11,727
Total liabilities	2,955,931	(921)	2,955,010
Shareholders' funds excluding non-controlling interests	707,164	-	707,164
Non-controlling interests	85,021	(1,732)	83,289
Total shareholders' funds	792,185	(1,732)	790,453
Total shareholders' funds and liabilities	3,748,116	(2,653)	3,745,463

4 CHANGES IN CONSOLIDATION PERIMETER

4.1 The major acquisitions of subsidiaries occurred in the period ended at 30 September 2017 were as follows:

The acquisitions of companies included in the consolidation by the integral method can be analyzed as follows:

COMPANY	Head Office	Direct	Total
Sonae MC			
Brio - Produtos de Agricultura Biológica, SA	Matosinhos	100.00%	100.00%
Go Well - Promoção de Eventos, Catering e Consultoria, SA	Lisbon	51.00%	51.00%

In December 2016, Sonae MC concluded an agreement with the shareholders of GO WELL – Promoção de Eventos, Catering e Consultoria, S.A. (Go Well) for the acquisition of 51% of the share capital. This transaction became effective in May 2017. Go Well operates in 24 specialized restaurants in healthy food in Portugal, typically located in shopping centres, and has a variety of concepts such as grab&go, sushibar, freshly and breakfasts. Go Well operates exclusively through the brand “Go Natural” and in 2015, generated a turnover of 6.4 million euro.

In April 2017, an affiliated of the Group concluded an agreement with the shareholders of BRIO - Produtos de Agricultura Biológica, S.A. (BRIO) for the acquisition of 100% of BRIO’s share capital. Established in 2008, Brio is the first organic supermarket chain launched in Portugal, and explores six supermarkets specialized in organic food, all with convenience locations in the metropolitan area of Lisbon.

Following the previous agreement to acquire 51% of GO WELL's share capital and the opening of the first supermarket entirely dedicated to organic and healthy food, the acquisition of BRIO will enable Sonae MC to accelerate its position in strategic Health & Wellness growth, particularly in the healthy food segment, benefiting from the BRIO store network, the high degree of specialization of the teams and a broad network of suppliers.

The effects of these acquisitions in the consolidated financial statements can be analysed as follows:

	On the date of acquisition	30 September 2017
Net assets		
Tangible and intangible assets (Note 6 and 7)	1,386,220	1,610,134
Inventories	586,950	696,695
Deferred tax assets (Note 20)	353,206	-
Other assets	1,265,286	1,632,678
Cash and cash equivalents	431,553	577,734
Loans	(306,265)	(87,134)
Other liabilities	(3,448,730)	(4,277,399)
	268,220	738,723
Goodwill (Note 8)	7,510,621	
Non-controlling interests (Note 17)	3,198,590	
Acquisition cost	4,580,251	
Effective cash payment	4,580,251	
	4,580,251	
Net cash-flow arising from acquisition		
Effective cash payment	4,580,251	
Cash and cash equivalents acquired	(431,553)	
	4,148,698	
	On the date of acquisition	9 months
Sales	4,746,903	9,234,729
Other income	108,371	190,366
Cost of goods sold and materials consumed	(2,345,532)	(4,731,463)
External supplies and services	(1,155,878)	(2,123,847)
Other expenses	(1,789,764)	(3,111,473)
Net financial expenses	(8,988)	(19,636)
Share of results of joint ventures and associated undertakings	10	(6,682)
Profit/(Loss) before taxation	(444,878)	(568,006)
Profit/(Loss) before taxation	227,042	227,709
Profit/(Loss) after taxation	(217,836)	(340,297)

4.2 Impact resulting from fair value allocation to IVN Group as at June 2016

The impact resulting from the imputation of fair value to the assets acquired and liabilities assumed in the acquisition of IVN Group in June 2016 is as follows:

Amounts in euro	Salsa			30 September 2016
	Financial Position before aquisition	Adjustments to fair value	Fair value on acquisition date	
Net acquired assets				
Tangible assets (Note 6)	11,448,717	12,593,828	24,042,545	12,132,087
Intangible assets (Note 7)	2,477,267	86,470,000	88,947,267	2,331,708
Inventories	21,955,255	(1,186,503)	20,768,752	22,520,322
Deferred tax assets	1,691,120	1,267,477	2,958,597	1,691,120
Other assets	17,073,717	172,540	17,246,257	15,897,092
Cash and cash equivalents	7,501,069	-	7,501,069	1,487,859
Loans	(57,408,768)	-	(57,408,768)	(52,448,754)
Deferred tax liabilities	-	(20,496,392)	(20,496,392)	-
Other liabilities	(26,105,867)	(6,035,603)	(32,141,470)	(22,722,664)
Total net acquired assets	(21,367,490)	72,785,347	51,417,857	(19,111,230)
Goodwill (Note 8)		-	45,096,094	-
Non-controlling interests (Note 17)		-	(25,887,826)	-
Indemnity assets		-	2,463,875	-
Acquisition price		-	73,090,000	-
Effective cash paid			73,090,000	-
			73,090,000	-
Net cash flow resulting from the acquisition				
Effective cash paid			73,090,000	-
Cash and cash equivalents acquired			(7,501,069)	-
			65,588,931	-

5 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, 87 convenience stores Bom Dia, 24 restaurants Go Natural, 283 stores operated under franchise Meu Super and 210 parapharmacy Well's;
- Worten that is included in the top 3 of Iberian electronic players, counting on a portfolio of 238 physical stores in Iberia;
- Sports&Fashion directly operating 380 own stores sports and clothing products, combined with a franchise network of 139 stores;
- 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 with a network of 30 stores.

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 33.

The main operating segment information as at 30 September 2017, 2016 and 31 December 2016 can be detailed as follows:

30 September 2017	Turnover	Depreciation and amortisation	Provisions and impairment losses	Direct EBIT
Sonae MC	2,814,090,970	73,074,412	438,339	66,020,338
Worten	689,393,715	19,632,048	2,030,007	(9,772,123)
Sports & Fashion	436,678,097	25,226,725	1,056,625	(16,815,928)
Sonae RP	68,690,076	18,158,860	-	51,571,948
Maxmat	57,713,409	1,316,444	-	3,414,301
Others, eliminations and adjustments	(39,641,285)	1,306,511	6,875	(17,306,879)
Total consolidated	4,026,924,982	138,715,000	3,531,845	77,111,658

30 September 2016 Restated	Turnover	Depreciation and amortisation	Provisions and impairment losses	Direct EBIT
Sonae MC	2,684,565,804	67,094,024	551,039	71,758,297
Worten	633,867,121	18,606,866	741,878	(16,205,834)
Sports & Fashion	373,748,770	17,762,366	746,375	(24,498,383)
Sonae RP	69,211,176	17,721,870	6,536,987	99,498,441
Maxmat	53,370,718	1,464,379	-	2,474,549
Others, eliminations and adjustments	(49,288,805)	2,296,786	1,578	(7,404,733)
Total consolidated	3,765,474,784	124,946,291	8,577,857	125,622,337

	Investment (CAPEX)		Invested capital	
	30 September 2017	30 September 2016	30 September 2017	31 December 2016
Sonae MC	109,308,993	114,328,829	584,441,295	562,784,619
Worten	25,514,367	19,658,938	(27,464,057)	(65,635,006)
Sports & Fashion	26,732,551	98,859,948	373,721,784	368,127,330
Sonae RP	27,779,068	41,807,629	885,968,312	930,735,887
Maxmat	719,940	611,185	32,929,414	33,050,597
Others, eliminations and adjustments	2,711,489	6,589,930	43,159,353	38,978,221
Total consolidated	192,766,406	281,856,460	1,892,756,100	1,868,041,647

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

Turnover	30 September 2017 Inter-group	30 September 2016 Inter-group
Sonae MC	(1,432,194)	(1,350,759)
Worten	(2,810,195)	(3,099,228)
Sports & Fashion	(22,976,344)	(19,388,174)
Sonae RP	(61,294,347)	(61,506,559)
Total consolidated	(88,513,080)	(85,344,720)

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

	Turnover		Direct EBIT	
	30 September 2017	30 September 2016 Restated	30 September 2017	30 September 2016 Restated
Inter-segment income	(88,513,080)	(85,456,516)	-	-
Equity method from companies not included in segments	-	-	(8,948,292)	(59,785)
Contribution from companies not included in the segments	26,082,700	12,050,889	1,069,579	(1,261,929)
Others	22,789,095	24,116,822	(9,428,166)	(4,967,209)
Others, eliminations and adjustments	(39,641,285)	(49,288,805)	(17,306,879)	(7,404,733)

	Investment		Invested capital	
	30 September 2017	30 September 2016 Restated	30 September 2017	31 December 2016
Investments and loans granted	-	-	41,927,908	51,712,737
Dividends	-	-	-	-
Contribution from companies not included in the segments	105,773	1,039,311	4,824,688	3,503,912
Others	2,605,716	5,550,619	(3,593,243)	(16,238,428)
Others, eliminations and adjustments	2,711,489	6,589,930	43,159,353	38,978,221

All performance measures are reconciled to the financial statements in note 31.

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 "Others" in Note 33;

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

During the period ended at 30 September 2017 and 2016, several sale and leaseback transactions were accounted for by the Group. The accounting values of the disposed assets, approximately, 23.4 million euro (158 million euro as at 30 September 2016), corresponds to 4 real estate food retail assets located in Portugal (16 real estate food retail assets located in Portugal and 3 stores Worten in Spain in 2016). Assets disposed in 2016, were classified in the above movement in disposals in 2016, 27 million euros and the remaining assets were recorded as non-current assets held for sale. These operations resulted in a cash inflow of 34.7 million euro (230 million euro as at 30 September 2016) and generated a net capital gain of approximately, 10.1 million euro (63.1 million euro as at 30 September 2016) (Note 26).

The caption "Acquisitions of subsidiaries", at September 30, 2016, includes the amount of 24,042,545 relating to the acquisition of Grupo Salsa (Note 4.2).

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

	30 September 2017	30 September 2016
Refurbishment and expansion of stores located in Portugal	38,862,553	28,476,584
Refurbishment and expansion of stores located in Spain	1,233,773	2,981,488
Projects of stores for which advance payments were made	1,296,000	1,206,000
Others	1,230,808	1,059,016
	42,623,134	33,723,088

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

	Terrenos e edifícios	Equipamento básico	Outros ativos fixos tangíveis	Ativos fixos tangíveis em curso	Total ativos fixos tangíveis
Perdas por Imparidade					
Saldo inicial a 1 de janeiro de 2017	90,802,912	28,067,641	555,437	110,824	119,536,814
Perdas por Imparidade do período (Nota 23)	81,877	67,108	14,914	-	163,899
Aquisição de filiais (Nota 23)	-	-	169,244	-	169,244
Diminuições do período	(387,817)	(3,910,072)	(62,706)	-	(4,360,595)
Transferências	3,944	135,119	(210,305)	-	(71,242)
Saldo final a 30 de setembro de 2017 (Nota 23)	90,500,916	24,359,796	466,584	110,824	115,438,120

8 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 30 September 2017 and 31 December 2016, the caption “Goodwill” was made up as follows by insignia and country:

	30 September 2017		
	Portugal	Spain	Total
Sonae MC	442,618,730	-	442,618,730
Worten	53,422,018	-	53,422,018
Sports & Fashion	52,358,112	341,312	52,699,424
Sonae RP	2,563,501	-	2,563,501
	<u>550,962,361</u>	<u>341,312</u>	<u>551,303,673</u>

	31 December 2016		
	Portugal	Spain	Total
Sonae MC	435,108,109	-	435,108,109
Worten	53,422,018	-	53,422,018
Sports & Fashion	52,358,112	95,495	52,453,607
Sonae RP	3,089,453	-	3,089,453
	<u>543,977,692</u>	<u>95,495</u>	<u>544,073,187</u>

On 30 September 2017 and 2016, the movements in the caption goodwill as well as in the corresponding impairment losses, are as follows:

	30 September 2017	30 September 2016 Restated
Gross value:		
Opening balance	549,983,175	526,058,679
Re-allocation of Goodwill to fair value of assets acquired (Note 3)	1,731,680	(18,960,204)
Opening balance restated	551,714,855	507,098,475
Goodwill generated in the period (Note 4)	7,510,621	45,096,094
Other variations	(280,135)	(1,896,669)
Closing balance	<u>558,945,341</u>	<u>550,297,900</u>
Accumulated impairment losses:		
Opening balance	7,641,668	7,641,668
Increases	-	-
Closing balance	<u>7,641,668</u>	<u>7,641,668</u>
Carrying amount	<u>551,303,673</u>	<u>542,656,232</u>

9 INVESTMENTS IN JOINT VENTURES AND ASSOCIATE COMPANIES

9.1 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 30 September 2017 and 31 December 2016 are as follows:

Company	Head Office	Percentage of capital held				Statement of financial position	
		30 September 2017		31 December 2016		30 September 2017	31 December 2016
		Direct*	Total*	Direct*	Total*		
1) Sohi Meat Solutions - Distribuição de Carnes, SA	Santarém	50.00%	50.00%	100.00%	100.00%	3,773,351	-
Investments in joint ventures						3,773,351	-
APOR- Agência para a Modernização do Porto, SA	Porto	22.75%	22.75%	22.75%	22.75%	312,450	323,194
MDS SGPS, SA (consolidated)	Maia	47.52%	47.52%	47.53%	47.53%	30,786,534	41,382,361
MOVVO, SA	Porto	25.58%	25.58%	25.58%	25.58%	-	2,793,649
2) S2 Africa Limited	Valletta	30.00%	30.00%	-	-	2,939	-
S2 Mozambique, SA	Maputo	30.00%	30.00%	30.00%	30.00%	1,541,691	1,406,711
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	973,367	1,338,322
Ulabox, S.L.	Barcelona	40.41%	40.41%	39.18%	39.18%	3,037,575	3,817,381
Investments in associated companies						36,654,556	51,061,618
Total						40,427,907	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 15);

2) Associated company created in the period.

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

9.2 Summary financial information of financial investments

9.2.1 Joint ventures

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

	Sohi Meat
Joint Ventures	30 September 2017
Assets	
Tangible and Intangible assets	17,623,312
Deferred tax assets	744
Non-current assets	17,624,056
Trade account receivables	47,832,484
Cash and cash equivalents	429,424
Other current assets	12,320,518
Current assets	60,582,426
Total assets	78,206,482
Liabilities	
Other non-current liabilities	295,440
Non-current liabilities	295,440
Trade creditors	58,398,475
Other current liabilities	11,232,360
Total current liabilities	69,926,275
Shareholders' funds excluding non-controlling interests	7,984,767
Total equity and liabilities	78,206,482

	Sohi Meat
Joint Ventures	30 September 2017
Turnover	204,282,407
Other operating income	23,899,639
	228,182,046
Cost of goods sold and materials consumed	(188,022,728)
External supplies and services	(6,108,632)
Staff costs	(4,985,616)
Operational expenses	(25,171,699)
	(224,288,675)
Financial results	2
Income taxation	(952,056)
Consolidated net income/(loss) for the year	2,941,317
Other comprehensive income for the period	-
Total comprehensive income for the period	2,941,317

9.2.2 Associated companies

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

	30 September 2017				
Associated Companies	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	S2 Mozambique	Others
Non-current assets	56,023,027	900,002	1,506,515	3,661,404	679,291
Current assets	19,887,159	9,679,448	1,685,171	2,610,207	2,406,609
Non-current liabilities	24,858,278	-	2,252,137	93,992	1,955,112
Total current liabilities	23,505,289	6,685,985	1,095,243	1,470,818	785,636
Shareholders' funds and non-controlling interests	27,546,619	3,893,465	(155,694)	4,706,801	345,151

	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 and non-controlling interests	31,193,819	5,353,287	2,307,575	4,689,036	1,084,243

	30 September 2017				
Associated Companies	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	S2 Mozambique	Others
Turnover	35,056,975	42,470,711	6,801,748	5,558,651	579,784
Other operational income	570,973	2,587,217	326,009	144,467	14,338
Operational expenses	(36,301,824)	(42,622,143)	(9,713,455)	(8,540,649)	(2,196,361)
Net financial expense	(635,650)	4,414	-	638,359	(3,519)
Share of results of joint ventures and associated companies	24,414	-	-	-	-
Taxation	24,465	(580,731)	-	(144,988)	-
Consolidated net income/(loss) for the period	(1,260,647)	1,859,468	(2,585,698)	(2,344,160)	(1,605,758)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	(1,260,647)	1,859,468	(2,585,698)	(2,344,160)	(1,605,758)

	30 September 2016			
Associated Companies	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	Others
Turnover	32,989,329	40,864,158	5,227,655	197,438
Other operational income	811,747	2,823,050	175,379	70,914
Operational expenses	(31,723,940)	(41,506,903)	(8,655,271)	(2,439,830)
Net financial expense	(1,071,182)	7,464	-	(8,305)
Share of results of joint ventures and associated companies	(107,813)	-	-	-
Taxation	(56,827)	(515,485)	-	(38)
Consolidated net income/(loss) for the period	841,314	1,672,284	(3,252,237)	(2,179,821)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	841,314	1,672,284	(3,252,237)	(2,179,821)

9.3 Movements occurred in the period

During the period ended at 30 September 2017 and 2016, movements in investments in joint ventures and associates are as follows:

	30 September 2017			30 September 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	2,703,451	-	2,703,451	-	-	-
Equity method:						
Effect in gain or losses in joint ventures	1,069,900	-	1,069,900	-	-	-
	3,773,351	-	3,773,351	-	-	-
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	-	-	-	1,607,217	-	1,607,217
Aquisitions, capital increase and supplementary capital entries	1,319,299	-	1,319,299	2,117,132	-	2,117,132
Transfer of "Other non-current Investments	-	-	-	1,102,139	2,149,921	3,252,060
Alienações durante o exercício	(13,550)	-	(13,550)	-	-	-
Equity method:						
Effect in gain or losses in associated companies	(2,433,437)	-	(2,433,437)	(570,878)	-	(570,878)
Distributed dividends	(829,823)	-	(829,823)	(352,945)	-	(352,945)
Other effects on reserves	(997,656)	-	(997,656)	1,566,882	-	1,566,882
Accumulated impairment losses (Note 25)	(11,451,896)	-	(11,451,896)	-	-	-
	7,996,033	28,658,523	36,654,556	26,543,272	28,658,523	55,201,795
Total	11,769,384	28,658,523	40,427,907	26,543,272	28,658,523	55,201,795

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 15).

10 OTHER INVESTMENTS

Other non-current investments, their head offices, percentage of share capital held and book value as at 30 September 2017 and 31 December 2016, are as follows:

Company	Head Office	Percentage of capital held				Statement of financial position	
		30 September 2017		31 December 2016		30 September 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						9,955,928	9,975,474
						10,894,040	10,910,647

As at 30 September 2017 the caption "Other investments" includes, among others, 9,931,869 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 (Notes 23 and 24).

As at 30 September 2017 and 31 December 2016, the movements in "Other investments" made up as follows:

	30 September 2017		30 September 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	17,754	-	1,000,833	-
Transfer to "Associated companies"	-	-	(1,963,874)	-
Decreases in the period	(34,361)	-	(278,913)	-
Closing balance as at 30 September	10,894,040	-	10,922,811	-
Derivative financial instruments				
Fair value as at 1 January	-	4,207,972	-	2,506,086
Increase/(Decrease) in fair value	-	(3,674,916)	-	(1,635,860)
Fair value as at 30 September (Note 19)	-	533,056	-	870,226
Total of Other Investments	10,894,040	533,056	10,922,811	870,226

11 OTHER NON-CURRENT ASSETS

As at 30 September 2017 and 31 December 2016, "Other non-current assets" are detailed as follows:

	30 September 2017	31 December 2016
Loans granted to related parties	1,500,001	651,119
Trade accounts receivable and other debtors		
Bails (a)	5,107,099	5,043,273
Legal deposits (b)	802,120	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	1,000,000	2,450,000
Amount retained in the acquisition of the Salsa group	2,463,875	2,463,875
Others	1,130,396	45,864
	16,717,119	16,978,887
Accumulated impairment losses in other debtors (Note 23)	(48,383)	(2,450,000)
	16,668,736	14,528,887
Other non-current assets	85,310	135,828
	18,254,047	15,315,834

"Loans granted to related parties" 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 20), with no defined maturity;

c) 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 Investimentos, reason why they were not object of provision.

12 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at 30 September 2017 and 31 December 2016, "Trade accounts receivable and other current assets" are detailed as follows:

	30 September 2017	31 December 2016 Restated
Trade accounts receivable	99,874,970	82,195,661
Taxes recoverable	51,953,491	44,761,264
Granted loans to related companies	63,602,710	35,310,075
Other debtors		
Trade suppliers - debtor balances	45,912,139	41,190,501
Disposal of investments	-	21,585,746
VAT recoverable on real estate assets	2,561,343	3,723,869
Accounts receivable from the disposal of tangible fixed assets	2,095,476	2,303,985
Vouchers and gift cards	2,079,291	1,924,216
Other debtors	22,259,393	17,172,271
	74,907,642	87,900,588
Other current assets		
Commercial discounts	82,140,882	35,631,051
Insurance premiums paid in advance	10,696,570	5,690,303
Prepayments - Rents	7,950,355	7,220,792
Software licenses	3,357,916	1,998,476
Commissions to be received	813,461	1,678,933
Insurance indemnities	149,430	1,509,212
Condominiums management fee's	219,353	738,978
Interests to be received	578,747	558,540
Other current assets	11,958,384	9,204,854
	117,865,098	64,231,139
Accumulated impairment losses (Note 23)	(15,294,616)	(14,980,488)
	392,909,295	299,418,239

The caption "Granted loans to related companies" includes the amount of 63.6 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.

13 DEFERRED TAX

Deferred tax assets and liabilities as at 30 September 2017 and 31 December 2016 are as follows, taking into consideration its temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	30 September 2017	31 December 2016 Restated	30 September 2017	31 December 2016 Restated
Difference between fair value and acquisition cost	4,524,608	4,524,608	34,172,248	34,967,052
Temporary differences on tangible and intangible assets	1,656,281	1,646,837	68,383,160	64,538,394
Provisions and impairment losses not accepted for tax purposes	20,439,706	21,189,836	-	-
Write off of tangible and intangible assets	45,652	25,524	44,232	44,232
Valuation of hedging derivatives	183,283	86,933	118,093	626,051
Revaluation of tangible assets	-	-	955,683	1,040,637
Tax losses carried forward	19,326,204	18,565,479	-	-
Reinvested capital gains/(losses)	-	-	309,538	329,611
Tax benefits	531,085	531,867	-	-
Others	3,295,073	3,290,438	212,611	468,538
	50,001,892	49,861,522	104,195,565	102,014,515

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 30 September 2017 and 31 December 2016, and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	30 September 2017			31 December 2016 Restated		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2012	558,126	117,206	2017	-	-	2017
Generated in 2013	548,642	115,215	2018	-	-	2018
Generated in 2014	1,673,556	351,447	2026	1,194,236	250,790	2026
Generated in 2015	90,683	19,043	2027	90,184	18,939	2027
Generated in 2016	243,591	51,154	2028	242,980	51,025	2028
Generated in 2017	1,147,484	240,972	2029	-	-	
	4,262,082	895,037		1,527,400	320,754	
Without limited time use						
	73,586,706	18,431,167		72,840,938	18,244,725	
	77,848,788	19,326,204		74,368,338	18,565,479	

As at 30 September 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 30 September 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 30 September 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 30 September 2017, there was tax losses carried forward, amounting to 326.8 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.

	30 September 2017			31 December 2016 Restated		
	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	1,575,036	330,758	2017	2,099,873	440,973	2017
Generated in 2013	386,853	81,239	2018	809,338	169,961	2018
Generated in 2016	412	87	2028	412	87	2028
	<u>1,962,301</u>	<u>412,084</u>		<u>2,909,623</u>	<u>611,021</u>	
Without limited time use	324,768,232	82,703,589		292,183,274	74,572,733	
With a time limit different from the above mentioned	98,205	21,230		34,819	6,864	
	<u>326,828,738</u>	<u>83,136,903</u>		<u>295,127,716</u>	<u>75,190,618</u>	

14 CASH AND CASH EQUIVALENTS

As at 30 September 2017 and 31 December 2016 “Cash and cash equivalents” can be detailed as follows:

	30 September 2017	31 December 2016 Restated
Cash at hand	9,504,669	9,038,215
Bank deposits	107,461,062	110,676,690
Treasury applications	10,409	11,286
Cash and cash equivalents on the statement of financial position	116,976,140	119,726,191
Bank overdrafts (Note 18)	(306,891)	(17,729,578)
Cash and cash equivalents on the statement of cash flows	116,669,249	101,996,613

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

15 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	19,522,549
Other non-current liabilities	284,632
Trade creditors	2,802,583
Other current liabilities	8,639,528
Liabilities available for sale	11,726,743

16 SHARE CAPITAL

As at 30 September 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 30 September 2017 and 31 December 2016, the subscribed share capital was held as follows:

Company	30 September 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 30 September 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 30 September 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.

17 NON-CONTROLLING INTERESTS

As at 30 September 2017 and 31 December 2016, non-controlling interests are detailed as follows:

	30 September 2017				
	Equity	Net Profit/ (Loss)	Statement of financial position	Proportion in income	Dividends/ Income received
Investments Funds	277,809,650	18,167,877	30,882,324	1,241,420	(1,277,903)
IVN - Serviços Partilhados, SA	58,517,670	3,230,529	29,458,834	1,615,265	(1,050,475)
Others	56,260,883	3,464,031	29,008,414	1,825,079	(111,750)
Total	392,588,203	24,862,437	89,349,572	4,681,764	(2,440,128)

	31 December 2016 Restated				
	Equity	Net Profit/ (Loss)	Statement 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	28,495,261	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	83,289,108	6,585,596	(1,350,487)

Movements in non-controlling interests during the periods ended as at 30 September 2017 and 2016 are as follows:

	30 September 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
Fair value of acquired assets (Note 3)	-	(1,731,680)	-	(1,731,680)
Balance as at 1 January	31,029,671	28,495,261	23,764,176	83,289,108
Dividends distributed	-	(1,050,475)	(111,750)	(1,162,225)
Income distribution from investment funds	(1,277,903)	-	-	(1,277,903)
Changes in shareholding interests	(110,864)	-	-	(110,864)
Exchange rate effect	-	-	7,502	7,502
Acquisition of subsidiaries (Note 4.1)	-	-	3,198,590	3,198,590
Constitution of subsidiaries	-	400,000	-	400,000
Changes in hedge reserves	-	(5,148)	162,852	157,704
Others	-	3,931	161,965	165,896
Profit for the period attributable to non-controlling interests	1,241,420	1,615,265	1,825,079	4,681,764
Closing balance	30,882,324	29,458,834	29,008,414	89,349,572

	30 September 2016 Restated			
	Investments Funds	IVN - Serviços Partilhados, SA	Others	Total
Balance as at 1 January	30,390,421	-	21,902,464	52,292,885
Dividends distributed	-	-	(114,810)	(114,810)
Income distribution from investment funds	(610,230)	-	-	(610,230)
Changes in shareholding interests	11,059	-	-	11,059
Exchange rate effect	-	-	33,362	33,362
Acquisition of subsidiaries	-	25,887,826	-	25,887,826
Changes in hedge reserves	-	-	50,249	50,249
Others	-	-	23	23
Profit for the period attributable to non-controlling interests	1,474,021	719,388	1,636,990	3,830,399
Closing Balance	31,265,271	26,607,214	23,508,278	81,380,763

18 LOANS

As at 30 September 2017 and 31 December 2016, "Loans" are made up as follows:

	30 September 2017		31 december 2016	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae Investimentos, SGPS, S.A. - commercial paper	110,000,000	200,000,000	148,000,000	121,000,000
Subsidiary of Sonae Investimentos 2014/2020	-	50,000,000	-	50,000,000
Subsidiary of Sonae Investimentos 2015/2020	-	20,000,000	-	55,000,000
Subsidiary of Sonae Investimentos 2015/2019	5,000,000	35,000,000	5,000,000	35,000,000
Sonae Investimentos 2017/2022	-	31,000,000	-	-
Others	5,263,691	27,753,527	6,678,849	20,540,714
	120,263,691	363,753,527	159,678,849	281,540,714
Bank overdrafts (Note 14)	306,891	-	17,729,578	-
Up-front fees borne with the issuance of loans	-	(174,016)	-	(265,801)
Bank loans	120,570,582	363,579,511	177,408,427	281,274,913
Bonds				
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 / September 2016/2021	3,000,000	9,000,000	3,000,000	12,000,000
Bonds IVN 2016/2023	5,000,000	25,000,000	5,000,000	30,000,000
Up-front fees borne with the issuance of loans	(41,981)	(1,809,437)	(1,483)	(1,993,142)
Bonds	57,958,019	282,190,563	7,998,517	340,006,858
Other loans	12,116	24,060	12,030	1,335,080
Derivative instruments (Note 19)	3,417,732	-	358,117	-
Other loans	3,429,848	24,060	370,147	1,335,080
Obligations under finance leases	547,144	804,034	550,624	953,990
	182,505,593	646,598,168	186,327,715	623,570,841

The average interest rate at 30 September 2017 of bonds and loans was 1.34% (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 19).

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

	30 September 2017	31 december 2016
N+1	179,129,842	185,971,081
N+2	25,743,160	78,894,669
N+3	117,230,769	47,687,327
N+4	327,807,692	274,784,071
N+5	124,800,000	207,463,717
After N+5	53,000,000	17,000,000
	827,711,463	811,800,865

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

Under the credit facilities and commercial paper programs with firm commitments, the Group has 485 million euro credit facilities available to meet its liquidity requirements, as follows:

	30 September 2017		31 December 2016 Restated	
	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	123,249,519	362,000,000	52,769,017	348,000,000
Agreed credit facilities	183,260,000	580,000,000	218,260,000	511,000,000

Additionally, as at 30 September 2017, Sonae Investimentos has, as detailed in Note 14 "Cash and cash equivalents", the value of 116,976,140 euro (119,726,191 euro on 31 December 2016).

19 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 3,417,732 euro as liabilities (358,117 euro as at 31 December 2016) and 533,056 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 30 September 2017.

Interest rate and exchange rate derivatives

As at 30 September 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	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Hedging derivatives				
Exchange rate	533,056	4,207,972	3,417,732	358,117
	533,056	4,207,972	3,417,732	358,117

20 OTHER NON-CURRENT LIABILITIES

As at 30 September 2017 and 31 December 2016, the caption “Other non-current liabilities” is detailed as follows:

	30 September 2017	31 December 2016
Shareholders loans	400,033,460	400,001,807
Other non-current liabilities	1,777,780	1,044,316
Share based payments (Note 21)	2,184,843	1,759,823
Deferred of revenue from the sale of warranties extension	15,800,895	15,051,644
Accruals and deferrals	2,692,009	3,102,521
Other non-current liabilities	422,488,987	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 30 September 2017 is 52,485 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 30 September 2017, the caption “Other non-current liabilities” includes 573,003 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 11).

21 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 30 September 2017 and 31 December 2016 are made up as follows:

	Grant year	Vesting year	Number of participants	Number of shares		Fair Value	
				30 September 2017	31 December 2016	30 September 2017	31 December 2016
Shares							
	2014	2017	62	-	2,269,192	-	1,983,274
	2015	2018	73	1,737,573	1,717,914	1,789,070	1,501,457
	2016	2019	81	2,196,307	2,604,753	2,261,909	2,276,555
	2017	2020	85	3,427,809	-	3,499,793	-
Total				7,361,689	6,591,859	7,550,772	5,761,286

As at 30 September 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:

	30 September 2017	31 December 2016
Staff costs	2,153,264	1,144,484
Recorded in previous years	1,598,597	2,598,612
	3,751,861	3,743,096
Other non-current liabilities (Note 20)	2,184,843	1,759,823
Other current liabilities (Note 22)	1,567,018	1,983,273
	3,751,861	3,743,096

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

22 TRADE CREDITORS AND OTHER CURRENT LIABILITIES

As at 30 September 2017 and 31 December 2016 the caption "Trade creditors and other current liabilities" can be detailed as follows:

	30 September 2017	31 December 2016
Trade creditors	1,150,844,634	1,123,715,076
Taxes payable	65,573,013	70,345,394
Other creditors		
Tangible asset suppliers	48,915,259	71,890,515
Related undertakings	54,441,648	44,396,659
Other debts	44,336,511	39,551,618
	147,693,418	155,838,792
Other current liabilities		
Holiday pay and bonuses	129,349,147	109,219,524
Other external supplies and services	36,834,156	34,617,917
Deferred of revenue from the sale of warranties extention	47,709,119	45,073,283
Marketing expenses	11,234,559	11,619,869
Charges made on the sale of real estate	18,057,430	17,558,769
Accrued income - rents	7,140,060	7,953,466
Share based payments (Note 21)	1,567,018	1,983,273
Interest payable to Others	27,171,185	1,688,638
Real estate municipality tax	2,305,225	2,154,473
Others	9,261,779	9,431,793
	290,629,678	241,301,005
	1,654,740,743	1,591,200,267

The caption "Related undertakings" includes 54.4 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:

- 9,191,858 euro (8,344,127 euro as at 31 December 2016), of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente";
- 12,784,183 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
- 3,639,652 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.

23 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in “Provisions and impairment losses”, for the six-month period ended as at 30 September 2017 and 2016, were as follows:

Caption	Balance as at 1 January 2017	Increase	Decrease	Changes in consolidation perimeter	Transfers	Balance as at 30 September 2017
Accumulated impairment losses on investments (Note 9.3)	-	11,451,896	-	-	-	11,451,896
Accumulated impairment losses on tangible assets (Note 6)	119,536,814	163,899	(4,431,837)	169,244	-	115,438,120
Accumulated impairment losses on intangible assets	1,497,024	-	-	-	22,925	1,519,949
Accumulated impairment losses on other non current assets (Note 11)	2,450,000	48,383	(2,450,000)	-	-	48,383
Accumulated impairment losses on trade accounts receivable and other debtors (Note 12)	14,980,488	2,192,486	(1,878,358)	-	-	15,294,616
Non current provisions	16,006,272	-	(857,313)	-	-	15,148,959
Current provisions	3,204,001	1,127,077	(492,231)	-	-	3,838,847
	157,674,599	14,983,741	(10,109,739)	169,244	22,925	162,740,770

Caption	Balance as at 1 January 2016 Restated	Increase	Decrease	Changes in consolidation perimeter	Fair value	Balance as at 30 September 2016 Restated
Accumulated impairment losses on tangible assets (Note 6)	134,000,955	6,367,467	(18,121,152)	416,568	-	122,663,838
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	15,636,228	2,512,742	(2,719,680)	1,990,249	275,460	17,694,999
Non current provisions	12,485,642	1,413,807	(1,867,366)	218,500	5,077,750	17,328,333
Current provisions	2,819,950	-	-	-	-	2,819,950
	168,889,799	10,294,016	(22,708,198)	2,625,317	5,353,210	164,454,144

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

- 7,767,408 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 2,097,918 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.

24 CONTINGENT ASSETS AND LIABILITIES

As at 30 September 2017 and 31 December 2016, the major “Contingent liabilities” were guarantees given, which can be detailed as follows:

Garantees and sureties given	30 September 2017	31 December 2016
on tax claims	948,123,643	980,164,471
on judicial claims	331,162	816,509
on municipal claims	9,621,149	8,048,110
for proper agreement fulfillment	11,871,498	22,339,055
other guarantees	6,630,605	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 538.0 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, 17.4 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 44.0 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 11).

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 unfavourably 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 as at 31 December 2016. Furthermore, there are other tax assessments totalling 60.8 million euro 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.

25 GAINS AND LOSSES ON INVESTMENTS

As at 30 September 2017 and 2016, Gain and losses on Investment is made up as follows:

	30 September 2017	30 September 2016
Dividends	130,000	102,077
Price adjustment of subsidiaries	1,111,019	-
Others	(7,033)	(13,162)
Gains / (losses) on the sale of investments in subsidiaries	1,103,986	(13,162)
Others	-	2,491
Impairment losses on investments in associated companies (Note 9.3)	(11,451,896)	-
Reversal on investments in associated companies	1,000,000	-
Impairment of reversal/(losses) on investments	(10,451,896)	-
Total income and (expenses) related to investments	(9,217,910)	91,406

26 OTHER INCOME

As at 30 September 2017 and 2016, the caption "Other Income" is made up as follows:

	30 September 2017	30 September 2017 Restated
Supplementary income	515,661,196	467,113,998
Prompt payment discounts received	17,860,443	18,299,546
Exchange differences	20,268,098	10,839,388
Own work capitalised	9,671,585	7,938,133
Gains on disposal of assets (Note 6)	13,792,557	63,527,618
Impairment losses and provisions reversals	2,363,067	4,354,397
Others	2,671,130	2,925,569
	582,288,075	574,998,649

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 30 September 2017, under the caption of "Gains on sales of assets" are included gains related to the operation of "Sale & Leaseback" amounting to 10.1 million euro (63.1 million euro as at 30 September 2016) (Note 6).

27 INCOME TAX

The income taxes recognized in the nine-month period ended on 30 September 2017 and 2016 are detailed as follows:

	30 September 2017	30 September 2016 Restated
Current tax	(9,096,553)	6,856,223
Deferred tax	3,098,375	(9,822,594)
	(5,998,178)	(2,966,371)

28 RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	30 September 2017	30 September 2016 Restated	30 September 2017	30 September 2016 Restated
Parent company	1,054,907	1,075,945	1,149,690	1,514,010
Jointly controlled companies	14,383,890	-	201,140,988	-
Associated companies	26,911,142	28,942,950	-	242,508
Other related parties ¹⁾	43,068,784	43,803,960	49,806,116	52,541,096
	85,418,723	73,822,855	252,096,794	54,297,614

Transactions	Interest income		Interest expenses	
	30 September 2017	30 September 2016 Restated	30 September 2017	30 September 2016 Restated
Parent company	-	-	470,261	25,738,473
Jointly controlled companies	8,753	-	-	-
Associated companies	8,826	14,677	-	-
Other related parties ¹⁾	-	-	24,310,713	167,519
	17,578	14,677	24,780,974	25,905,992

Balances	Accounts receivable		Accounts payable	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Parent company	63,823,107	35,783,208	55,511,205	46,399,686
Jointly controlled companies	3,650,044	-	49,553,645	-
Associated companies	1,651,493	5,663,219	1,807	621,579
Other related parties ¹⁾	22,616,906	43,501,277	45,293,665	29,620,444
	91,741,550	84,947,704	150,360,322	76,641,709

Balances	Loans			
	Obtained		Granted	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Associated companies	-	-	1,500,000	660,663
Other related parties ¹⁾	400,000,000	400,027,000	-	-
	400,000,000	400,027,000	1,500,000	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.

29 CASH RECEIPTS AND CASH PAYMENTS OF INVESTMENTS

As at 30 September 2017 and 2016, cash receipts and cash payments related to investments can be detailed as follows:

- Investment Activities

	30 September 2017	30 September 2016
Receipts		
Receipt of disposal of Imoconti	21,009,032	-
	21,009,032	-
Payments		
Price adjustment of Losan Group	-	(346,137)
Acquisition of Salsa Group	-	65,588,931
Acquisition of Brio- Prod. Agricultura Biológica, SA	752,929	-
Acquisition of Gowell- Promoção Eventos, Catering e Consultoria, SA	3,395,769	-
Others	-	101,200
	4,148,698	65,343,994

30 EARNINGS PER SHARE

Earnings per share for the nine-month period ended on 30 September 2017 and 2016 were calculated taking into consideration the following amounts:

	30 September 2017	30 September 2016 Restated
Net profit		
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	36,480,052	80,367,797
Net profit taken into consideration to calculate diluted earnings per share	36,480,052	80,367,797
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)	0.040533	0.089298

On 30 September 2017 and 2016 there is no dilutive effect on the number of shares outstanding.

31 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 30 September 2017 and 2016 can be summarised as follows:

	30 September 2017			30 September 2016 Restated		
	Consolidated accounts	Indirect income	Direct income	Consolidated accounts	Indirect income	Direct income
Turnover	4,026,924,982	-	4,026,924,982	3,765,474,784	-	3,765,474,784
Investment income						
Dividends and other adjustments	130,000	-	130,000	102,077	-	102,077
Others	(9,347,910)	-	(9,347,910)	(10,671)	-	(10,671)
Impairment losses reversal	1,900,020	-	1,900,020	2,496,966	-	2,496,966
Others	570,259,098	-	570,259,098	509,356,870	-	509,356,870
Total income	4,589,866,191	-	4,589,866,191	4,277,420,026	-	4,277,420,026
Total expenses	(4,369,936,604)	(2,382,528)	(4,367,554,076)	(4,066,689,046)	(508,533)	(4,066,180,513)
Depreciation and amortisation	(138,715,000)	-	(138,715,000)	(124,946,261)	-	(124,946,261)
Losses on tangible and intangible assets	(5,266,963)	-	(5,266,963)	(7,144,726)	-	(7,144,726)
Provisions and impairment:	-	-	-	-	-	-
Provisions for warranty extensions	(1,127,077)	-	(1,127,077)	-	-	-
Others	(2,404,768)	-	(2,404,768)	(8,577,857)	-	(8,577,857)
Profit before financial results and share of results in joint ventures and associated companies	72,415,779	(2,382,528)	74,798,308	70,062,136	(508,533)	70,570,670
Non recurrent items	3,806,886	-	3,806,886	55,724,623	-	55,724,623
Financial profit/(loss)	(39,695,491)	-	(39,695,491)	(43,984,055)	-	(43,984,055)
Share of results in joint ventures and associated undertakings						
MDS	(991,051)	-	(991,051)	(3,707)	-	(3,707)
Ulabox	(1,279,645)	-	(1,279,645)	(929,164)	-	(929,164)
Others	907,159	-	907,159	361,993	-	361,993
Profit before taxation	35,163,638	(2,382,528)	37,546,167	81,231,826	(508,533)	81,740,360
Income tax	5,998,178	-	5,998,178	2,966,371	-	2,966,371
Profit/(Loss) after taxation	41,161,816	(2,382,528)	43,544,345	84,198,197	(508,533)	84,706,731
Attributable to equity holders of Sonae	36,480,052	(2,382,528)	38,862,580	79,959,053	(508,533)	31,690,914
Non-controlling interests	4,681,764	-	4,681,764	4,239,143	-	4,239,143
"Underlying" EBITDA (b)			219,155,018			208,640,470
Direct EBITDA (a)			221,598,368			263,794,214
Direct EBIT (c)			77,111,658			125,622,337

(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.

32 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 13 November 2017.

33 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 30 September 2017 and 31 December 2016 are as follows:

COMPANY	Head Office	Percentage of capital held			
		30 September 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%
1) Brio – Produtos de Agricultura Biológica, SA	a) Matosinhos	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%
2) Go Well – Promoção de Eventos, Catering e Consultoria, SA	a) Lisboa	51,00%	51,00%	-	-
Marcas MC, zRT	a) Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
MCCARE – Serviços de Saúde, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
3) Make Notes 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%
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%
4) SK Skin Health Cosmetics, SA	a) Matosinhos	100,00%	100,00%	-	-
5) Sohi Meat Solutions- Distribuição de Carnes, SA	a) Matosinhos	50.00%	50.00%	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%
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

6)	Aduanas Caspe, S.L.U.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
4)	Bright Brands Sports Goods, SA	a)	Matosinhos	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%
7)	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%
6)	Global Usebti, S.L.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
	Irmãos Vila Nova, SA	b)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
	Irmãos Vila Nova III - Imobiliária, SA	b)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
	IVN - Serviços Partilhados, SA	b)	Vila Nova de Famalicão (Portugal)	50.00%	50.00%	50.00%	50.00%
	IVN Asia Limited	b)	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%
8)	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%
4)	Salsa Canarias SL	b)	Tenerife (Spain)	60,00%	30,00%	-	-
	Salsa DE GmbH	b)	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Salsa Distribution USA LLC	b)	New York (USA)	100.00%	50.00%	100.00%	50.00%
	Salsa France, S.A.R.L.	b)	Paris (France)	99.99%	50.00%	100.00%	50.00%
	Salsa Luxembourg, Sàrl	b)	Luxembourg	100.00%	50.00%	100.00%	50.00%
	SLS Salsa - Comércio e Difusão de Vestuário, S.A.	b)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
	SLS Salsa España - Comercio y Difusión de Vestuario, S.A.U.	b)	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%
	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%
4)	Asprela – Sociedade Imobiliária, SA	a)	Matosinhos	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 Imosedede	a)	Maia	80.40%	80.40%	80.40%	80.40%
Fundo de Investimento Imobiliário Fechado Imosonae Dois	a)	Maia	98.00%	98.00%	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

Modelo Continente International Trade, SA	a)	Madrid (Spain)	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%
9) SCBrasil Participações, Ltda	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%
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%
Sonae SR Malta Holding Limited	a)	La Valeta (Malta)	100.00%	100.00%	100.00%	100.00%
Sonae SR – Serviços e Logística, SA	a)	Matosinhos	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) Company acquired as at 26 April 2017;

2) Company acquired as at 16 May 2017;

3) Ex - MJB Design, Lda;

4) Company created during the period;

- 5) 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;
- 6) Companies merged into Comercial Losan, S.L.U.;
- 7) Company merged into SDSR – Sports Division SR, SA;
- 8) Company created as at 22 February 2017;
- 9) Ex - Sonae Capital Brasil, Lda

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

Luis 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 30 SEPTEMBER 2017 AND 2016 AND 31 DECEMBER 2016

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

(Amounts expressed in euro)	Notes	30.September.2017	30.September.2016	31.December.2016
ASSETS				
NON-CURRENT ASSETS:				
Intangible assets		118	264	215
Investments in subsidiaries and associates	4	1,615,085,964	1,655,094,515	1,625,691,885
Other non-current assets	5	1,147,508,956	1,169,836,036	1,149,120,000
Total non-current assets		2,762,595,038	2,824,930,815	2,774,812,100
CURRENT ASSETS:				
Trade account receivables and other current assets	6	1,501,447,158	1,329,683,082	1,618,633,280
Cash and cash equivalents	7	2,812,652	350,957	215,967
Total current assets		1,504,259,810	1,330,034,039	1,618,849,247
TOTAL ASSETS		4,266,854,848	4,154,964,854	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		(18,700,277)	9,107,790	78,110,026
TOTAL EQUITY		2,778,084,805	2,767,782,846	2,836,785,082
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	9	488,190,563	450,825,862	431,006,858
Other non-current liabilities	10	400,000,000	400,000,000	400,000,000
Total non-current liabilities		888,190,563	850,825,862	831,006,858
CURRENT LIABILITIES:				
Loans	9	162,958,019	134,191,492	153,556,224
Trade creditors and other current liabilities	11	437,621,461	402,164,654	572,313,183
Total current liabilities		600,579,480	536,356,146	725,869,407
TOTAL EQUITY AND LIABILITIES		4,266,854,848	4,154,964,854	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 30 SEPTEMBER 2017 AND 2016

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

(Amounts expressed in euro)	Notes	3 rd quarter 2017	3 rd quarter 2016	30.September.2017	30.September.2016
Gains or losses on investments	14	(3,632,844)	2,780,707	(6,106,610)	8,361,800
Financial income	15	7,463,914	14,389,418	22,763,864	48,843,467
Other income		308,875	101,398	474,397	293,184
External supplies and services		(595,625)	(823,184)	(2,158,037)	(2,438,978)
Staff costs		(22,495)	(18,579)	(39,967)	(45,269)
Depreciation and amortisation		(32)	(57)	(97)	(171)
Financial expenses	15	(11,859,599)	(15,764,906)	(35,817,411)	(50,935,725)
Other expenses		(12,760)	(14,424)	(39,205)	(47,859)
Profit/(Loss) before taxation		(8,350,566)	650,373	(20,923,066)	4,030,449
Taxation		988,370	2,118,563	2,222,789	5,077,341
Profit/(Loss) after taxation		(7,362,196)	2,768,936	(18,700,277)	9,107,790
Profit/(Loss) per share (basic and diluted)	16	(0.0082)	0.0031	(0.0208)	0.0101

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 30 SEPTEMBER 2017 AND 2016

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

(Amounts expressed in euro)	3 rd quarter 2017	3 rd quarter 2016	30.September.2017	30.September.2016
Net Profit / (Loss) for the period	(7,362,196)	2,768,936	(18,700,277)	9,107,790
Total comprehensive income for the period	(7,362,196)	2,768,936	(18,700,277)	9,107,790

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 30 SEPTEMBER 2017 AND 2016

(Translation of the 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	-	-	-	-	9,107,790	9,107,790
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 30 September 2016	1,000,000,000	170,940,266	1,587,734,790	1,758,675,056	9,107,790	2,767,782,846
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	-	-	-	-	(18,700,277)	(18,700,277)
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 30 September 2017	1,000,000,000	174,845,768	1,621,939,314	1,796,785,082	(18,700,277)	2,778,084,805

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 30 SEPTEMBER 2017 AND 2016

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

(Amounts expressed in euro)	Notes	3 rd quarter 2017	3 rd quarter 2016	30.September.2017	30.September.2016
OPERATING ACTIVITIES					
Net cash flow from operating activities (1)		103,520	5,351,835	(3,603,159)	601,001
INVESTMENT ACTIVITIES					
Cash receipts arising from:					
Interest and similar income		14,690	301,832	30,358,164	21,341,508
Dividends		-	-	1,611,750	114,810
Others		-	-	6,204,643	5,479,445
Loans granted		855,930,389	1,601,799,304	2,259,623,470	3,013,876,903
		855,945,079	1,602,101,136	2,297,798,027	3,040,812,666
Cash payments arising from:					
Investments		(2,000,000)	(787,716)	(2,050,000)	(2,311,307)
Loans granted		(735,101,209)	(699,057,304)	(2,146,942,973)	(2,177,211,469)
		(737,101,209)	(699,845,020)	(2,148,992,973)	(2,179,522,776)
Net cash used in investment activities (2)		118,843,870	902,256,116	148,805,054	861,289,890
FINANCING ACTIVITIES					
Cash receipts arising from:					
Loans obtained		1,861,285,130	2,095,904,696	5,377,427,130	5,453,909,252
Investments		40,000	30,162,652	3,716,987	32,702,652
		1,861,325,130	2,126,067,348	5,381,144,117	5,486,611,904
Cash payments arising from:					
Loans obtained		(1,925,842,240)	(2,952,274,392)	(5,467,365,240)	(6,272,067,464)
Investments		(3,425,003)	(47,054)	(5,366,569)	(9,947,054)
Interest and similar charges		(2,505,834)	(3,306,708)	(8,459,811)	(15,008,942)
Dividends		(40,000,000)	(40,000,000)	(40,000,000)	(40,000,000)
		(1,971,773,077)	(2,995,628,154)	(5,521,191,620)	(6,337,023,460)
Net cash used in financing activities (3)		(110,447,947)	(869,560,806)	(140,047,503)	(850,411,556)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		8,499,443	38,047,145	5,154,392	11,479,335
Cash and cash equivalents at the beginning of the period		(5,686,791)	(38,889,856)	(2,341,740)	(12,322,046)
Cash and cash equivalents at the end of the period	7	2,812,652	(842,711)	2,812,652	(842,711)

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 30 SEPTEMBER 2017

(Translation of the 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 at 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 30 September 2017 and 31 December 2016, the investments in subsidiaries and associates companies are made up as follows:

Companies	30.September.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%	143,429	-	-
MCCARE, Serviços de Saúde, SA	100.00%	2,050,000	100.00%	50,000
MDS, SGPS, SA	47.52%	30,919,630	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%	-	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	96.53%	380,000	100.00%	50,000
SCBrasil Participações, Ltda	37.00%	-	37.00%	-
Sonae Center Serviços II, SA	100.00%	60,032,319	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%	18,630,000	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
SK - Skin Health Cosmetics, SA	100.00%	50,000	-	-
Total		1,615,085,964		1,625,691,885

5 OTHER NON-CURRENT ASSETS

As at 30 September 2017 and 31 December 2016 the other non-current assets were as follows:

	30.September.2017	31.December.2016
Loans granted	1,146,508,956	1,149,080,000
Other debtors	1,000,000	40,000
Total	1,147,508,956	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 30 September 2017 and 31 December 2016 the loans granted are no past due.

6 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at 30 September 2017 and 31 December 2016 the trade accounts receivable and other current assets were as follows:

	30.September.2017	31.December.2016
Group companies:		
Short term loans	1,454,763,739	1,564,872,949
Interests charged but not received	195,776	30,448,655
Taxes - Special Regime for taxation of groups of companies	7,354,106	5,149,159
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	-	575,714
Taxes recoverable	7,015,391	8,362,600
Accrued and deferred assets	27,483,610	4,542,059
Others	31,384	78,992
Total	1,501,447,158	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 30 September 2017 and 31 December 2016, cash and cash equivalents can be detailed as follows:

	30.September.2017	31.December.2016
Bank deposits	2,812,652	215,967
Cash and cash equivalents on the balance sheet	2,812,652	215,967
Bank overdrafts	-	(2,557,707)
Cash and cash equivalents on the cash flow statement	2,812,652	(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 30 September 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 30 September 2017 and 31 December 2016, the subscribed share capital was held as follows:

	30.September.2017	31.December.2016
Sonae, SGPS, SA	25.0287%	25.0287%
Sonae Investments 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 30 September 2017 and 31 December 2016, this caption included the following loans:

	30.September.2017	31.December.2016
Bonds Sonae Investimentos / June 2013/2018	-	50,000,000
Bonds Sonae Investimentos / December 2015/2020	50,000,000	50,000,000
Bonds Sonae Investimentos / May 2015/2022	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/ September 2016/2021	9,000,000	12,000,000
Up-front fees not yet charged to income statement	(1,809,437)	(1,993,142)
Bonds loans	257,190,563	310,006,858
Commercial paper	200,000,000	121,000,000
Other bank loans	31,000,000	-
Loans	231,000,000	121,000,000
Non-current loans	488,190,563	431,006,858
Bonds Sonae Investimentos / June 2013/2018	50,000,000	-
Bonds Sonae Investimentos/ September 2016/2021	3,000,000	3,000,000
Up-front fees not yet charged to income statement	(41,981)	(1,483)
Bonds loans	52,958,019	2,998,517
Commercial paper	110,000,000	148,000,000
Bank overdrafts	-	2,557,707
Loans	110,000,000	150,557,707
Current loans	162,958,019	153,556,224

Under the above mentioned lines of credit and commercial paper programs with firm commitments, the company had 428 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	163,000,000	525,000,000
Available credit facilities amounts	103,000,000	325,000,000

The average interest rate in the third quarter was around 1.32% (1.44% as of December 31 2016).

As at 30 September 2017 and 31 December 2016 the analysis of maturity of loans excluding the derived instruments having in consideration its nominal value is as follows:

	30.September.2017	31.December.2016
N+1	163,000,000	153,557,707
N+2	10,500,000	60,500,000
N+3	10,500,000	10,500,000
N+4	319,200,000	163,000,000
N+5	119,800,000	199,000,000
após N+5	30,000,000	-

10 OTHER NON-CURRENT LIABILITIES

As at 30 September 2017 and 31 December 2016 this caption is as follows:

	30.September.2017	31.December.2016
Loans obtained	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 30 September 2017 the fair value of this bond loan is 52,485 euro (52,994 euro on 31 December 2016) per bond, and was determined based on discounted cash flows method.

As at 30 September 2017 and 31 December 2016 Sontel, BV held all the bonds.

11 TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

As at 30 September 2017 and 31 December 2016, this heading is made up as follows:

	30.September.2017	31.December.2016
Suppliers	24,481	41,122
Group companies:		
Short term loans	403,280,972	562,219,082
Taxes - Special Regime for taxation of groups of companies	1,790,897	4,532,087
Taxes and contributions payable	1,903,365	1,893,948
Accrued and deferred liabilities	30,321,923	3,324,996
Others	299,823	301,948
Total	437,621,461	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 30 September 2017 and 31 December 2016 the contingent liabilities were detailed as follows:

	30.September.2017	31.December.2016
Guarantees rendered:		
related to tax claims awaiting outcome		
Guarantees provided by financial institutions	80,863,567	86,763,780
Guarantees provided by parent company	245,298,495	255,152,531
others	1,770,000	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:	30.September.2017	31.December.2016
Parent companies	5,846,701	3,671,763
Subsidiaries	26,921,784	34,701,540
Associated companies	1,011,700	9,545
Accounts receivable	33,780,185	38,382,848
Parent companies	718,314	1,372,154
Subsidiaries	4,550,547	5,165,471
Associated companies	19,704	-
Other related parties	24,622,413	355,747
Accounts payable	29,910,978	6,893,372
Subsidiaries	2,604,514,611	2,716,543,747
Associated companies	-	651,119
Loans granted	2,604,514,611	2,717,194,866
Subsidiaries	403,280,972	562,219,082
Other related parties	400,000,000	400,000,000
Loans obtained	803,280,972	962,219,082

Transactions:	30.September.2017	30.September.2016
Parent companies	774,787	1,068,097
Associated companies	13,217	19,045
Other related parties	107	104
Purchases and services obtained	788,111	1,087,246
Parent companies	35,549	48,493
Subsidiaries	158,883	228,130
Other income	194,432	276,623
Subsidiaries	22,748,438	48,095,600
Associated companies	8,751	70,220
Interest income	22,757,190	48,165,820
Parent companies	470,261	25,739,473
Subsidiaries	2,177,146	12,170,930
Other related parties	24,306,814	111,892
Interest expenses	26,954,221	38,022,295
Subsidiaries	1,611,750	114,810
Dividend income	1,611,750	114,810
Subsidiaries	1,968,533	30,162,652
Other related parties	6,507	-
Investments disposal	1,975,040	30,162,652
Subsidiaries	2,000,000	-
Loans disposal	2,000,000	-
Subsidiaries	5,767,910	-
Associated companies	380,783	-
Other related parties	-	47,054
Investments acquisition	6,148,693	47,054
Subsidiaries	6,204,643	5,479,445
Income from Investment Fund Participation Units	6,204,643	5,479,445

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

During 9 months ended as at 30 September 2017 and 2016 did not occur any transactions including granted loans to the Company's Directors.

14 GAINS OR LOSSES ON INVESTMENTS

As at 30 September 2017 and 2016 gains or losses on investment are as follows:

	30.September.2017	30.September.2016
Dividends received	1,611,750	114,810
Income of financial investments	6,204,643	5,479,445
Reverse of impairment losses	1,000,000	-
Impairment losses	(14,696,583)	-
Income on investments sales	-	2,781,576
Losses on investments sales	(226,420)	(14,031)
Total	(6,106,610)	8,361,800

15 FINANCIAL INCOME / EXPENSES

As at 30 September 2017 and 2016, financial income and expenses are as follows:

	30.September.2017	30.September.2016
Interest receivable		
related to bank deposits	5,541	9,539
related to loans granted	22,757,190	48,165,820
Other	1,133	23,978
Other financial income	-	644,130
Financial income	22,763,864	48,843,467
Interest payable		
related to bank deposits and overdrafts	(1,762,412)	(1,937,041)
related to non convertible bonds	(4,558,432)	(7,650,519)
related to loans obtained	(26,954,221)	(38,022,295)
Other financial expenses		
Up front fees on the issuance of debt	(2,534,576)	(3,229,195)
Other	(7,770)	(96,675)
Financial expenses	(35,817,411)	(50,935,725)

16 EARNINGS PER SHARE

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

	30.September.2017	30.September.2016
Net Profit/(loss)		
Net profit/(loss) taken into consideration to calculate basic earnings per share (Net profit for the period)	(18,700,277)	9,107,790
Net profit/(loss) taken into consideration to calculate diluted earnings per share	(18,700,277)	9,107,790
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)	(0.0208)	0.0101

17 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 13 November 2017.

18 INFORMATION REQUIRED BY LAW

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

During the period ended as at 30 September 2017 shareholders' loan contracts were signed with the following companies:

Sonae Capital Brasil Ltda

During the period ended as at 30 September 2017, treasury application agreements were signed with the following companies:

BB Food Service, SA

BRIO - Produtos de Agricultura Biológica, SA

Citorres - Sociedade Imobiliária, SA

Cumulativa - Sociedade Imobiliária, SA

Efanor Investimentos, SGPS, SA

Fozimo – Sociedade Imobiliária, SA

Imoestrutura - Sociedade Imobiliária, SA

Imoresultado – Sociedade Imobiliária, SA

Infofield - Informática, SA

Make Notes Design, Lda

MCCARE, Serviços de Saúde, SA

MDS, SGPS, SA

MJLF - Empreendimentos Imobiliários, SA

Selifa - Sociedade de Empreendimentos Imobiliários, SA

SFS - Serviços de Gestão e Marketing, SA

SK - Skin Health Cosmetics, SA

Socijofra - Sociedade Imobiliária, SA

Sonae, SGPS, SA

Valor N, SA

Zyevolution - Investigação e Desenvolvimento, SA

The amounts due to group companies as at 30 September 2017 related to the mentioned contracts were the following:

<u>Company</u>	<u>30.September.2017</u>
BB Food Service, SA	1,586,000
Bertimóvel - Sociedade Imobiliária, SA	8,518,000
Bom Momento - Comércio Retalhista, SA	1,756,000
Citorres - Sociedade Imobiliária, SA	1,100,000
Contimobe - Imobiliária do Castelo de Paiva, SA	8,577,000
Continente Hipermercados, SA	147,800,132
Cumulativa - Sociedade Imobiliária, SA	53,991
Farmácia Seleção, SA	669,000
Fozimo – Sociedade Imobiliária, SA	1,296,000
Imoestrutura - Sociedade Imobiliária, SA	1,749,000
Imoresultado – Sociedade Imobiliária, SA	1,472,000
Make Notes Design, Lda	883,000
MCCARE - Serviços de Saúde,SA	1,076,000
MJLF - Empreendimentos Imobiliários, SA	438,000
Modelo Hiper Imobiliária, SA	6,806,000
Pharmacontinente - Saúde e Higiene, SA	9,327,000
Predicomercial - Promoção Imobiliária, SA	14,178,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	5,240,000
Sesagest - Projectos e Gestão Imobiliária, SA	42,063,000
Socijofra - Sociedade Imobiliária, SA	4,473,149
Sonaesr Serviços e Logística, SA	7,215,000
Têxtil do Marco, SA	1,058,000
Tlantic Portugal - Sistemas de Informação, SA	15,000
Valor N, SA	138,000
Worten - Equipamentos para o Lar, SA	135,785,700
Zyevolution - Investigação e Desenvolvimento, SA	8,000
Total	403,280,972

As at 30 September 2017 amounts owed by subsidiaries can be detailed as follows:

Company	30.September.2017
Azulino - Imobiliária, SA	294,000
Asprela - Sociedade Imobiliária, SA	2,252,000
BRIO - Produtos de Agricultura Biológica,SA	1,536,000
Canasta - Empreendimentos Imobiliários, SA	199,463
Chão Verde - Sociedade de Gestão Imobiliária, SA	5,117,000
Elergone Energia, Lda	466,000
Fashion Division, SA	43,937,100
Igimo – Sociedade Imobiliária, SA	556,000
Iginha – Sociedade Imobiliária, SA	620,000
Imomuro - Sociedade Imobiliária, SA	54,000
Imosistema - Sociedade Imobiliária, SA	59,000
Infofield - Informática, SA	1,266,500
Modalfa - Comércio e Serviços, SA	14,141,971
Modalloop - Vestuário e Calçado, SA	1,615,500
Modelo Continente Hipermercados, SA	599,708,000
Pharmaconcept - Actividades em Saúde, SA	6,000
Ponto de Chegada - Sociedade Imobiliária, SA	142,000
Predilugar - Sociedade Imobiliária, SA	524,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	87,000
Sempre à Mão - Sociedade Imobiliária, SA	43,000
SFS - Serviços de Gestão e Marketing, SA	31,000
SK - Skin Health Cosmetics, SA	161,000
Sociloures - Sociedade Imobiliária, SA	385,000
Sonae Capital Brasil, Ltda	7,720,873
Sonae Center Serviços II, SA	44,750,000
Sonae MC - Modelo Continente, SGPS, SA	1,806,833,850
Sonaerp - Retail Properties, SA	66,512,155
Sondis Imobiliária, SA	1,326,000
Zippy - Comércio e Distribuição, SA	4,170,200
Total	2,604,514,611

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