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

FINANCIAL STATEMENTS

31 DECEMBER 2016

Management Report

SONAE INVESTIMENTOS, SGPS, SA

MANAGEMENT REPORT 2016

Sonae Investimentos, SGPS, SA is the company within the Sonae Group which aggregates the core activity of the group, retail.

1 MAIN HIGHLIGHTS

During the course of 2016, Sonae Investimentos, SGPS, SA delivered a consolidated turnover of 5,218 million Euro - which represents a 7.4% increase when compared to the previous year.

In this same period, the Company´s consolidated operating cash-flow (EBITDA) reached 362 million Euro. This figure represents a ratio over total net sales of 6.9%, 0.1 p.p. more than the previous year.

Focusing on the evolution of the Company´s activity, we highlight the following aspects:

MC turnover reached 3,687 million Euro in 2016, growing 5.6% when compared to the previous year. This performance was backed by LfL sales growth of 1.9%, and by the expansion of the store network, in which we would like to highlight the opening of 1 Continente hypermarket, 25 Continente Bom Dia and 77 Meu Super stores. The expansion of these last two formats contributed to increasing the number of convenience stores at MC.

Sonae MC underlying EBITDA margin stood at 5.7% in 2016, corresponding to an underlying EBITDA of 210 million Euro. As in previous years, the food retail market continued to be highly competitive in 2016, thus improving and reinforcing the value proposition of the business was key for Sonae MC. So, the company remained focused on closely monitoring a series of leading indicators which include price perception and competitiveness and customer satisfaction. At the same time, with the objective of establishing Continente as a specialist in perishables, the brand worked towards improving and communicating its offer.

During 2016, Sonae MC reached an important number of objectives on various fronts, of which Sonae MC would like to highlight the following:

- International expansion: in 2016, Sonae MC took important steps for the international expansion in emerging markets, having realized the first investments in Africa, through the acquisition of 2 stores in Mozambique;
- Bet on Health and wellness segment: in 2016, Sonae MC took steps to reinforce its position in Health and wellness segment, through the agreement for the acquisition of Go Natural and the opening of the first supermarket entirely dedicated to organic food, which took place in the fourth

quarter of 2016, and were aimed at consolidating MC's presence in a segment with relevant growth potential.

Sonae SR turnover reached 1,438 million Euro in 2016, increasing 11.1% when compared to 2015, driven by the impact of Worten and Sports and Fashion division.

Worten turnover grew 2.1% when compared to 2015. Worten continued to implement its omni-channel strategy in Iberia, through a network of physical stores and two recently renewed e-commerce platforms (highlight for the extremely positive performance of the Portuguese platform, launched in November 2016).

The Sports and Fashion turnover increased ca. 30% in 2016 when compared to 2015, largely impacted by Losan and Salsa's contributions, but also by the performance of the original portfolio. Sport Zone maintained its positive sales per m2 performance, despite the increased number of stores. Zippy posted a strong LfL sales performance of 10% in Portugal and 6% in Spain. MO was able to show positive signs, especially in the fourth quarter of 2016.

Sonae SR underlying EBITDA stood at 35 million Euro, corresponding to an EBITDA margin of 2.3%. This benefited both from the consolidation of Salsa and Losan's results, and from the positive contribution of the original portfolio, in which all businesses increased profitability.

Some of the most significant milestones in 2016 were:

- The acquisiton, at the end of first semester of 2016, of a 50% stake in Salsa, a Portuguese jeanswear brand with strong international presence and internationally renowned for its entrepreneurship and ability to develop innovative products. This acquisition will enable Sonae SR to strength international expansion, while adding efficiency through synergies and economies of scale with the original portfolio.

- Zippy continued to pursue its international expansion in 2016, promoting growth through franchising agreements, wholesale or store-in-store solutions. Zippy ended the year with 72 stores in more than 40 countries outside Portugal, 54 of which were through franchising agreements.

Sonae RP turnover decreased 24.2%, to 92 million Euro, driven by a freehold reduction at Sonae MC, from 62% in 2015, to 50% at the end of 2016. The underlying EBITDA amounted to 80 million Euro, corresponding to an underlying EBITDA margin of 87.5%.

Net book value of the capital invested in real estate assets amounted, at the end of 2016, to 931 million Euro. Sonae RP EBIT ROCE stood at 13%.

Throughout 2016, Sonae RP continued to implement its strategy of asset monetization and completed 4 sale and leaseback operations. The cash proceeds amounted to 251 million Euro, equivalent to a capital gain of approximately 70 million Euro. This strategy enabled capital from mature real estate assets to be released while also maintaining adequate operational flexibility.

MC's freehold reached the 50% target announced and included 21 Continente stores, 62 Continente Modelo stores and 26 Continente Bom Dia stores on December 31st, 2016. As for SR's freehold, it stood at 21%.

Sonae FS was created with the objective of fostering financial services of the Group. It currently includes the pre-paid card program (card Dá), the cross-selling over store credit, Continente Money Transfer and the recently launched Universo card. At the end of 2016, Universo card reached more than 400 thousand subscribers, largely exceeding expectations. The launch of this card is aiming to reinforce the Group´s competitive offer, reinforcing Continente card value proposition through an integrated payment system and platform of discounts approach.

Thus, during the course of the year in question, Sonae Investimentos, SGPS, SA consolidated direct profit totalled 88.5 million Euro, increasing 4 million Euro when compared to 2015.

Consolidated Net Result for the period, attributable to Shareholders of the Holding Company, amounted to 80.5 million Euro, compared to 70 million Euro in the previous year.

2 INVESTMENT

During the course of 2016, Sonae Investimentos carried out an overall investment of 389 million Euro. This figure was mainly directed towards the execution of the Company´s expansion plan, allowing it to end the year with a portfolio of 1,208 stores and a sales area of 1,080 thousand m^2 (growing 4% on 2015 year end portfolio).

- The investment in the **food based retail** businesses reached 167 million Euro. The amount invested was mainly directed towards the opening of 25 Continente Bom Dia, 1 Continente supermarket, 77 Meu Super stores and 25 Well´s stores.
- The investment in **specialised retail** reached 152 million Euro, including the acquisition of Salsa, formalized on June 30, 2016. Additionally, Sonae SR continued the consolidation of its store network in international markets, having, at the end of 2016, a total of 259 stores outside Portugal, including 104 under franchising agreements.
- The amount invested by the **retail properties** segment reached 62 million Euro, remaining flat when compared to 2015.

3 OUTLOOK

In 2017, the path for the global economy will be dependent on how three hard transitions progress in a context of great political uncertainty: i) transition from monetary to fiscal policy; ii) transition from globalisation to de-globalisation; iii) China’s economic and currency regime transition.

The inauguration of Donald Trump as the President of the US, the forthcoming elections in several European countries and the National Congress of the Chinese Communist Party, all taking place in 2017, will contribute to a highly uncertain global economic and political context.

However, if these three transitions progress in an orderly fashion, global growth is expected to improve moderately, underpinned by a continued recovery in developed economies and by stronger activity in most of the emerging world.

The outlook for advanced economies is somewhat more favourable, reflecting the strengthening of activity in the second half of 2016, reinforced by still supportive monetary policies in some economies and a renewed fiscal boost in others, particularly in the US.

The picture for emerging markets is also more positive, with some of the large economies that have been under pressure stabilising, while for commodity-exporting countries the outlook is improving as the price of these resources recovers.

The Portuguese economy is expected to accelerate slightly (+1.6%), continuing the moderate recovery path that has characterised recent years. This healthier outlook is mainly associated with an improving external sector and most of all with the recovery of investment. Nevertheless, the outlook continues to face significant risks, mainly associated with the fragilities of the financial sector and high debt stocks. As demand for durable goods is set to decelerate, private spending is expected to moderate towards a more sustainable pace in 2017, growing in line with real disposable income, as savings rates remain at low levels.

In Spain, economic recovery is set to continue in 2017 (+2.5%), underpinned by sustained monetary stimulus and by a dynamic exporting sector and the continued recovery of the real estate sector. However, economic growth is expected to decelerate, driven by uncertainty, rising oil prices limiting households' purchasing power gains, limited room to further reduce the cost of credit and a fiscal policy that may become restrictive in order to control public deficit. Household consumption is forecast to grow at a more moderate pace in line with the gradual slowdown in job creation, while this gentle slowdown will be more evident in durable goods, which are already close to the pre-crisis levels.

In short, the Iberian economies seem to be heading towards more sustainable growth, nevertheless divergence persists, with stronger albeit decelerating activity in Spain, but only a modest improvement, expected in Portugal. Main risks to the outlook are coming from the external front and are globally skewed to the downside, mainly related with rising political uncertainty and the unpredictable global spill overs from changes in the US economic policy stance.

4 FINANCIAL RISK MANAGEMENT

The general financial risk management principles of the Company are found in detail in Note 3 of the Appendix to the Income Statement.

5 SUBSEQUENT EVENTS

On March 9, 2017, Sonae announced that agreed with JD Sports Fashion Plc (JD Group), and JD Sprinter Holdings (JD Sprinter), a Memorandum of Understanding (MoU) which would see the combination of the JD Group's existing businesses in Iberia and JD Sprinter, with Sport Zone's business. This MoU establishes the key parameters for the creation of an Iberian Sports Retail Group that will have as shareholders the JD Group, Sonae and the family shareholder of JD Sprinter, with shareholdings of approximately 50%, 30% and 20%, respectively.

6 REMUNERATION OF CORPORATE BODIES

Remuneration of the Board of Directors

Remuneration paid and attributed

The members of the Board are not remunerated by the Company or by Sonae Investimentos's Group companies.

Remuneration of Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is composed of a set annual amount, based on the Company´s financial situation and market practices.

The set annual amounts for the members of this committee were as follows:

Member of Statutory Audit Board	31 dezembro 2015	31 dezembro 2016
Armando Luis Vieira de Magalhães	7,900	7,900
António Augusto Almeida Trabulo	7,900	7,900
Maria José Martins Lourenço da Fonseca	5,333	9,900
Manuel Heleno Sismeiro	2,000	-
Total	23,133	25,700

Statutory External Auditor Fees

Sonae Investimentos Statutory Auditor and audit firm is Deloitte. The figures invoiced to Sonae Investimentos in 2015 and 2016, including subsidiaries, are as follows:

Statutory External Auditor	31 dezembro 2015		31 dezembro 2016	
Audit and Statutory Audit	386,633	42%	368,487	58%
Tax consultancy	438,125	48%	81,055	13%
Other services	97,255	10%	180,500	28%
Total	922,013	100%	630,042	100%

The fees relative to auditing services and other compliance and assurance services represents 71% of total fees. The other services represented 29% of total fees and were assessed by the Statutory Audit Board.

In 2016, the fees for other services included: consulting services provided to several subsidiaries of Sonae Investimentos and training actions.

In 2016, fees paid by Sonae Investimentos, in Portugal, to companies within the Deloitte network, represented less than 1% of Deloitte´s annual turnover in Portugal.

The External Auditor quality system controls and monitors the potential risks of loss of independence or possible conflict of interests with Sonae.

Under the terms of article 62º-B of Law Decree nº 487/99 dated 16th November (altered by Decree Law nº 224/2008, 20th November), on an annual basis, the Statutory Audit Board receives a declaration of independence from the auditor, where services rendered by them and other entities within the same network are described, in addition to respective remuneration paid, eventual threats to independence and measures to safeguard against them.

Remuneration of the Board of Shareholder's General Meeting

The remuneration of the Board of Shareholder's General Meeting is constituted by a set figure, as detailed below:

Board of Shareholder´s General Meeting	31 dezembro 2015	31 dezembro 2016
President	3,750	3,750
Secretary	1,500	1,500
Total	5,250	5,250

7 OWN SHARES

As at 31 December 2016 and 2015 Sonae Investimentos, SGPS, SA, held, through Sonae MC – Modelo Continente, SGPS, SA, 100,000,000 shares representative of its share capital.

8 PROPOSAL FOR PROFIT DISTRIBUTION FOR THE COMPANY SONAE INVESTIMENTOS, SGPS, SA

Sonae Investimentos, SGPS, S.A. net profit for the year, as a standalone company, totalled 78,110,026.46 Euro, for which the Board of Directors propose the following distribution:

Legal Reserve	3,905,501.76 Euro
Dividends	40,000,000.00 Euro
Free Reserves	34,204,524.70 Euro
Total	**78,110,026.46 Euro**

The dividend distribution excludes the shares that, at the date of the distribution are held by the company or any other companies under its control.

9 ACKNOWLEDGEMENTS

We thank all of our customers, suppliers, financial institutions and shareholders for their support and preferences demonstrated. To the external auditors and statutory auditors, we also owe our gratitude for their cooperation throughout the year. Finally, a special word of thanks to all of Sonae Investimentos employees for their enthusiasm, dedication and competence demonstrated once again.

Matosinhos, 18 of April 2017

Approved at the Board of Directors meeting on 18 April 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 (t)

Sale of articles + services rendered.

EBITDA

Underlying EBITDA + equity method results + 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

APPENDIX

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

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements, the legal certification of the Statements and other accounting documents required by law or regulation were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, giving a truthful and appropriate image of the assets and liabilities, the financial situation and the results of the issuer and the companies included in the consolidation perimeter and that the Management Report faithfully describes the evolution of the businesses, the performance and position of the issuer and companies included in the consolidation perimeter and contains a description of the main risks and uncertainties with which they are faced.

Matosinhos, 18 of April 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

Article 447 of the Portuguese Companies Act and Article 14, paragraph 7, of the Portuguese Securities Comission (CMVM) Regulation no. 05/2008

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

		Additions		Reductions		Position at 31.12.2016	Balance as of 31.12.2016
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €		Quantity
Duarte Paulo Teixeira de Azevedo (*) (**) (***) (****)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Migracom, SGPS, SA (9)						Dominant	
Sonae - SGPS, SA (3)						Minority	
Ângelo Gabriel Ribeirinho dos Santos Paupério (*) (**)							
Sonae - SGPS, SA (3)						Minority	
Enxomil - Consultoria e Gestão, SA (11) (a)						Dominant	
Enxomil - Sociedade Imobiliária, SA (12)						Dominant	

		Additions		Reductions		Position at 31.12.2016	Balance as of 31.12.2016
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €		Quantity
(1) Efanor Investimentos, SGPS, SA							
Sonae, SGPS, SA (3)						Dominant	
Pareuro, BV (2)						Dominant	
(2) Pareuro, BV							
Sonae, SGPS, SA (3)						Dominant	
(3) Sonae, SGPS, SA							
Sonae Investments, BV (6)						Dominant	
Sonae Investimentos, SGPS, SA (4)							250,286,683
Sonaecenter, Serviços, SA (5)						Dominant	
(4) Sonae Investimentos, SGPS, SA							
Sonae MC - Modelo Continente, SGPS, SA (8)						Dominant	
(5) Sonaecenter, Serviços, SA							
Sonae Investimentos, SGPS, SA (4)							518,269,127
(6) Sonae Investments BV							
Sonae Investimentos, SGPS, SA (4)							131,419,190
Libra Serviços, Sociedade Unipessoal, Lda (7)						Dominant	
(7) Libra Serviços, Sociedade Unipessoal, Lda							
Sonae Investimentos, SGPS, SA (4)							25,000
(8) Sonae MC - Modelo Continente, SGPS, SA							
Sonae Investimentos, SGPS, SA (4)							100,000,000
(9) Migracom, SGPS, SA							
Sonae, SGPS, SA (3)						Minority	
Imparfin, SGPS, SA (10)						Minority	
(10) Imparfin, SGPS, SA							
Sonae, SGPS, SA (3)						Minority	
(11) Enxomil - Consultoria e Gestão, SA (a)							
Sonae, SGPS, SA (3)						Minority	
(12) Enxomil - Sociedade Imobiliária, SA							
Sonae - SGPS, SA (3)						Minority	

(*) Member of the Board of Directors of Sonae, Investimentos, SGPS, SA
(**) Member of the Board of Directors of Sonae, SGPS, SA (directly and indirectly dominant company) (3)
(***) Member of the Board of Directors of Efanor Investimentos SGPS, SA (1)
(****) Member of the Board of Directors of Imparfin, SGPS, SA (10)
(a) Formerly known as Enxomil, SGPS, SA

Article 448 of the Portuguese Companies Act

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

	Number of shares held as of 31.December.2016
Sonae, SGPS, SA	250,286,683
Sonae Investments, BV	131,419,190
Libra Serviços, Sociedade Unipessoal, Lda	25,000
Sonaecenter, Serviços, SA	518,269,127
Sonae MC - Modelo Continente, SGPS, SA	100,000,000

Qualified holdings

Shares held and voting rights attributable to shareholders owning 2% or more of the share capital of the Sonae Investimentos, SGPS, SA, calculated according to article 20 of the Portuguese Securities Code, as required by article 8 paragraph 1, subparagrah b), of the Portuguese Securities Market Comission (CMVM) Regulation no. 05/2008:

Shareholder	Nr. of shares	% Share capital and voting rights*	% of exercisable voting rights**
Efanor Investimentos, SGPS, SA (I)			
By Sonae, SGPS, SA	250,286,683	25.03%	27.81%
By Sonae Investments, BV	131,419,190	13.14%	14.60%
By Libra Serviços, Sociedade Unipessoal, Lda	25,000	0.00%	0.00%
By Sonaecenter, Serviços, SA	518,269,127	51.83%	57.59%
By Sonae MC - Modelo Continente, SGPS, SA (II)	100,000,000	10.00%	-
Total attributable to Efanor Investimentos, SGPS, SA	1,000,000,000	100.00%	100.00%

Source: communications received by the Company regarding qualified shareholdings up to 31th December 2016

* Voting rights calculated based on the Company's share capital with voting rights, as per subparagraph b) of paragraph 3 of article 16 of the Portuguese Securities Code

**Voting rights calculated based on the Company's share capital with voting rights that are not subject to suspension of exercise

(I) Belmiro Mendes de Azevedo is, according to subparagraph b) of paragraph 1 of article 20 and paragraph 1 of article 21, both of the Portuguese Securities Code, the "ultimate beneficial owner", as he is the controlling shareholder of Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV

(II) Considered treasury shares in accordance with Commercial Companies Code as Sonae MC - Modelo Continente, SGPS, SA is directly owned by Sonae Investimentos, SGPS, SA

Corporate Governance

SONAE INVESTIMENTOS, SGPS, SA

Corporate Governance

Sonae Investimentos, SGPS, S.A. Corporate Governance practices annual report, pursuant to the terms of number 4 of article 245 A of the Portuguese Securities Code and article 2 and article 3 of Law 28/2009, enacted on 19th of June.

Chapter 1 – Qualified Shareholdings – article 245-A, number 1, section c) of the Portuguese Securities Code

Qualified holdings

Shares held and voting rights attributable to shareholders owning 2% or more of the share capital of the Sonae Investimentos, SGPS, SA, calculated according to article 20 of the Portuguese Securities Code, as required by article 8 paragraph 1, subparagrah b), of the Portuguese Securities Market Comission (CMVM) Regulation no. 05/2008:

Shareholder	Nr. of shares	% Share capital and voting rights*	% of exercisable voting rights**
Efanor Investimentos, SGPS, SA (I)			
By Sonae, SGPS, SA	250,286,683	25.03%	27.81%
By Sonae Investments, BV	131,419,190	13.14%	14.60%
By Libra Serviços, Sociedade Unipessoal, Lda	25,000	0.00%	0.00%
By Sonaecenter, Serviços, SA	518,269,127	51.83%	57.59%
By Sonae MC - Modelo Continente, SGPS, SA (II)	100,000,000	10.00%	-
Total attributable to Efanor Investimentos, SGPS, SA	1,000,000,000	100.00%	100.00%

Source: communications received by the Company regarding qualified shareholdings up to 31th December 2016

* Voting rights calculated based on the Company's share capital with voting rights, as per subparagraph b) of paragraph 3 of article 16 of the Portuguese Securities Code

**Voting rights calculated based on the Company's share capital with voting rights that are not subject to suspension of exercise

(I) Belmiro Mendes de Azevedo is, according to subparagraph b) of paragraph 1 of article 20 and paragraph 1 of article 21, both of the Portuguese Securities Code, the "ultimate beneficial owner", as he is the controlling shareholder of Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV

(II) Considered treasury shares in accordance with Commercial Companies Code as Sonae MC - Modelo Continente, SGPS, SA is directly owned by Sonae Investimentos, SGPS, SA

Chapter 2 – Identification of shareholders that hold special rights and description of those rights - article 245-A, number 1, section d) of the Portuguese Securities Code

There are no shareholders who hold special rights.

Chapter 3 – Restrictions on voting rights - article 245-A, number 1, section f) of the Portuguese Securities Code

As set in the company´s Articles of Association (if nothing is stated, the guidelines shall be those of the governing law):

The Shareholders' General Assembly is solely made up of shareholders with voting rights, holders of shares or securities for subscription, that until 5 business days prior to the Assembly taking place, present evidence of their shareholding, under the terms established by Law. The presence of shareholders who have preferential shares without voting rights in the Shareholders' General Assembly, and their taking part in the discussion of matters regarding order of the day, depends on the General Assembly Authorisation.

One share confers one vote.

Shareholders who are individuals can be represented at the Shareholders' General Assembly by sending a letter to the Chairman of the Board of the Shareholders General Assembly, stating the name and address of their representative and date of the Assembly.

Legal entities may be represented by a person designated by them in a letter, the authenticity of which will be verified by the Chairman of the Board of the Shareholders' General Assembly.

If the Company is listed as a "publicly quoted company", shareholders can vote by mail, but only in relation to changes to the Articles of Association and Company Governing Bodies election.

Postal votes will only be considered when received at the Company's registered office by registered mail, with receipt notice, addressed to the Chairman of the Board of the Shareholders´ General Assembly, at least 3 days prior to the date of the General Assembly, notwithstanding the requirement of presenting evidence of its capacity as a shareholder.

The voting declaration must be signed by the shareholder or by his/hers legal representative. In the case of an individual, it should be accompanied by a certified copy of his/her identity card. In case of a legal entity, the signature should be notarised and should specify that the signatory is authorised and empowered for that effect.

Voting declarations will only be considered valid when they clearly and unequivocally set out:

a) The item or items of the agenda they refer to;

b) The specific proposal to which they relate to with an indication of the respective proponent or proponents;

c) The precise and unconditional voting intention on each proposal.

Notwithstanding, what is set in section b) herein above, a shareholder is allowed to include in a written voting declaration, regarding an identified proposal, the intention to vote against all alternative proposals, in relation to the same item on the agenda, without further specification.

The shareholders who send their voting declaration by mail shall be deemed to have abstained from voting on any proposals that are not specifically included in their written voting declarations.

Postal votes count as negative votes regarding resolution proposals presented after the date on which the same votes were cast.

It is the Chairman of the Board of the Shareholders' General Assembly's responsibility, or the person replacing him, to verify voting declarations sent by mail, disregarding any votes relating to declarations that have not been accepted.

It is the Company´s responsibility to guarantee the confidentiality of votes sent by mail, until voting takes place.

The Shareholders General Assembly may deliberate at first call so long as there are present or represented shareholders whom represent more than 50% of the issued share capital.

Chapter 4 – Rules applicable to the designation and replacement of the Statutory Governing Bodies members and changes to the Company's Articles of Association - article 245-A, number 1, section h) of the Portuguese Securities Code.

The Board of Directors is made up of an even or an odd number of members. A minimum of 2, and maximum of 11 members, elected at the Shareholders' General Assembly, make up the Board of Directors.

In case of death, resignation or temporary or permanent incapacity of any member, the Board of Directors will carry out a replacement.

In the case of the company being a publicly quoted, concessionaire of the State or equivalent entity, the definitive lack of an elected Director under the provision of article 392 of the Portuguese Companies Act (special election rules apply), and new elections shall take place.

Notwithstanding, what is set herein above, governing law does not prevent that the replacement be decided by the Shareholders' General Assembly resolution.

As set forth in governing law, a change to the Articles of Association must be carried out by a Shareholders' General Assembly Resolution.

The required quorum for amendment to the Articles of Association:

a) The Articles of Association state that at first call to deliberate on any matter, shareholders whom represent more than 50% of the share capital must be present or represented;

b) In accordance with number 3, article 383 of the Portuguese Companies Act, the Assembly, on a second call, can deliberate regardless of the number of shareholders present, represented or the share capital by them represented.

Under the terms of number 3 article 386 of the Portuguese Companies Act, the resolution regarding a change to the articles of association, must be approved by 2/3 of votes, regardless of the Assembly meeting during a first or a second call.

Chapter 5 – Powers of the Board of Directors, namely with regards to share capital increase resolutions - article 245-A, number 1, section i) of the Portuguese Securities Code

Article 5, number 2 of the Articles of Association states that the Company's share capital can be increased, through new entries in cash, of up to five billion Euro, in one or more stages, by resolution of the Boards of Directors, which will determine, in accordance with the law, the conditions of subscription and the categories of shares to be issued, based on those already existing at the time".

This authorisation was renewed by the Shareholders General Assembly which took place on 27th of April 2012 and remains valid for a period of 5 years under the terms of number 2 b) of article 456 of the Portuguese Companies Act.

Chapter 6 – Main elements of internal control systems and risk management implemented in the company regarding the process of disclosing financial information - article 245-A, number 1, section m) of the Portuguese Securities Code

The existence of an effective internal control environment, particularly in the process of financial reporting, is a commitment that Sonae Investimentos' Board of Directors has. It aims to identify and improve the most relevant process in terms of preparation and disclosure of financial information, with the goals of transparency, consistency, simplicity, reliability and relevance. The aim of the internal control system is to ensure a reasonable guarantee in relation to the preparation of financial statements in accordance with the accounting principles adopted, and quality of financial reporting.

The reliability of the financial information is guaranteed not only by the clear separation between the person that prepares it and its users, but also by the implementation of various control procedures during the process of preparation and disclosure of financial information.

The internal control system regarding accounting, preparation and disclosure of financial information, includes the following key controls:

- The process of disclosing financial information is formalised, the risks and associated controls are identified. The criteria for preparation and disclosure are duly established and approved and are reviewed periodically;

- There are three main types of control: high level controls (control at the entity level), information system controls and processing controls. These controls include a number of procedures related to the execution, supervision, monitoring and process improvement, with the aim of preparing the financial statement of the company:

- The use of accounting principles which are explained in the appendix to financial statements (see Consolidated Financial Statements chapter 2), constitute one of the fundamental pillars of the control system;

- The plans, procedures and registers of the Group's companies enable a reasonable guarantee that the transactions are only executed with the general or specific management authorisation, and that these transactions are registered to permit that the financial statements comply with the main accounting principles widely accepted. It also ensures that the companies maintain an up-to-date registers of their assets and that the register of the assets is always checked against existing assets. Appropriate measures are always adopted whenever differences occur;

- The financial information is systematically and regularly checked by business unit management and by those responsible for the results departments, guaranteeing a constant monitoring and respective budget control;

- During the process of preparing and checking the financial information, a timetable is previously established and shared with the different departments involved, and all of the documents are reviewed in detail. This includes the revision of the principles used, checking the precision of information produced and the consistency with the principles and policies defined and used in previous periods;

- In terms of individual companies, the accounting books and preparation of financial statements are assured by the different tasks within the administrative and accounting services, who guarantee the control of registering the transactions of business processes and the balance of the assets, liabilities and own shares. The financial statements are prepared by External Auditors for each one of the companies and examined by the management control and fiscal departments;

- The consolidated financial statements are prepared on a quarterly basis by the department of accounts consolidation of the administrative services within Sonae Investimentos Corporate Centre. This process constitutes an additional level of control and accuracy of financial information, namely guaranteeing the application of the accounting principles across the board, of the cutting operations procedures and the control of balances and transactions between companies of the Sonae Investimentos Group and remaining companies within the Sonae Group;

- The Management Report and the Corporate Governance Report are prepared with contributes from multidisciplinary teams;

- The various documents which constitute the annual report are reviewed and approved by Sonae Investimentos Board of Directors. After the approval, the documents are sent to the External Auditor, who provides the Legal Accounts Certification and External Auditing Report;

- The process of preparing individual and consolidated financial information and the Management Report is supervised by the Fiscal Committee. On a quarterly basis, this committee gathers and reviews the individual and consolidated statements and the Management Report. Every year, the Statutory Auditor presents, directly to the Fiscal Committee, a summary of the main conclusions reached after having examined the financial information;

- All of those involved in the Company´s financial analysis process make up the list of people with access to privileged information, and are informed of the content of their obligations and on the penalties resulting from the undue use of the referred information;

- The internal rules applicable to the disclosure of financial information aim to guarantee its timing and avoid leaking information that may distort the market.

Amongst the grounds for risk which may materially affect the accounting and financial reporting, we note the following:

- Accounting estimates – The most significant accounting estimates are described in the appendix to the Consolidated Financial Statements chapter 2.18, and in other chapters. The estimates were based on the best information available during the preparation of the financial statements, and best knowledge and experience of past and/or present events;

- Balances and transactions with related parties – The most significant balances and transactions with related parties are detailed in the annexes to financial statements - chapter 43. These are particularly associated with operating activities of the Group, as well as to the granting and attainment of loans, carried out at market value.

More specific information on how these, and other grounds for risk were mitigated, can be consulted in the notes to the financial statements.

Sonae Investments adopts various actions regarding the continuous improvement of the Financial Risk Control System, including:

- Improvement in control documentation – Following work carried out in the past, during 2014 Sonae Investimentos continued to improve the documentation and systemisation of risks and the internal control system related to the concern for financial information. These actions include identifying the causes of risks (inherent risk), the identification of processes with greater materiality, the control of documentation and the final analysis (residual risk) after the implementation of potential improvements in controls;

- Conformity Review – The Legal team, in cooperation with the Administrative, Internal Auditing and Risk Management departments, and in accordance with other necessary departments, coordinates a periodic review of the compliance with legal and regulatory requirements regarding the processes of underlying government and corresponding financial information, which are disclosed in the Appendix to the Annual Governance Report.

Chapter 7 – Governing Bodies Remuneration Policy - article 2, of the Law 28/2009 of 19th of June

The statutory Governing Bodies Remuneration Policy was approved at the Annual General Meeting held on 29th April 2016, based on the following principles:

1. Principles of the Remuneration and Performance Bonus Policy:

The Remuneration and Performance Bonus Policy applicable to the statutory Governing Bodies and Officers, adheres to the basic outline and main principles of the Remuneration and Performance Bonus Policy approved by Sonae, SGPS, S.A., competent bodies. It is based upon the premise that initiative, competence and commitment are essential factors to perform well, and this should be in line with the medium and long-term interests of the company, with the aim of its sustainability.

In determining the remuneration policy, the market references provided by the various studies made available in Portugal and other European Markets are taken as a comparative element for the determination of remuneration.

The remuneration packages are defined based upon market studies carried out on Top Executives in Portugal and Europe, and fall in-line with market average in terms of variable remuneration, and in-line with the third quartile in terms of total remuneration on a comparable basis.

The lower and upper limits of fixed remuneration are aligned with market standards which are in turn measured by the equivalent practices in comparable companies.

The Performance Bonus component which is determined on a case-by-case basis and is non-binding to controlled companies, is subject to maximum percentage limits and follows pre-established and measurable performance criteria – performance indicators – agreed upon with each potential beneficiary every fiscal year.

2. In achieving the set principles, remuneration and compensation for the statutory Governing Bodies and Officers at Sonae Investimentos and respective controlled companies will follow the guidelines defined below, and will be applied on an individual basis considering the governance structure of each company:

Executive Directors

The individual remuneration plans are defined in accordance with each Executive Directors´ responsibility levels and are reviewed on an annual basis. Each Executive Director is given a classification which internally is referred to as Functional Group. The Executive Directors' are classified into functional groups "Senior Executive Group" (G1) and "Senior Executive" (G2). The structure of the functional classifications are based upon Hay´s International Model of classifying corporate functions, with the goal of allowing for market comparisons and promoting internal equality.

More specifically, the policy comprises (i) a fixed remuneration paid in monthly instalments covering a calendar year period and (ii) short and medium-term Performance Bonus the granting of which does not constitute an obligation on part the of the controlled companies and must conform to the following rules:

a) The Short-Term Performance Bonus aims to compensate the achievement of goals defined on an annual basis, which are associated with Key Performance Indicators of Business Activity (Business KPIs) and Personal Key Performance Indicators (Individual KPIs). The Business KPIs represent 70% (seventy percent) and are determined by the business, economic and financial KPIs. They encompass unambiguous indicators which are divided into Group Business and departmental KPIs. The Group Business KPIs are based on economic and financial indicators which are defined in accordance with the budget; the performance of each business unit as well as Sonae's overall consolidated performance. The remaining 30% (thirty percent) result from Individual KPIs which combine ambiguous and unambiguous indicators. The final figures are a result of the actual performance (business results/individual contributions) and may vary between 0% (zero percent) and 140% (one hundred and forty percent) of the previously defined objective goal bonus. This Performance Bonus will be determined in accordance with the individual performance during the year immediately preceding it, and will be paid in full during the first quarter of the calendar year in which it is given. This payment will be carried out in strict compliance with the legal and regulatory arrangements that best adjust to each entity, namely via profit sharing when deliberated at the General Assembly.

b) The Medium-Term Variable Performance Bonus aims to strengthen the Executive Directors' relationship with the company, aligning their interests with that of the shareholders and increasing awareness regarding the importance of their performance in the overall success of the organization. The amount granted is, at least, equal to 50% (fifty percent) of the total Variable Performance Bonus.

The Medium-Term Variable Performance Bonus covers a period of four years, considering the year to which it refers and the deferral period of three years.

The value paid in Euros shall be divided by the average share price for the determination of the number of shares it corresponds to. The value converted into shares will be adjusted to include any variations occurring in the share capital or dividends (Total Shareholder Return) during a deferring period of three years. During this period, the Bonus amount, converted into Shares, shall be corrected by level of performance of the medium term KPIs, in order to guarantee the alignment with the business medium terms sustainability goals.

Consistent with a policy that reinforces alignment of the Executive Directors with the company's medium-term interests, and in accordance with Sonae Group remunerations Policy, an increasing percentage discount may be granted to executive directors in the acquisition of shares, determining a part in the acquisition of shares to be borne by the Executive Directors in an amount corresponding to a percentage of the market price of the shares, with a maximum of 5% (five percent) of its share price at the date of transfer of securities. On the maturity date, the Company has the option to deliver the shares, or its replacement the value of the shares in cash.

Non-Executive Directors

Non-variable remuneration or Performance Bonus of any kind are paid to Non-Executive Directors.

Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is based exclusively on fixed annual amounts, which includes an Annual Responsibility Allowance established in accordance with comparable market practices.

Statutory External Auditor

The Statutory External Auditor is remunerated in accordance with the applicable Standard Fee Table as per market practice under the supervision of our Statutory Audit Board.

Officers

The same principles applicable to the Executive Directors Remuneration and Performance Bonus apply to Officers, with the proper adjustments.

3. Moreover pertaining to Sonae Investimentos it has been deliberated that:

- No fixed remuneration or incentives shall be granted to Sonae Investimentos Non-Executive Directors.

- The remuneration for the members of the Board of the General Assembly of this company is comprised of a fixed amount that was determined by the characteristics of this company and by market practices.

Matosinhos, 18 of April 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

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANTIAL POSITION AT 31 DECEMBER 2016 AND 2015

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

(Amounts expressed in euro)

ASSETS	Notes	31 December 2016	31 December 2015 Restated Note 4
NON-CURRENT ASSETS:			
Tangible assets	8	1,606,784,467	1,539,139,683
Intangible assets	9	332,952,435	229,090,410
Goodwill	10	542,341,507	499,456,807
Investments in associates	11	51,061,618	47,582,327
Other investments	7 and 12	10,910,647	12,164,765
Deferred tax assets	19	49,861,522	56,962,847
Other non-current assets	7 and 13	15,315,834	11,633,297
Total Non-Current Assets		2,609,228,030	2,396,030,136
CURRENT ASSETS:			
Inventories	14	696,012,657	634,365,983
Trade account receivables	7 and 15	74,652,149	57,815,243
Other debtors	7 and 16	115,773,687	101,470,215
Taxes recoverable	17	44,761,264	48,839,730
Other current assets	18	64,231,139	75,896,472
Investments	7 and 12	4,207,972	2,506,086
Cash and cash equivalents	7 and 20	119,726,191	89,020,049
Total Current Assets		1,119,365,059	1,009,913,778
Non-current assets available for sale	21	19,522,549	131,044,139
TOTAL ASSETS		3,748,115,638	3,536,988,053
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	22	1,000,000,000	1,000,000,000
Own shares	22	(320,000,000)	(320,000,000)
Legal reserve		170,940,266	170,940,266
Reserves and retained earnings		(224,248,153)	(257,533,311)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		80,471,632	70,039,847
Equity attributable to the equity holders of the Parent Company		707,163,745	663,446,802
Equity attributable to non-controlling interests	23	85,020,788	52,292,885
TOTAL EQUITY		792,184,533	715,739,687
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	7 and 24	281,274,913	294,693,494
Bonds	7 and 24	340,006,858	297,670,973
Obligation under finance leases	7, 24 and 25	953,990	2,423,501
Other loans	7 and 24	1,335,080	1,347,110
Other non-current liabilities	7 and 27	420,960,111	437,223,223
Deferred tax liabilities	19	102,935,155	76,568,266
Provisions	32	16,006,272	12,485,642
Total Non-Current Liabilities		1,163,472,379	1,122,412,209
CURRENT LIABILITIES:			
Loans	7 and 24	177,408,427	89,590,587
Bonds	7 and 24	7,998,517	49,962,080
Obligation under finance leases	7, 24 and 25	550,624	3,142,651
Other loans	7 and 24	370,147	887,477
Trade creditors	7 and 29	1,123,715,076	1,143,806,164
Other creditors	7 and 30	155,838,792	129,800,313
Taxes and contributions payable	17	70,345,394	65,321,335
Other current liabilities	31	241,301,005	213,505,600
Provisions	32	3,204,001	2,819,950
Total Current Liabilities		1,780,731,983	1,698,836,157
Non-current liabilities available for sale	21	11,726,743	-
TOTAL LIABILITIES		2,955,931,105	2,821,248,366
TOTAL EQUITY AND LIABILITIES		3,748,115,638	3,536,988,053

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

CONSOLIDATED INCOME STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2016 AND 2015

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

(Amounts expressed in euro)	Notes	31 December 2016	31 December 2015
Sales	35	5,127,391,604	4,796,464,501
Services rendered	35	90,689,599	63,016,525
Investment income	36	6,595,232	(4,111,410)
Financial income	37	3,888,196	18,037,124
Other income	38	768,203,283	678,813,889
Cost of goods sold and materials consumed	14	(4,233,574,770)	(3,930,194,950)
Changes in stocks of finished goods and work in progress	14	1,273,422	(46,783)
External supplies and services	39	(665,369,752)	(599,413,077)
Staff costs	40	(659,244,905)	(597,386,328)
Depreciation and amortisation	8 and 9	(170,339,340)	(160,781,054)
Provisions and impairment losses	32	(12,757,903)	(11,412,380)
Financial expenses	37	(60,459,881)	(70,323,480)
Other expenses	41	(71,909,136)	(86,540,063)
Share of results of joint ventures and associated undertakings	11	(5,940,454)	(2,727,279)
Profit/(Loss) before taxation from continuing operations		118,445,195	93,395,235
Taxation	42	(30,978,216)	(20,516,391)
Profit/(Loss) after taxation from continuing operations		87,466,979	72,878,844
Profit/(Loss) from discontinued operations after taxation	5.1	(409,391)	-
Consolidated profit/(Loss) for the period		87,057,588	72,878,844
Attributable to equity holders of the Parent Company:			
Continuing operations		80,676,328	70,039,847
Discontinued operations	5.1	(204,696)	-
		80,471,632	70,039,847
Attributable to non-controlling interests			
Continuing operations		6,790,652	2,838,997
Discontinued operations	5.1	(204,696)	-
		6,585,956	2,838,997
Profit/(Loss) per share			
From continuing operations			
Basic	44	0.089640	0.077822
Diluted	44	0.089640	0.077822
From discontinued operations			
Basic	44	(0.000227)	0.077822
Diluted	44	(0.000227)	0.077822

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2016 AND 2015

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

(Amounts expressed in euro)	31 December 2016	31 December 2015
Net Profit / (Loss) for the period	87,057,588	72,878,844
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	(490,637)	551,071
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method (Note 11.3)	2,246,281	(2,095,489)
Changes in hedge and fair value reserves	2,174,376	(1,499,933)
Deferred taxes related with other components of comprehensive income	(440,149)	365,993
Other comprehensive income for the period	3,489,871	(2,678,358)
Total comprehensive income for the period	90,547,459	70,200,486
Attributable to:		
Equity holders of Parent Company	83,876,995	67,472,539
Non controlling interests	6,670,464	2,727,947

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2016 AND 2015

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

				Reserves and Retained Earnings								
(Amounts expressed in euro)	Share Capital	Own Shares	Legal Reserve	Currency Translation Reserve	Hedging Reserve	Legal reserves in accordance with article 324º CSC	Other Reserves and Retained Earnings	Total	Net Profit/(Loss)	Total	Non-controlling interests (Note 23)	Total Equity
Balance as at 1 January 2015	1,000,000,000	(320,000,000)	141,237,816	436,045	1,366,865	320,000,000	(574,504,161)	(252,701,251)	70,697,244	639,233,809	80,234,962	719,468,771
Total comprehensive income for the period	-	-	-	622,097	(1,093,916)	-	(2,095,489)	(2,567,308)	70,039,847	67,472,539	2,727,947	70,200,486
Appropriation of profit of 2014:												
Transfer to legal reserves and retained earnings	-	-	29,702,450	-	-	-	40,994,794	40,994,794	(70,697,244)	-	-	-
Dividends distributed	-	-	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)	(113,298)	(40,113,298)
Income distribution	-	-	-	-	-	-	-	-	-	-	(1,522,397)	(1,522,397)
Acquisitions of shares of affiliated undertakings	-	-	-	-	-	-	-	-	-	-	140,624	140,624
Variation in percentage of subsidiaries	-	-	-	-	-	-	(3,549,025)	(3,549,025)	-	(3,549,025)	(29,174,997)	(32,724,022)
Others	-	-	-	-	-	-	289,479	289,479	-	289,479	44	289,523
Balance as at 31 December 2015	1,000,000,000	(320,000,000)	170,940,266	1,058,142	272,949	320,000,000	(578,864,402)	(257,533,311)	70,039,847	663,446,802	52,292,885	715,739,687
Balance as at 1 January 2016	1,000,000,000	(320,000,000)	170,940,266	1,058,142	272,949	320,000,000	(578,864,402)	(257,533,311)	70,039,847	663,446,802	52,292,885	715,739,687
Total comprehensive income for the period	-	-	-	(516,374)	1,675,456	-	2,246,281	3,405,363	80,471,632	83,876,995	6,670,464	90,547,459
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	-	-	-	-	-	-	-	-	-	-	(1,235,677)	(1,235,677)
Acquisitions of shares of affiliated undertakings (5.1)	-	-	-	-	-	-	-	-	-	-	27,261,711	27,261,711
Variation in percentage of subsidiaries	-	-	-	-	-	-	(109,681)	(109,681)	-	(109,681)	144,968	35,287
Others	-	-	-	-	-	-	(50,371)	(50,371)	-	(50,371)	1,247	(49,124)
Balance as at 31 December 2016	1,000,000,000	(320,000,000)	170,940,266	541,768	1,948,405	320,000,000	(546,738,326)	(224,248,153)	80,471,632	707,163,745	85,020,788	792,184,533

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 31 DECEMBER 2016 AND 2015

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

(Amounts expressed in euro)	Notes	31 December 2016	31 December 2015
OPERATING ACTIVITIES			
Cash receipts from trade debtors		5,217,312,588	4,855,503,466
Cash paid to trade creditors		(4,346,697,289)	(3,974,625,141)
Cash paid to employees		(649,776,948)	(602,103,057)
Cash flow generated by operations		220,838,351	278,775,268
Income taxes (paid) / received		(9,346,435)	(31,984,586)
Other cash receipts and (payments) relating to operating activities		6,010,742	(10,972,669)
Net cash flow from operating activities (1)		217,502,658	235,818,013
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	45	1,416,954	-
Tangible assets		230,291,643	184,768,832
Intangible assets		411,785	185,024
Interests and similar income		1,446,885	7,509,972
Loans granted		-	87,509,000
Dividends		453,396	448,973
Others		1,653	-
		234,022,316	280,421,801
Cash Payments arising from:			
Investments	45	(72,748,580)	(31,550,174)
Tangible assets		(235,191,461)	(169,724,963)
Intangible assets		(32,266,725)	(37,408,464)
Loans granted		-	(72,434,000)
		(340,206,766)	(311,117,601)
Net cash flow used in investment activities (2)		(106,184,450)	(30,695,800)
FINANCING ACTIVITIES			
Cash receipts arising from:			
Investments	45	2,843,373	30,174,078
Loans obtained		5,916,228,568	4,010,284,873
		5,919,071,940	4,040,458,951
Cash Payments arising from:			
Investments	45	(28,688)	(82,794,856)
Loans obtained		(5,905,248,296)	(4,083,024,267)
Interests and similar charges		(57,382,527)	(61,390,190)
Dividends		(41,371,928)	(41,510,730)
Others		(878,129)	(1,871,037)
		(6,004,909,568)	(4,270,591,079)
Net cash flow used in financing activities (3)		(85,837,628)	(230,132,128)
Net increase/(decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		25,480,580	(25,009,915)
Effect of foreign exchange rate		(75,021)	247,165
Cash and cash equivalents at the beginning of the period	21	76,441,012	101,698,092
Cash and cash equivalents at the end of the period	21	101,996,613	76,441,012

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2016

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

(Amounts expressed in euro)

1 INTRODUCTION

Sonae Investimentos, SGPS, S.A., 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 11, 12 and 49 the Sonae Investimentos Group (“Sonae Investimentos”), the main activities are described in Note 6.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accompanying consolidated financial statements are as follows:

2.1 Basis of presentation

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 2016, 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.

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

Additionally, for financial reporting purposes, fair value measurement is categorized in levels 1, 2 and 3, according to the level in which the used assumptions are observable and its significance, in what concerns fair value valuation, used in the measurement of assets/liabilities or its disclosure.

Level 1 - Fair value is determined based on active market prices for identical assets/liabilities;

Level 2 - The fair value is determined based on other data other than market prices identified in level 1 but they are possible to be observable; and

Level 3 - Fair value measurements derived from valuation techniques, whose main inputs are not based on observable market data.

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 2016:

With mandatory application during the year 2016:	Effective Date (for financial years beginning on or after)
IAS 19 (amendment) - Employee benefits (clarifies under what circumstances employee contributions to post-employment benefit plans constitute a reduction in cost with short-term benefits)	01 Feb 2015
Annual Improvements to IFRS (cycle 2010-2012)	01 Feb 2015
Annual Improvements to IFRS (cycle 2012-2014)	01 Jan 2016
IFRS 11 (amendment) - Joint agreements (introduces the mandatory application of IFRS 3 when the joint operation acquired constitutes a business activity in accordance with IFRS 3)	01 Jan 2016
IAS 1 (Amendment) – Presentation of Financial Statements	01 Jan 2016
IAS 16 and IAS 38 (Amendment) – (Clarification of Acceptable Methods of Depreciation and Amortisation)	01 Jan 2016
IAS 16 (Amendments) – Tangible Assets and IAS 41 (Amendments) – Bearer Plants	01 Jan 2016
IAS 27 (amendment) - Application of the equity method in the separate financial statements (introduces the possibility of application of the equity method in subsidiaries, joint arrangements and associates in separate financial statement)	01 Jan 2016
IFRS 10 (amendment) - Consolidated financial statements, IFRS 12 (amendment) - Disclosures about shareholdings in other entities and IAS 28 (amendment) - Investments in associates and jointly controlled entities (contemplate the clarification of several aspects related to the application of the exception of consolidation by investment entities)	01 Jan 2016

These standards were applied for the first time by the Group in 2016, however there were no significant impacts on these financial statements. Most of the above mentioned standards are not applicable to the Group.

The following standards, interpretations, amendments and revisions were endorsed by the European Union and are mandatory in future financial years:

With mandatory application after 2016:	Effective Date (for financial years beginning on or after)
IFRS 9 - Financial instruments (introduces 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
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

The Group did not proceed to the early adoption of any of these standards on the financial statements for the year ended on the 31 December 2016, since their application is not yet mandatory. There is no estimated significant impact on the accounts resulting from their application.

The following standards, interpretations, amendments and revisions were not endorsed by the European Union up to the approval data of these financial statements:

With mandatory application after 2016:	Effective Date (for financial years beginning on or after)
IFRS 14 – (Regulatory Deferral Accounts)	01 Jan 2016
IFRS 16 – Leases (recognition and measurement principles)	01 Jan 2019
IFRS 10 and IAS 28 (amendment) - (eliminate the conflict between the standards, related to the sale or contribution of assets between the investor and the associated or between the investor and the joint venture)	Undefined
IAS 12 (amendment) - Income taxes (clarify the conditions for recognition and measurement of tax assets resulting from unrealized losses)	01 Jan 2017
IAS 7 (amendment) - Statement of cash flows (introducing additional disclosures related to cash flows from financing activities)	01 Jan 2017
IFRS 15 (amendment) - Revenue from contracts with customers (various clarifications are introduced in the standard to eliminate the possibility of divergent interpretations of various topics)	01 Jan 2018
IFRS 2 (amendment) - Share-based payments (various clarifications are included in the standard relating to the recording of cash-settled share-based payment transactions, (ii) recording changes to share-based payment transactions (Of net settled to equity settlement), (iii) the classification of transactions with net settlement characteristics)	01 Jan 2018

IFRS 4 (amendment) - Insurance contracts (provides guidance on the application of IFRS 4 in together with IFRS 9)	01 Jan 2018
IAS 40 (amendment) - Investment properties (clarify that the change in classification from or to investment property should only be made when there is evidence of a change in the use of the asset)	01 Jan 2018
Annual Improvements to IFRS (cycle 2014-2016)	01 Jan 2017 and 01 Jan 2018
IFRIC 22 - Transactions in foreign currency and advances (establish the date of the initial recognition of the advance or deferred income as the date of the transaction for determining the exchange rate of the recognition of the revenue)	01 Jan 2018

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 31 December 2016 due to the fact that their application is not mandatory, lying in the process of analyzing expected effects of those standards that, with exception of IFRS 9, IFRS 15 and IFRS 16 are not expected to reflect significant impacts.

2.2 Consolidation Principles

The consolidation methods adopted by Sonae Investimentos are as follows:

a) Investments in Sonae Investimentos companies

Investments in companies in which Sonae Investimentos owns, directly or indirectly, control are included in the consolidated financial statements using the full consolidation method.

Sonae Investimentos has control of the subsidiary when the company fulfils the following conditions cumulatively: i) has power over the subsidiary; ii) is exposed to, or has rights, to variable results from its involvement with the subsidiary; and iii) the ability to use its power to affect its returns.

When the Group has less than the majority of a voting rights in an investee, it has power over the investee when the voting rights are sufficient to decide unilaterally on the relevant activities of its subsidiary. The Group considers all the facts and circumstances relevant to assess whether the voting rights in the subsidiary are sufficient to give it power.

Sonae Investimentos reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the control conditions listed above.

Equity and net profit attributable to minority shareholders are shown separately, under the caption non-controlling interests, in the consolidated statement of financial position and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 50.

The comprehensive income of an associated is attributable to the Sonae Group owners and non-controlling interests, even if the situation results in a deficit balance at the level of non-controlling interests.

Assets and liabilities of each Sonae subsidiary are measured at their fair value at the acquisition date or control assumption, such measurement can be completed within twelve months after the date of acquisition.

The excess of the consideration transferred plus the fair value of any previously held interests and non-controlling interests over the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.c)). If the difference between the acquisition price plus the fair value of any interests previously held and the value of non-controlling interests and the fair value of identifiable net assets and liabilities acquired is negative, it is recognized as income for the year under "Other Income "after reconfirmation of the fair value attributed to the net assets acquired. The Sonae Investimentos Group will choose on transaction-by-transaction basis, the fair measurement of non-controlling interests, (i) according to the non-controlling interests share assets, liabilities and contingent liabilities of the acquired, or (ii) according to their fair value.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of gain of control or up to the effective date of loss of control, as appropriate.

Adjustments to the financial statements of Sonae Investimentos companies are performed, whenever necessary, in order to adapt accounting policies to those used by Sonae Investimentos. All intra-group transactions, balances, and distributed dividends are eliminated on the consolidation process.

b) Investments in jointly controlled companies and associated companies

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement instead of rights to the assets and obligations for the liabilities of the joint arrangement. Joint control is obtained by contractual provision and exists only when the associated decisions have to be taken unanimously by the parties who share control.

In situations where the investment or financial interest and the contract concluded between the parties allows the entity holds joint control directly on the active or detention rights obligations inherent liabilities related to this agreement, it is considered that such joint agreement does not correspond to a joint venture but rather a jointly controlled operation. As at 31 December 2016 and 2015 the Group not held jointly controlled operations.

Financial investments in associated companies are investments where Sonae Investimentos has significant influence, but in which it does not have control or joint control. Significant influence (presumed when contributions are above 20%) is the power to participate in the financial and operating decisions of the entity, without, however, holding control or joint control over those decisions.

Investments in joint ventures and associates are recorded under the equity method.

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to Sonae in comprehensive income (including net profit for the period) of jointly controlled entities and associates, against the Group's comprehensive income or gains or losses for the year as applicable, and dividends received.

The excess of cost of acquisition over the fair value of identifiable assets and liabilities of each joint venture and associate at the acquisition date is recognized as goodwill, and is kept under which is included in the caption Investment in jointly controlled and associated companies (Note 2.2.c)). Any excess of Sonae's share in the fair value of the identifiable net assets acquired over cost are recognized as income in the profit or loss for the period of acquisition, after reassessment of the estimated fair value of the net assets acquired under the caption "Share of results of joint ventures and associated companies".

An assessment of investments in jointly controlled and associated companies is performed when there is an indication that the asset might be impaired being any impairment loss recorded in the income statement. Impairment losses recorded in prior years that are no longer justifiable are reversed.

When Sonae Investimentos's share of losses exceeds the carrying amount of the investment, the investment is reported at null value and recognition of losses is discontinued, unless Sonae is committed beyond the value of its investment.

Sonae Investimentos's share in not performed gains not related arising from transactions with jointly controlled and associated companies are eliminated in proportion to Sonae´s interest in the above mentioned entities against the investment on the same entity. Unrealized losses are as well eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

When the not performed gains or losses on transactions correspond to business activities, and taking into consideration the inconsistency existing between currently the requirements of IFRS 10 and IAS 28, Sonae, taking into account the defined in amendment to IFRS 10 and IAS 28 proceeds to full gain/loss recognition in situations where there is loss of control of that business activity as a result of a transaction with a joint venture.

Investments in jointly controlled and associated companies are disclosed in Note 11.

c) Goodwill

The excess of consideration transferred in the acquisition of investments in subsidiaries, jointly controlled and associated companies plus the amount of any non-controlling interests (in the case of affiliated companies) over Sonae's share in the fair value of the identifiable assets, liabilities and contingent liabilities of those companies at the date of acquisition, when positive, is shown as goodwill (Note 10) or as Investments in jointly controlled and associated entities (Note 11). The excess of the consideration transferred in the acquisition of investments in foreign companies the amounts of any non-controlling interests (in the case of affiliated companies) over the fair value of their identifiable assets, liabilities and contingent liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Sonae's functional currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are recorded and disclosed in "Currency translation reserves”.

Future contingent consideration is recognized as a liability, at the acquisition-date, according to its fair value, and any changes to its value are recorded as a change in the goodwill, but only as long as they occur during the measurement period (until 12 months after the acquisition-date) and as long as they relate to facts and circumstances prior to that existed at the acquisition date, otherwise these changes must be recognized in profit or loss on the income statement.

Transactions regarding the acquisition of additional interests in a subsidiary after control is obtained, or the partial disposal of an investment in a subsidiary while control is retained, are accounted for as equity transactions impacting the shareholders' funds captions, and without giving rise to any additional goodwill and without any gain or loss recognised.

When a disposal transaction generates a loss of control, assets and liabilities of the entity are derecognised, any interest retained in the entity sold is be remeasured at fair value and any gain or loss calculated on the sale is recorded in results.

Goodwill is not amortised, but it is subject to impairment tests on an annual basis or whenever there are indications of impairment to check for impairment losses to be recognized. Net recoverable amount is determined based on business plans used by Sonae Investimentos management or on valuation reports issued by independent entities namely for real estate assets. Goodwill impairment losses recognized in the period are recorded in the income statement under the caption “Provisions and impairment losses”.

Impairment losses related with goodwill will not be reversed.

The goodwill, if negative is recognized as income in the profit or loss for the period, at the date of acquisition, after reassessment of the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

d) Translation of financial statements of foreign companies

Assets and liabilities denominated in foreign currencies in the financial statements of foreign companies are translated to euro using exchange rates at date of the statement of financial position. Profit and loss and cash flows are converted to euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under “Translation Reserves” in “Other Reserves and Retained Earnings”. Exchange rate differences that were originated prior to 1 January 2004 (date of transition to IFRS) were written-off through “Retained Earnings”.

Goodwill and fair value adjustments arising from the acquisition of foreign companies are recorded as assets and liabilities of those companies and translated to euro using exchange rates at the statement of financial position date.

Whenever a foreign company is sold (totally or partially), accumulated exchange rate differences are recorded in the income statement as a gain or loss on the disposal, in the caption Investment income, when there is a control loss; in the case where there is no control loss, it is transferred to non-controlling interests.

Exchange rates used on translation of foreign group, jointly controlled and associated companies are listed below:

	31 December 2016		31 December 2015 Restated	
	End of period	Average of period	End of period	Average of period
Brazilian Real	0.29150	0.26105	0.23193	0.27451
Turquish Lira	0.26975	0.29955	0.31481	0.33228
Mozambican Metical	0.01327	0.01489	-	-
Colombian Peso	0.00032	0.00030	0.00029	0.00033
Mexican Peso	0.04593	0.04846	0.05287	0.05693
Polish Zloty	0.22674	0.22924	0.23453	0.23915

2.3 Tangible assets

Tangible assets acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition or production cost, or revalued acquisition cost, in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Tangible assets acquired after that date is recorded at acquisition cost, net of depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis, according to the estimated life cycle for each group of goods, starting from the date the asset is available for use in the necessary conditions to operate as intended by the management, and recorded against the income statement caption “Depreciation and amortization” in the consolidated income statements.

Impairment losses identified in the recoverable amounts of tangible assets are recorded in the year in which they arise, by a corresponding charge against, the caption “Provisions and impairment losses” in the profit and loss statement.

The depreciation rates used correspond to the following estimated useful lives:

	Years
Buildings	10 to 50
Plant and machinery	10 to 20
Vehicles	4 to 5
Tools	4 to 8
Fixture and fittings	3 to 10
Other tangible assets	4 to 8

Maintenance and repair costs relating to tangible assets are recorded directly as expenses in the year they are incurred.

Tangible assets in progress represent fixed assets still under construction-development and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are completed or become ready for use.

Gains or losses on sale or disposal of tangible assets are calculated as the difference between the selling price and the carrying amount of the asset at the date of its sale-disposal. These are recorded in the income statement under either “Other income” or “Other expenses”.

2.4 Intangible assets

Intangible assets are stated at acquisition or production cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognized if it is probable that future economic benefits will flow from them, if they are controlled by Sonae Investimentos and if their cost can be reasonably measured.

Research expenditure associated with new technical knowledge is recognized as an expense recorded in the income statement when it is incurred.

Expenditure on development is recognized as an intangible asset if Sonae Investimentos demonstrates the technical feasibility and its intention to complete the asset, its ability to sell or use it and the probability that the asset will generate future economic benefits. Expenditure on development which does not fulfil these conditions is recorded as an expense in the period in which it is incurred.

Internal costs associated with maintenance and development of software is recorded as an expense in the period in which they are incurred. Only costs directly attributable to projects for which the generation of future economic benefits for Sonae Investimentos is probable are capitalized as intangible assets. According to this assumption, the costs are initially accounted for as expenses, being capitalized as intangible assets by mean of “Own work capitalized” (Note 38).

The expenses incurred with the acquisition of client portfolio's (attributed value relating to the allocation of the purchasing price in business activity concentration) are stated as intangible assets and amortized on straight-line bases, during the average estimated period of portfolio's client retention.

Brands and patents are recorded at their acquisition cost and are amortized on a straight-line basis over their respective estimated useful life. When the estimated useful life is undetermined, they are not depreciated but are subject to annual impairment tests.

Amortization is calculated on a straight-line basis, as from the date the asset is first used, over the expected useful life which usually is between 3 and 12 years and recorded in the caption of " Depreciations and Amortizations", in the income statement.

2.5 Accounting for leases

Lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

The analysis of the transfer of risks and rewards of ownership of the asset takes into account several factors, including whether or not ownership is contractually conditioned to assume ownership of the asset, the value of minimum future payments over the contract, nature of the leased asset and the duration of the contract taking into consideration the possibility of renewal, when that renewal is considered to be probable.

Whether a lease is classified as finance or an operating lease depends on the substance of the transaction rather than the form of the contract.

a) Accounting for leases where Sonae Investimentos is the lessee

Tangible assets acquired under finance lease contracts and the related liabilities are recorded in accordance with the financial method. Under this method, the tangible assets, the corresponding accumulated depreciation and the related liability are recorded in accordance with the contractual financial plan at fair value or, if less, at the present value of payments. In addition, interests included in lease payments and the depreciation of the tangible assets is recognized as expenses in the profit and loss statement for the period to which they relate.

In operating leases, rents are recognized as expenses in the income statement on a straight-line basis over the lease period.

Possible incentives received related with leases are recorded as liabilities and recognized in a straight line over the lease period. Similarly amounts to be offset against future income are recognized as assets and reversed over the lease period.

b) Accounting for leases where Sonae Investimentos is the lessor

For operating leases where Sonae Investimentos acts as lessor, the value of allocated goods is kept on Sonae Investimentos statement of financial position and income is recognized on a straight-line basis over the period of the lease contract.

c) The accounting treatment of Sale and Leaseback operations

The accounting treatment of Sale and Leaseback operations depends on the substance of the transaction by applying the principles explained previously on lease agreements. In case of sale of assets followed by operating lease contracts, the Company recognizes a gain related with the fair value of the asset sold deducted from the book value of the leased asset. In situations where the assets are sold for an amount higher than its fair value or when the Group receives a higher price as compensation for expenses to be incurred, namely with costs that are traditionally the owner's responsibility, such amounts is deferred over the lease period.

2.6 Non-current assets and liabilities held for sale

The non-current assets and liabilities are recorded as held for sale if it is expected that the book value will be recovered through the sale and not through the use in the operations. This condition is achieved only if the sale is highly probable and the asset (or disposal group) is available for the immediate sale in the actual conditions. Additionally, there must be in progress actions that should allow concluding the sale within 12 months counting from the classification´s date in this caption. The non-current assets and liabilities recorded as held for sale are booked at the lower amount of the historical cost or the fair value deducted from costs, not being amortised after being classified as held for sale.

2.7 Government grants and other public entities

Government grants are recorded at fair value when there is reasonable assurance that they will be received and that Sonae will comply with the conditions attaching to them.

Grants received as compensation for expenses, namely grants for personnel training, are recognised as income in the same period as the relevant expense.

Grants related to depreciable assets are disclosed as “Other non-current liabilities” and are recognised as income on a straight-line basis over the expected useful lives of those underlying assets.

2.8 Impairment of non-current assets, except for Goodwill

Assets are assessed for impairment at each balance sheet date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement under Provisions and impairment losses.

The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

In situations where the use of the asset will be expectedly discontinued (stores to be closed or on the remodeling processes) the Group performs a review of the asset´s useful life after considering its impact on the value of use of that asset far terms of impairment analysis, particularly on the net book value of the assets to derecognise.

Reversal of impairment losses recognised in prior years is only recorded when it is concluded that the impairment losses recognised for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognised has been reversed. The reversal is recorded in the income statement as Operational income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for that asset in prior years.

2.9 Financial expenses relating to loans obtained

Financial expenses related to loans obtained are usually recognised as an expense in the period in which they are incurred.

Financial expenses related to loans obtained directly attributable to the acquisition, construction or production of tangible and intangible assets, real estate projects classified as inventories or investment properties are capitalised as part of the cost of the qualifying asset. Financial expenses related to loans obtained are capitalised from the beginning of preparation of the activities to construct or develop the asset up to the time the production or construction is complete or when asset development is interrupted. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the borrowing costs that qualify for capitalisation.

2.10 Inventories

Consumer goods are stated at the lower of cost deducted from discounts obtained and net realisable value. Cost is determined on a weighted average basis.

Finished goods and intermediate and work in progress are stated at the lower of cost of the weighted average production cost or net realisable value. Production cost includes cost of raw materials, labour costs and overheads.

Differences between cost and net realisable value, if negative, are shown as expenses under the caption "Cost of goods sold", as well as impairment reversals.

2.11 Provisions

Provisions are recognised when, and only when, Sonae Investimentos has an obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the balance sheet date to reflect the best estimate as of that date.

Restructuring provisions are recorded by Sonae Investimentos whenever a formal and detailed restructuring plan exists and that plan has been communicated to the parties involved.

2.12 Financial instruments

Sonae Investimentos classifies the financial instruments in the categories presented and conciliated with the consolidated balance sheet disclosed in Note 6.

a) Investments

Investments are classified into the following categories:

– Held to maturity

– Investments measured at fair value through profit or loss

– Available-for-sale

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the balance sheet date. Investments classified as held to maturity have defined maturities and Sonae Investimentos has the intention and ability to hold them until the maturity date.

The investments measured at the fair value through profit or loss include the investments held for trading that Sonae Investimentos acquires with the purpose of trading in the short term. They are classified in the consolidated balance sheet as current investments.

Sonae Investimentos classifies as available-for-sale investments those that are neither included as investments measured at fair value through profit or loss neither as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

All purchases and sales of investments are recognised on the trade date, independently of the settlement date.

Investments are initially measured at cost, which is the fair value of the consideration paid for them, including transaction costs apart from investment measured at fair value through results, in which the investments are initially recognised at fair value and transaction costs are recognised in the income statement.

Available-for-sale investments and investments measured at fair value through profit or loss are subsequently carried at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their quoted market price at the balance sheet date. Investments in equity instruments not listed and whose fair value cannot be reliably measured, are stated at cost less impairment losses.

Gains or losses arising from a change in fair value of available-for-sale investments are recognised directly in equity, under “Investments Fair value reserve”, included in “Reserves and retained earnings” until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is transferred to net profit or loss for the period. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

In the case of investments in equity securities classified as available for sale, an investment is considered to be impaired when there is a significant or prolonged decline in its fair value below its cost of acquisition.

Changes in the fair value of investments measured at fair value through profit or loss are included in the consolidated income statement for the period under "Gains and losses on investments recorded at fair value through profit or loss" in the consolidated income statement.

Held to maturity investments are carried at amortised cost using the effective interest rate, net of capital reimbursements and interest income received.

b) Loans and accounts receivable

Loans and non current accounts receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

These financial investments arise when Sonae Investimentos provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the balance sheet date, when they are classified as non-current assets. Loans and receivables are included in the captions presented in Note 6.

c) Trade accounts receivable and other accounts receivable

"Trade accounts receivables" and "Other accounts receivable" are recorded at their nominal value and presented in the consolidated balance sheet net of eventual impairment losses, recognised under the allowance account Impairment losses on accounts receivable. These captions, when classified as current, do not include interests because the effect of discounting would be immaterial.

Impairment is recognised if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received. Therefore, each Sonae company takes into consideration market information that indicates:

- significant financial difficulty of the issuer or counterparty;

- default or delinquency in interest or principal payments;

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

When it's not feasible to assess the impairment for every single financial asset, the impairment is assessed on a collective basis. Objective evidence of impairment of a portfolio of receivables could include Sonae's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the receipt of the full amount is expected to be within one year the discount is considered null as it is immaterial.

d) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

Equity instruments are contracts that evidence a residual interest in the assets of Sonae Investimentos after deducting all of its liabilities. Equity instruments issued by Sonae Investimentos are recorded at the proceeds received, net of direct issue costs.

e) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in caption "Financial income" and "Financial expenses" in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.10. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Funding on the form of commercial paper are classified as non-current, when they have guarantees of placing for a period exceeding one year and it is the intention of the group to maintain the use of this form of financing for a period exceeding one year.

f) Trade accounts payable and other creditors

Accounts payable are stated at their nominal value, as they do not bear interests and the effect of discounting is considered immaterial.

g) Confirming

Some subsidiaries within the retail business maintain agreements with financial institutions in order to enable its suppliers to an advantageous tool for managing its working capital by the confirmation by these subsidiaries of the validity of invoices and credits that these suppliers hold over these companies.

Under these agreements, some suppliers freely engage into contracts with these financial institutions that allow them to anticipate the amounts receivable from these retail subsidiaries, after confirmation of the validity of such receivables by these subsidiaries.

These retail subsidiaries consider that the economic substance of these financial liabilities does not change, therefore these liabilities are kept as accounts payable to Suppliers until the normal maturity of these instruments under the general supply agreement established between the company and the supplier, whenever (i) the maturity corresponds to a term used by the industry in which the company operates, this means that there are no significant differences between the payment terms established with the supplier and the industry , and (ii) the company does not have net costs related with the anticipation of payments to the supplier when compared with the payment within the normal term of this instrument. In some situations, such subsidiaries receive a commission from the financial institutions.

In the due date of such invoice, the amount is paid by the subsidiaries to the financial institution regardless whether or not it anticipated those amounts to the suppliers.

h) Derivatives

Sonae Investimentos uses derivatives in the management of its financial risks to hedge such risks and-or in order to optimize the funding costs.

Derivatives classified as cash flow hedging instruments are used by the Sonae mainly to hedge interest risks on loans obtained and exchange rate. Conditions established for these cash flow hedging instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. The inefficiencies, if any, are accounted under “Financial income” or “Financial expenses” in the consolidated income statement.

Sonae Investimentos’s criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- The hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;

- The effectiveness of the hedge can be reliably measured;

- There is adequate documentation of the hedging relationships at the inception of the hedge;

- The transaction being hedged is highly probable.

Cash flow hedge instruments used by the Sonae Investimentos to hedge the exposure to changes in interest and exchange rates of its loans are initially accounted for at cost, if any, which corresponds to its fair value, and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption "Hedging reserves", and then recognized in the income statement over the same period in which the hedged instrument affects profit or loss.

The accounting of hedging derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption Hedging reserve are transferred to profit or loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction or stay in equity if there is a high probability that the hedge transaction will occur. Subsequent changes in the revaluations are recorded in the income statement.

Sonae also uses financial instruments with the purpose of cash flow hedging, that essentially refer to exchange rate hedging ("forwards") of loans and commercial operations. If they configure a perfect hedging relation, hedge accounting is used. In certain situations, such as loans and other commercial operations, they do not configure perfect hedging relations, and so do not receive hedge accounting treatment, although they allow in a very significant way, the reduction of the loan and receivable-payable exchange volatility, nominated in foreign currency.

The Group may agree to become part of a derivative transaction in order to hedge cash-flows related to exchange rate risk. In some cases, these derivatives may not fulfil the criteria for hedging accounting under IAS 39, and if so changes in their fair value are recognized in the income statement.

In some derivative transactions, Sonae Investimentos does not apply "hedge accounting", although they intend to hedge cash-flows (currency "forward", interest's rate option or derivatives including similar clauses). They are initially accounted for at value, and subsequently adjusted to the corresponding fair value, determined by specialized software. Changes in fair value of these instruments are recognized in the income statement under "Financial income" and "Financial expenses".

When embedded, derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics of the host contract, and these are not stated at fair value, gains and losses which are not realizable are recorded in the Income Statement.

Sonae may agree to become part of a derivative transaction in order to fair value hedge some interest rate exposure. In these cases, derivatives are recorded at fair value through profit or loss and the effective portion of the hedging relationship is adjusted in the carrying amount of the hedged instrument, if not stated at fair value (namely loans recorded at amortised cost), through profit or loss.

i) Own shares

Own shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of own shares are recorded in "Other reserves", included in "Others reserves and retained earnings".

j) Cash and cash equivalents

Amounts included under the caption “Cash and cash equivalents” correspond to cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the balance sheet caption “Other loans”.

All the amounts included in this caption can be reimbursed at demand as there are no pledges or guarantees over these assets.

k) Share-based payments

Share-based payments result from deferred performance bonus plans which were attributed by Sonae Investimentos, and are indexed to the evolution of Sonae SGPS, S.A. shares’ price (Parent Company of Sonae Investimentos, SGPS, S.A.) and vest within a period of 3 years after being granted.

The value of these responsibilities is determined on the grant date (usually in April of each year) and subsequently re-measured at the end of each reporting period, based on the number of shares or options granted and the corresponding fair value at the closing date. These obligations are stated as staff costs and other current and non-current liabilities on a straight-line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates, in proportion to the time elapsed between these dates in the case of assignment rights on redeemable shares in cash according to their fair value at the statement of financial position date.

2.13 Contingent assets and liabilities

Contingent assets are not recorded in the consolidated financial statements but disclosed when future economic benefits are probable.

Contingent liabilities are not recorded in the consolidated financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.14 Income tax and other tax

The tax charge for the year is determined based on the taxable income of companies included on consolidation and considers deferred taxation.

Current income tax is determined based on the taxable income of companies included on consolidation, in accordance with the tax rules in force in the respective country of incorporation.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore are expected to apply when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each statement of financial position date a review is made of the deferred tax assets recognized, being reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases, the corresponding deferred tax is recorded in equity.

The value of taxes recognised in the financial statements correspond to the understanding of Sonae on the tax treatment of specific transactions being recognised liabilities relating to income taxes or other taxes based on interpretation that is performed and what is meant to be the most appropriate.

In situations where such positions will be challenged by the tax authorities as part of their skills by your interpretation is distinct from Sonae, such a situation is the subject of review. If such a review, reconfirm the positioning of the Group concluded that the probability of loss of certain tax process is less than 50% Sonae treats the situation as a contingent liability, i.e. is not recognized any amount of tax since the decision more likely is that there will be no place for the payment of any tax. In situations where the probability of loss is greater than 50% is recognized a provision, or if the payment is recognized the cost associated.

In situations in which payments were made to Tax Authorities under special schemes of regularization of debts, in which the related tax is Income Tax, and that cumulatively keep the respective lawsuits in progress and the likelihood of success of such lawsuits is greater than 50%, such payments are recognized as assets, as these amounts correspond to determined amounts, which will be reimbursed to the entity, (usually with interests) or which may be used to offset the payment of taxes that will be due by the group, in which case the obligation in question is determined as a present obligation. In the situations where the payments correspond to other taxes, those amounts are accounted for as expenses, even the Group´s understanding is that those amounts will be received with interests.

2.15 Accrual basis and revenue recognition

Revenue from the sale of goods is recognized in the income statement when the risks and benefits have been transferred to the buyer and the amount of the revenue can be measured reasonably. Sales are recognized net of sales taxes and discounts and other expenses arising from the sale, and are measured as the fair value of the amount received or receivable.

Revenue associated with extended warranties operations, which are granted for a period of 1 to 3 years, after the legally binding warranty of 2 years, by the specialized retail operating Segment, and are recognized in a straight-line basis over the warranty lifetime period. The revenue associated with warranties sold but for which the legal binding warranty hasn´t yet expired is accounted under the captions of the Statement of Financial Position "Other non current liabilities" and “Other current liabilities“ (Notes 27 and 31).

The revenues and costs of the consultancy projects developed in the information systems consultancy segment are recognised in each period, according to the percentage of completion method.

The income related to the commissions generated by the insurance mediation activity is recorded at the moment of the premium payment by the policyholder. No premium is accounted before it has been received. In that moment, Sonae Investimentos posts a liability related with the obligation to transfer the insurance premium net of commissions, to the respective insurance company.

In cases where the premium is directly paid to the insurance company, Sonae records its commission in the moment in which is informed of the premium payment by the policyholder to the insurance company.

The deferral of revenue related with customer loyalty plans, awarding discounts on future purchases, by the food Retail Operating Segment, is quantified taking into account the probability of exercising the above mentioned discounts and are deducted from revenue when they are generated. The corresponding liability is presented under the caption other creditors.

Dividends are recognized as income in the year they are attributed to the shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

"Other current assets" and "Other current liabilities" include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses of future years, when they will be recognized in the income statement.

2.16 Balances and transactions expressed in foreign currencies

Transactions are recorded in the separate financial statements of the subsidiaries in the functional currency of the subsidiary, using the rates in force on the date of the transaction.

At each statement of financial position date, all monetary assets and liabilities expressed in foreign currencies are translated to the functional currency of each foreign company at the exchange rates as at that date. All non-monetary assets and liabilities recorded at fair value and stated in foreign currencies are converted to the functional currency of each company, using the exchange rate at the date the fair value was determined.

Exchange gains and losses arising from differences between historical exchange rates and those prevailing at the date of collection, payment or the date of the statement of financial position, are recorded as income or expenses of the period, except for those related to non-monetary assets or liabilities, for which adjustments to fair value are directly recorded under equity.

When Sonae Investimentos wants to reduce currency exposure, it negotiates hedging currency derivatives (Note 2.12.h)).

2.17 Subsequent events

Events after the statement of financial position date that provide additional information about conditions that existed at the statement of financial position date are reflected in the consolidated financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes to the consolidated financial statements when material.

2.18 Judgements and estimates

The most significant accounting estimates reflected in the consolidated income statements include:

a) Useful lives of the tangible and intangible assets;

b) Impairment analysis of goodwill in investments in associated companies and jointly controlled entities and of tangible and intangible assets;

c) Recognition of adjustments on assets, provisions and contingent liabilities;

d) Determining the fair value of investment properties and derivative financial instruments;

e) Recoverability of deferred tax assets;

f) Valuation at fair value of assets, liabilities and contingent liabilities in business combination transactions.

Estimates used are based on the best information available during the preparation of consolidated financial statements and are based on best knowledge of past and present events. Although future events are neither controlled by Sonae nor foreseeable, some could occur and have impact on the estimates. Changes to estimates that occur after the date of these consolidated financial statements, will be recognized in net income, in accordance with IAS 8, using a prospective methodology.

The main estimates and assumptions in relation to future events included in the preparation of consolidated financial statements are disclosed in the corresponding notes.

2.19 Segment information

Information regarding operating segments identified is included in Note 6.

2.20 Legal reserves, other reserves and retained earnings

Legal reserves:

Portuguese commercial legislation requires that at least 5% of annual net profit must be appropriated to a legal reserve, until such reserve reaches at least 20% of the share capital. This reserve is not distributable, except in the case of liquidation of the company, but it may be used to absorb losses, after all the other reserves are exhausted, or to increase the share capital.

Hedging reserve:

The Hedging reserve reflects the changes in fair value of “cash flow” hedging derivatives that are considered as effective (Note 2.12.h) and is not distributable or used to cover losses.

Currency translation reserve:

The currency translation reserve corresponds to exchange differences relating to the translation from the functional currencies of the Sonae Investimentos's foreign subsidiaries and joint ventures into Euro, in accordance with the accounting policy described in Note 2.2.d).

Reserve in accordance with article 324 of CSC:

The reserves constituted according to Art. 324 of "Código das Sociedades Comerciais" ("CSC"), reflect the value of own shares acquired in the period and comply with commercial legislation relating with legal reserves.

According to Portuguese commercial legislation the amount of distributable reserves is computed considering the Company's individual financial statements presented in accordance with International Financial Reporting Standards as adopted by the European Union.

3 FINANCIAL RISK MANAGEMENT

Risk management general principles are approved by the Board of Directors, and its implementation and monitoring is supervised by the Sonae Investimentos's finance department.

3.1 Market risk

The interest and exchange rate risk have a decisive importance in what concerns market risk management.

Derivatives are used to hedge certain exposures related to Sonae Investimentos market risk and, Sonae Investimentos does not enter into derivatives or other financial instruments for trading or speculative purposes.

3.1.1 Interest rate risk

Sonae Investimentos exposure to interest rates arises mainly from long term loans which bear interests at Euribor plus spread.

Sensitivity analysis:

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest rate financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, these instruments are included in the calculation of income-related sensitivities;

- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognized at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortized cost are not subject to interest rate risk as defined in IFRS 7;

- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;

- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity;

- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;

- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under these assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the consolidated net profit before tax for the period ended as at 31 December 2016 would decrease by approximately 5.5 million euro (5.7 million euro as at 31 December 2015), considering the contractual fixing dates and excluding other effects arising from the company operations.

3.1.2 Exchange rate risks

The impact on the financial statements of changes in exchange rate is immaterial, as the most part of the transactions are denominated in euro. Sonae Investimentos is mainly exposed to exchange rate risk through transactions relating to acquisitions of goods in international markets, which are in US Dollars.

The exchange risk management purpose is to provide a stable decision platform when deciding and negotiating the purchases of inventories establishing fixed exchange rates. The hedging accompanies all the purchase process, since procurement up to the formal agreement of purchase.

The exchange risk exposure is monitored through the purchase of forwards with the goal of minimizing the negative impacts of volatility in exposure level as a consequence of changes of the amounts of imports denominated in other currencies rather than euro.

As at 31 December 2016 and 2015 the assets and liabilities denominated in a currency different from the subsidiary functional currency where the following:

	Assets		Liabilities	
	31 December 2016	31 December 2015 Restated	31 December 2016	31 December 2015 Restated
Euro	18,307	228,182	6,630,543	4,616,277
Brazilian Real	-	-	4,213	1,357
British Pound	8,937	2,070	548,985	85,065
US Dollar	3,542,459	2,846,685	23,355,569	22,388,944
Other Currencies	663	12,519	136	69,379

The amounts presented above, only include assets and liabilities expressed in different currency than the functional currency used by the affiliated company. Therefore, it does not represent any risk of financial statements translation. Due to the short-term character of the majority of monetary assets and liabilities and the magnitude of its net value, the exposure to currency risk is immaterial and therefore a sensitivity analysis to changes in the exchange rate isn’t disclosed.

3.2 Liquidity risk

The purpose of liquidity risk management is to ensure, at all times, that the group has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy, through the management of the trade-off cost and maturity of debt.

Sonae Investimentos follows an active policy of re-financing its debts by maintaining a high level of unused and available on demand resources to face short term needs and by increasing or maintaining an adequate debt maturity, according to the estimated cash-flows, and to the capability of leveraging its statement of financial position. At the end of 2016, Sonae Investimentos´s average debt maturity was approximately 4.2 years (2015: 2.9 years).

Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination is also considered as an important mean of managing liquidity risk. The group also assures, in its relationship with financial institutions, a high level of diversification of financing sources and counterparties, in order to ease the ability of entering new loan agreements and to minimize the effects of any relationship discontinuance.

Sonae Investimentos maintains a liquidity reserve in the form of credit lines together with the banks with which there are activities. This is to ensure the ability to meet its commitments without having to refinance itself in unfavorable terms. In 31 December 2016, the consolidated loan amount maturing in 2017 is of 186 million euro (144 million euro maturing in 2016) and in 31 December 2016 Sonae Investimentos had 53 million euro available in consolidated credit lines (61 million euro in 2015) with commitment less than or equal to one year and 348 million euro (340 million euro in 2015) with a commitment greater than one year. Additionally, Sonae Investimentos held, as at 31 December 2016, cash and cash equivalents and current investments amounting to 120 million euro (89 million euro as at 31 December 2015). Consequentially, Sonae Investimentos expects to meet all its obligations by means of its operating cash flows and its financial assets as well as from drawing existing available credit lines, if needed.

The liquidity analysis of each class of financial liabilities is presented in the corresponding notes.

3.3 Credit risk

Sonae Investimentos is exposed to the credit risk in its current operational activity. The credit risk in the scope of its current operational activity is managed through a system of gathering financial and qualitative information from independent entities that supply risk information, in order to allow the assessment of credit risk from debtors. The credit risk from suppliers arises from advances made to or discounts billed to suppliers and are mitigated by the expectation of maintaining the commercial relationship. The amounts presented in the statement of financial position are net of impairment losses, thus reflect its fair value.

Sonae Investimentos is also exposed to the credit risk in its relationship with financial institutions, in result of bank deposits, debt instruments available facilities, derivatives, among others.

The credit risk is limited to financial institutions, by risk concentration management and by a selection of counterparties, which have a high national and international prestige and based on their respective rating notations taking into account the nature, maturity and size of the operations.

3.4 Capital risk

The capital structure of Sonae Investimentos, determined by the proportion of equity and net debt is managed in order to ensure continuity and development of its operations, maximize the return on shareholders and optimize financing costs.

Sonae Investimentos periodically monitors its capital structure, identifying risks, opportunities and the necessary adjustment measures for the achievement of these objectives.

4 Restatement of Financial Statement

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

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

	31 December 2015		
Amounts in thousands of euros	Before the restatement	Adjustments to fair value	After the restatement
Assets			
Tangible and Intangible assets	1,743,539	24,691	1,768,230
Goodwill	518,417	(18,960)	499,457
Investments	59,747	-	59,747
Deferred tax assets	56,738	225	56,963
Other non-current assets	11,633	-	11,633
Non-current assets	2,390,074	5,956	2,396,030
Inventories	634,366	-	634,366
Trade account receivables	58,215	(400)	57,815
Other debtors	224,789	1,417	226,206
Investments	2,506	-	2,506
Cash and cash equivalents	89,020	-	89,020
Current assets	1,008,897	1,017	1,009,914
Assets classified as held for sale	131,044	-	131,044
Total assets	**3,530,015**	**6,973**	**3,536,988**
Liabilities	-	-	-
Loans	596,135	-	596,135
Other non-current liabilities	437,223	-	437,223
Deferred tax liabilities	70,496	6,073	76,569
Provisions	11,586	900	12,486
Non-current liabilities	1,115,440	6,973	1,122,413
Loans	143,583	-	143,583
Other current liabilities	1,555,253	-	1,555,253
Total current liabilities	1,698,836	-	1,698,836
Total liabilities	**2,814,276**	**6,973**	**2,821,249**
Shareholders' funds excluding non-controlling interests	663,446	-	663,446
Non-controlling interests	52,293	-	52,293
Total shareholders' funds	**715,739**	**-**	**715,739**
Total shareholders' funds and liabilities	**3,530,015**	**6,973**	**3,536,988**

5 CHANGES IN CONSOLIDATION PERIMETER

5.1 Major acquisitions of subsidiaries occurred in the period ended at 31 December 2016

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

	Company	Head Office	Percentage of share capital held At acquisition date Direct a)	Total b)
	Sonae SR - Sports & Fashion			
	Salsa Group			
1)	IVN - Serviços Partilhados, SA	Vila Nova de Famalicão (Portugal)	50.00%	50.00%
	Irmãos Vila Nova, SA	Vila Nova de Famalicão (Portugal)	100.00%	50.00%
	Irmãos Vila Nova III - Imobiliária, SA	Vila Nova de Famalicão (Portugal)	100.00%	50.00%
	IVN Asia Limited	Hong Kong (China)	100.00%	50.00%
	Salsa DE GmbH	Dusseldorf (Germany)	100.00%	50.00%
	Salsa Distribution USA LLC	New York (USA)	100.00%	50.00%
	Salsa France, S.A.R.L.	Paris (France)	99.99%	50.00%
	Salsa Luxembourg, Sàrl	Luxembourg	100.00%	50.00%
	SLS Salsa - Comércio e Difusão de Vestuário, S.A.	Vila Nova de Famalicão (Portugal)	100.00%	50.00%
	SLS Salsa España - Comercio y Difusión de Vestuario, S.A.U.	Pontevedra (Spain)	100.00%	50.00%

a) Consider the interest held directly by a subsidiary of the Group;

b) Corresponds to the percentage of interest held directly and indirectly attributable to the parent company´s shareholders, excluding non-controlled interests.

1) Parent company of Salsa group.

The effects of these acquisitions on the consolidated financial statements can be analyzed as follows:

Amounts in euro	Salsa Group Financial Position before aquisition	Adjustments to fair value	Fair value	31 December 2016
Net acquired assets				
Tangible assets (Note 8)	12,635,220	15,791,326	28,426,546	29,617,543
Intangible assets (Note 9)	2,477,267	86,470,000	88,947,267	86,891,888
Inventories (Note 14)	20,768,752	-	20,768,752	23,209,980
Deferred tax assets (Note 19)	1,691,120	1,267,477	2,958,597	2,832,354
Other assets	17,073,717	172,540	17,246,257	16,265,111
Cash and cash equivalents	7,501,069	-	7,501,069	3,487,787
Loans	(57,408,768)	-	(57,408,768)	(47,868,478)
Deferred tax liabilities (Note 19)	-	(21,417,032)	(21,417,032)	(21,029,053)
Other liabilities	(26,463,665)	(6,035,603)	(32,499,268)	(32,953,247)
Total net acquired assets	(21,725,288)	76,248,708	54,523,420	60,453,885
Goodwill (Note 10)			43,364,414	
Non-controlling interests (Note 23)			27,261,711	
Indemnity assets (Note 13)			2,463,875	
Acquisition price			73,090,000	
Effective cash paid			73,090,000	
Future cash paid			-	
			73,090,000	
Net cash flow resulting from the acquisition Note 45)				
Effective cash paid			(73,090,000)	
Cash and cash equivalents acquired			7,501,069	
			(65,588,931)	

	Salsa Group	
Amounts in euro	Since acquisition date	12 months
Sales and services	61,438,993	116,628,114
Other income	1,784,677	4,862,315
Cost of sales	(24,310,385)	(50,608,043)
External supplies and services	(13,786,487)	(26,621,230)
Staff costs	(10,784,173)	(22,188,418)
Depreciation and amortisation	(3,924,059)	(3,713,742)
Other expenses and losses	(649,009)	(2,755,299)
Net financial income	(748,061)	(3,770,954)
Profit/loss before taxation	9,021,496	11,832,743
Taxation	(2,681,646)	(3,286,303)
Net Income from continuing operations	6,339,850	8,546,440
Profit/loss from discontinuing operations after taxation	(409,391)	(409,391)
Net Income	5,930,459	8,137,049

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.

This acquisition fits in Sonae's strategic pillars, namely the international expansion, the diversification of investment styles and the reinforcement of the assets and competencies base. Salsa will continue to rely on the current management team and in line with the terms of the agreement, their results will be included in Sonae by the full consolidation method considering that the Group controls the relevant activities of Salsa, being reported in the segment of “Sports and Fashion” of Sonae SR.

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 and franchise portfolio (+35.5 million euro) valued based on the discounted cash-flow methodology, using for this purpose the discount rates based on the weighted average cost of capital of the segment of the companies (11%) and considering an average customer retention (9.4% for wholesale customers). These portfolios will be amortized on a straight-line basis based on the estimated average retention period of the clients (10 years);

(ii) 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;

(iii) Real estate assets (+15.8 million euro) were valued based on a preliminary external valuation of the mentioned assets, which had been obtained prior to the acquisition, being and a new valuation process under way that is not yet completed; and

(iv) contingent liabilities relating to present obligations in the amount of 6 million euro, over which there were also recognized indemnifying assets as contractually supported;

For the remaining assets and liabilities were not to date identified significant differences 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. However, the purchase price allocation is preliminary and may be subject to change until the end of the period of one year from the date of acquisition, as permitted by IFRS3 - Business Concentrations.

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

5.2 Major disposal companies occurred in the period ended at 31 December 2016

As at 31 December 2016, the Group sold its subsidiary Imoconti - Sociedade Imobiliária, SA to a related entity of the Sonae Sierra group. The effects of this sale on the consolidated financial statements can be analyzed as follows:

	At disposal data	31 December 2015
Net assets disposals		
Tangible assets (Note 8)	15,526,744	17,422,616
Other assets	21,260	19,411
Cash and cash equivalents	22,792	802
Deferred tax liabilities (Note 19)	(1,282,258)	(1,492,390)
Other liabilities	(5,798,635)	(8,284,509)
Total of net assets disposals	8,489,903	7,665,930
Shareholder's loans, treasury operations and interests	6,046,123	
Gain/Loss in disposal (Note 36)	6,473,006	
Preço da alienação	21,009,032	
Effective cash received	-	
Amounts receivable (Note 16)	21,009,032	
	21,009,032	

	At disposal data	31 December 2015
Sales and services	-	-
Other income	1,580,669	2,380,856
Other expenses	(1,285,584)	(653,394)
Net financial income	(178,361)	(231,201)
Profit/loss before taxation	116,724	1,496,261
Taxation	(26,107)	(336,580)
Net Income	90,617	1,159,681

5.3 Fair value allocation to net assets acquired and liabilities assumed on Losan´s Group acquisition in 2015

The Losan Group is a multinational group with it parent company based in Spain. It 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 as at 31 December 2015 period from which Sonae began to exercise control over their activities.

As at 31 December 2015, due to the proximity of the date of acquisition, it was not possible for the Group to finalize the fair value of the net assets acquired, which was concluded during the year as follows, and goodwill was reduced by approximately 19 million euro and can be analysed as follows:

	Losan Group			
Amounts in euro	Financial Position before aquisition	Adjustments to fair value	Fair value	31 December 2015
Net acquired assets				
Tangible assets (Note 8)	4,281,581	-	4,281,581	4,281,581
Intangible assets (Note 9)	734,881	24,691,000	25,425,881	734,881
Inventories (Note 14)	13,451,587	-	13,451,587	13,451,587
Deferred tax assets (Note 19)	309,948	225,000	534,948	309,948
Other assets	15,681,488	(400,000)	15,281,488	15,681,488
Cash and cash equivalents	12,006,623	-	12,006,623	12,006,623
Loans	(8,145,659)	-	(8,145,659)	(8,145,659)
Deferred tax liabilities (Note 19)	(359,764)	(6,072,750)	(6,432,514)	(359,764)
Other liabilities	(14,765,358)	(900,000)	(15,665,358)	(14,765,358)
Total net acquired assets	23,195,327	17,543,250	40,738,577	23,195,327
Goodwill (Note 10)			95,495	19,055,699
Acquisition price			40,834,072	42,251,026
Effective cash paid in 2015			42,251,026	42,251,026
Price adjustment (Note 45)			(1,416,954)	-
			40,834,072	42,251,026
Net cash flow resulting from the acquisition (Note 45)				
Effective cash paid			(40,834,072)	(42,251,026)
Cash and cash equivalents acquired			12,006,623	12,006,623
			(28,827,449)	(30,244,403)

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

(i) Wholesale customer portfolio (+13.1 million euro), valued based on the discounted cash-flow methodology, using discount rates based on the weighted average cost of the segment's capital (11%), where Companies are included and considering an average retention rate of customers (84% based on historical data). These portfolios will be amortized on a straight-line basis based on the estimated average retention period of customers (10 years);

(ii) Losan brand (+11.6 million euros), valued based on the released royalty methodology and for which no defined life was identified; and

(iii) Contingent liabilities relating to present liabilities amounting to 0.9 million euro;

6 SEGMENT INFORMATION

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

- Sonae MC is the food retail unit, operating 41 Continente hypermarkets, 130 Continente Modelo supermarkets, 77 convenience stores Bom Dia, 260 stores operated under franchise Meu Super and 198 parapharmacy Well´s;

- Sonae SR is the specialized retail unit with two large divisions:

  - Worten that is included in the top 3 of Iberian electronic players, counting on a portfolio of 235 physical stores in Iberia;

  - Sports&Fashion directly operating 363 own stores sports and clothing products, combined with a franchise network and also includes recent acquisitions of Salsa and Losan.

- 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 SR.

Sonae IM includes a company that operates in the retail DIY products, building and garden (Maxmat), insurance brokers (MDS), nevertheless the Group decided to include this operating segment in “Others, eliminations and adjustments”.

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 49.

6.1 Financial information by business segment

The main operating segment information as at 31 December 2016 and 2015 can be detailed as follows:

31 December 2016	Turnover	Depreciation and amortisation	Provisions and impairment losses	EBIT
Sonae MC	3,686,808,069	90,891,772	1,485,653	112,149,103
Sonae SR				
Worten	910,303,455	25,294,017	2,812,821	(9,152,360)
Sports & Fashion	527,299,167	25,127,268	1,581,235	(25,702,037)
Sonae RP	91,962,156	23,739,373	6,536,987	119,945,354
Others, eliminations and adjustments	1,708,356	5,286,910	199,799	(21,294,674)
Total consolidado	5,218,081,203	170,339,340	12,616,495	175,945,386

31 December 2015 Restated	Turnover	Depreciation and amortisation	Provisions and impairment losses	EBIT
Sonae MC	3,490,025,696	85,806,855	1,939,973	119,760,878
Sonae SR				
Worten	891,470,876	23,750,199	2,245,532	(12,852,706)
Sports & Fashion	402,834,310	21,133,375	703,900	(44,094,679)
Sonae RP	121,266,202	27,487,028	-	121,207,518
Others, eliminations and adjustments	(46,116,058)	2,603,597	17,088	(24,330,987)
Total consolidado	4,859,481,026	160,781,054	4,906,493	159,690,024

	31 December 2016		31 December 2015 Restated	
	Investment (CAPEX)	Invested capital	Investment (CAPEX)	Invested capital
Sonae MC	167,010,365	562,784,619	113,771,108	466,999,988
Sonae SR				
Worten	39,439,683	(53,506,754)	39,313,761	(18,148,441)
Sports & Fashion	112,943,592	372,337,388	71,997,061	189,556,528
Sonae RP	62,354,568	930,735,887	60,418,121	1,046,536,798
Others, eliminations and adjustments	7,008,224	55,690,507	4,273,017	70,161,809
Total consolidated	388,756,432	1,868,041,647	289,773,068	1,755,106,682

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

Turnover	31 December 2016 Inter-group	31 December 2015 Inter-group
Sonae MC	(1,999,094)	(1,983,822)
Sonae SR		
Worten	(4,526,457)	(4,018,262)
Sports & Fashion	(29,091,974)	(25,102,169)
Sonae RP	(81,736,023)	(112,148,070)
Total consolidated	(117,353,548)	(143,252,323)

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

	Turnover		EBIT	
	31 December 2016	31 December 2015 Restated	31 December 2016	31 December 2015 Restated
Inter-segment income	(117,353,548)	(143,252,323)	-	-
Equity method (Note 11)	-	-	(5,940,454)	(2,727,279)
Contribution from companies not included in the segments	119,061,904	97,136,265	2,806,705	(21,427,511)
Others	-	-	(18,160,925)	(176,197)
Others, eliminations and adjustments	1,708,356	(46,116,058)	(21,294,674)	(24,330,987)

	Investment		Invested capital	
	31 December 2016	31 December 2015 Restated	31 December 2016	31 December 2015 Restated
Investments and loans granted	-	-	51,712,737	48,203,015
Acquisition of investments	6,535,095	-	-	-
Contribution from companies not included in the segments	1,044,844	1,461,252	33,050,597	34,670,458
Others	(571,714)	2,811,764	(29,072,827)	(12,711,664)
Eliminations and adjustments	7,008,224	4,273,017	55,690,507	70,161,809

All performance measures are reconciled to the financial statements in note 46.

Non-current assets and sales and services by geographic segment are detailed as follows:

	31 Dec 2016		31 Dec 2015	
Destination market	Non-current assets	Sales and services rendered	Non-current assets	Sales and services rendered
Portugal	2,411,428,704	4,750,883,333	2,192,847,210	4,472,000,564
Spain	111,064,671	343,408,481	116,453,647	326,711,682
France	-	55,350,594	-	41,018,936
United Kingdom	-	1,895,423	-	1,894,650
Germany	-	1,865,656	-	3,119
Italy	-	11,999,113	-	100,019
Brazil	11,326,815	1,322,555	11,237,513	942,134
Mexico	52,550	4,692,310	23,669	140,758
Rest of the world	75,355,290	46,663,738	75,468,097	16,669,164
	2,609,228,030	5,218,081,203	2,396,030,136	4,859,481,026

Glossary:

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

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

Other eliminations and adjustments = Intra-groups + consolidation adjustments + contributions from other companies not included in the disclosed segments by do not fit in any reportable segment, ie are included in addition to Sonae Investimentos SGPS companies identified as "Other" in Note 49;

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

7 FINANCIAL INSTRUMENTS BY CLASS

The financial instruments classification according to policies disclosed in Note 2.12 can be detailed as follows:

Financial assets	Notes	Loans and accounts receivable	Available for sale	Hedging derivatives (Note 26)	Sub-total	Assets not within the scope of IFRS 7	Total
As at 31 December 2016							
Non-current assets							
Other investments	12	9,966,231	944,416	-	10,910,647	-	10,910,647
Other non-current assets	13	15,180,006	-	-	15,180,006	135,828	15,315,834
		25,146,237	944,416	-	26,090,653	135,828	26,226,481
Current assets							
Trade receivables	15	74,652,149	-	-	74,652,149	-	74,652,149
Other debtors	16	115,773,687	-	-	115,773,687	-	115,773,687
Investments	12	-	-	4,207,972	4,207,972	-	4,207,972
Cash and cash equivalents	20	119,726,191	-	-	119,726,191	-	119,726,191
		310,152,027	-	4,207,972	314,359,999	-	314,359,999
		335,298,264	944,416	4,207,972	340,450,652	135,828	340,586,479
As at 31 December 2015							
Non-current assets							
Other investments	12	9,996,932	2,167,833	-	12,164,765	-	12,164,765
Other non-current assets	13	11,630,110	-	-	11,630,110	3,187	11,633,297
		21,627,042	2,167,833	-	23,794,875	3,187	23,798,062
Current assets							
Trade receivables	15	57,815,243	-	-	57,815,243	-	57,815,243
Other debtors	16	91,485,338	-	-	91,485,338	9,984,877	101,470,215
Investments	12	-	-	2,506,086	2,506,086	-	2,506,086
Cash and cash equivalents	20	89,020,049	-	-	89,020,049	-	89,020,049
		238,320,630	-	2,506,086	240,826,716	9,984,877	250,811,593
		259,947,672	2,167,833	2,506,086	264,621,591	9,988,064	274,609,655

Financial liabilities	Notes	Financial liabilities recorded at amortised cost	Hedging derivatives (Note 26)	Sub-total	Liabilities not within the scope of IFRS 7	Total
As at 31 December 2016						
Non-current liabilities						
Bank loans	24	281,274,913	-	281,274,913	-	281,274,913
Bonds	24	340,006,858	-	340,006,858	-	340,006,858
Obligations under finance leases	24 and 25	953,990	-	953,990	-	953,990
Other loans	24	1,335,080	-	1,335,080	-	1,335,080
Other non-current liabilities	27	401,046,123	-	401,046,123	19,913,988	420,960,111
		1,024,616,964	-	1,024,616,964	19,913,988	1,044,530,952
Current liabilities						
Bank loans	24	177,408,427	-	177,408,427	-	177,408,427
Bonds	24	7,998,517	-	7,998,517	-	7,998,517
Obligations under finance leases	24 and 25	550,624	-	550,624	-	550,624
Other loans	24	12,030	358,117	370,147	-	370,147
Trade creditors	29	1,123,715,076	-	1,123,715,076	-	1,123,715,076
Other creditors	30	155,838,792	-	155,838,792	-	155,838,792
		1,465,523,466	358,117	1,465,881,583	-	1,465,881,583
		2,490,140,430	358,117	2,490,498,547	19,913,988	2,510,412,535
As at 31 December 2015						
Non-current liabilities						
Bank loans	24	294,693,494	-	294,693,494	-	294,693,494
Bonds	24	297,670,973	-	297,670,973	-	297,670,973
Obligations under finance leases	24 and 25	2,423,501	-	2,423,501	-	2,423,501
Other loans	24	1,347,110	-	1,347,110	-	1,347,110
Other non-current liabilities	27	404,021,270	-	404,021,270	33,201,953	437,223,223
		1,000,156,348	-	1,000,156,348	33,201,953	1,033,358,301
Current liabilities						
Bank loans	24	89,590,587	-	89,590,587	-	89,590,587
Bonds	24	49,962,080	-	49,962,080	-	49,962,080
Obligations under finance leases	24 and 25	3,142,651	-	3,142,651	-	3,142,651
Other loans	24	26,974	860,503	887,477	-	887,477
Trade creditors	29	1,143,806,164	-	1,143,806,164	-	1,143,806,164
Other creditors	30	129,800,313	-	129,800,313	-	129,800,313
		1,416,328,769	860,503	1,417,189,272	-	1,417,189,272
		2,416,485,117	860,503	2,417,345,620	33,201,953	2,450,547,573

Financial instruments recognized at fair value

The Group applies IFRS 13 - Fair Value Measurement. This standard requires that the fair value is disclosed in accordance with the fair value hierarchy:

	31 December 2016			31 December 2015 Restated		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Derivatives	-	4,207,972	-	-	2,506,086	-
	-	4,207,972	-	-	2,506,086	-
Financial liabilities measured at fair value		-	-	-	-	-
Derivatives	-	358,117	-	-	860,503	-
	-	358,117	-	-	860,503	-

8 TANGIBLE ASSETS

During the periods ended as at 31 December 2016 and 2015, the movements in tangible assets as well as accumulated depreciation and impairment losses are made up as follows:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Other Tangible Assets	Tangible assets in progress	Tangible Assets
Gross assets:							
Opening balance as at 1 January 2015	1,669,407,572	1,273,732,256	21,785,393	106,488,871	39,844,295	27,211,209	3,138,469,596
Capital Expenditure	7,575,225	1,946,016	39,615	189,498	24,322	154,442,235	164,216,911
Acquisitions of subsidiaries	5,088,587	1,274,558	401,035	2,059,614	925,148	-	9,748,942
Disposals	(172,139,713)	(74,096,788)	(1,242,586)	(6,933,030)	(1,807,644)	(9,289,200)	(265,508,961)
Exchange rate effect	(246,538)	(39)	(34,631)	(203,399)	(2,840)	-	(487,447)
Transfers	(169,784,927)	116,184,927	1,582,589	14,093,518	3,518,844	(148,303,434)	(182,708,483)
Opening balance as at 1 January 2016	1,339,900,206	1,319,040,930	22,531,415	115,695,072	42,502,125	24,060,810	2,863,730,558
Capital Expenditure	19,584,594	4,960,609	328,174	572,396	743,119	237,736,594	263,925,486
Acquisitions of subsidiaries (Note 5.1)	38,596,782	11,950,025	1,829,227	4,619,943	1,458,178	54,012	58,508,167
Disposals	(34,340,513)	(58,968,502)	(1,063,420)	(6,136,094)	(1,379,325)	(1,419,330)	(103,307,184)
Disposals of subsidiaries (Note 5.2)	(23,222,108)	(2,667,983)	-	(32,778)	-	-	(25,922,869)
Exchange rate effect	99,432	(1,218)	21,304	1,804	(3,341)	-	117,981
Transfers	28,031,849	150,366,982	1,886,202	15,430,898	2,946,556	(229,974,902)	(31,312,415)
Closing balance as at 31 December 2016	1,368,650,242	1,424,680,843	25,532,902	130,151,241	46,267,312	30,457,184	3,025,739,724
Accumulated depreciation and impairment losses							
Opening balance as at 1 January 2015	433,631,117	771,959,695	17,747,649	81,888,586	34,668,210	-	1,339,895,257
Depreciation	23,825,554	103,863,273	1,145,274	9,485,896	2,442,509	-	140,762,506
Impairment losses	-	1,182,357	136	80,471	6,211	-	1,269,175
Acquisitions of subsidiaries	1,923,295	1,154,741	362,563	1,404,375	583,508	-	5,428,482
Disposals	(38,119,745)	(61,285,276)	(1,175,695)	(6,496,415)	(1,755,815)	-	(108,832,946)
Exchange rate effect	(235,637)	-	(7,571)	(168,592)	(2,050)	-	(413,850)
Transfers	(53,327,632)	(166,675)	58,933	(519,574)	437,199	-	(53,517,749)
Opening balance as at 1 January 2016	367,696,952	816,708,115	18,131,289	85,674,747	36,379,772	-	1,324,590,875
Depreciation	21,259,985	106,126,406	1,396,918	11,027,530	2,891,399	-	142,702,238
Impairment losses (Note 32)	6,769,952	2,177,208	4,177	94,270	5,869	110,824	9,162,300
Acquisitions of subsidiaries (Note 5.1)	16,217,062	7,593,819	1,218,060	4,119,347	933,333	-	30,081,621
Disposals	(6,990,603)	(48,865,073)	(1,004,407)	(5,760,490)	(1,304,246)	-	(63,924,819)
Disposals of subsidiaries (Note5.2)	(7,695,365)	(2,667,983)	-	(32,777)	-	-	(10,396,125)
Exchange rate effect	91,562	-	7,803	12,516	(1,898)	-	109,983
Transfers	(343,302)	(11,606,204)	(168,493)	(963,948)	(288,869)	-	(13,370,816)
Closing balance as at 31 December 2016	397,006,243	869,466,288	19,585,347	94,171,195	38,615,360	110,824	1,418,955,257
Carrying amount							
As at 31 December 2015 Restated	972,203,254	502,332,815	4,400,126	30,020,325	6,122,353	24,060,810	1,539,139,683
As at 31 December 2016	971,643,999	555,214,555	5,947,555	35,980,046	7,651,952	30,346,360	1,606,784,467

The investment includes the acquisition of assets of approximately 238 million euro (164 million euro in 2015), associated with the opening and remodeling of stores.

Disposal in the years 2016 and 2015 can be analyzed as follow:

Tangible assets	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Other Tangible Assets	Tangible assets in progress	Tangible Assets
Gross assets:							
Disposals	(2,453,373)	(57,360,712)	(1,063,420)	(6,136,094)	(1,379,325)	(1,419,330)	(69,812,254)
Sale and Leaseback	(31,887,140)	(1,607,790)	-	-	-	-	(33,494,930)
Closing balance as at 31 December 2016	(34,340,513)	(58,968,502)	(1,063,420)	(6,136,094)	(1,379,325)	(1,419,330)	(103,307,184)
Accumulated depreciation and impairment losses							
Disposals	(2,135,674)	(47,690,007)	(1,004,407)	(5,760,490)	(1,304,246)	-	(57,894,824)
Sale and Leaseback	(4,854,929)	(1,175,066)	-	-	-	-	(6,029,995)
Closing balance as at 31 December 2016	(6,990,603)	(48,865,073)	(1,004,407)	(5,760,490)	(1,304,246)	-	(63,924,819)
Carrying amount							
Disposals	(317,699)	(9,670,705)	(59,013)	(375,604)	(75,079)	(1,419,330)	(11,917,430)
Sale and Leaseback	(27,032,211)	(432,724)	-	-	-	-	(27,464,935)

Tangible assets	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Other Tangible Assets	Tangible assets in progress	Tangible Assets
Gross assets:							
Disposals	(8,209,735)	(66,561,510)	(1,242,586)	(6,933,030)	(1,807,644)	(9,289,200)	(94,043,705)
Sale and Leaseback	(163,929,978)	(7,535,278)	-	-	-	-	(171,465,256)
Closing balance as at 31 December 2015	(172,139,713)	(74,096,788)	(1,242,586)	(6,933,030)	(1,807,644)	(9,289,200)	(265,508,961)
Accumulated depreciation and impairment losses							
Disposals	(5,940,642)	(54,419,576)	(1,175,695)	(6,496,415)	(1,755,815)	-	(69,788,143)
Sale and Leaseback	(32,179,103)	(6,865,700)	-	-	-	-	(39,044,803)
Closing balance as at 31 December 2015	(38,119,745)	(61,285,276)	(1,175,695)	(6,496,415)	(1,755,815)	-	(108,832,946)
Carrying amount							
Disposals	(2,269,093)	(12,141,934)	(66,891)	(436,615)	(51,829)	(9,289,200)	(24,255,562)
Sale and Leaseback	(131,750,875)	(669,578)	-	-	-	-	(132,420,453)

During the period, several sale and leaseback transactions were accounted for by the Group (see Note 34 - Operating Leases). The accounting values of the disposed assets, approximately, 158 million euro (132.4 million euro in 31 December 2015), 27 million euro are disclosed as disposals of the year and the rest are recorded as non-current assets held for sale (In 31 December 2015 the entire amount was recorded as disposal) (Note 21). The disposed assets correspond to 16 real estate food retail assets located in Portugal (15 assets in 31 December 2015) and 3 Worten stores in Spain. These operations resulted in a cash inflow of 230 million euro (184.7 million euro in 31 December 2015) and generated a net capital gain (Note 31) of approximately, 62.7 million euro (42.3 million euro in 31 December 2015) (Note 38).

Tangible assets held by Imoconti, a subsidiary disposed in the year (Note 5.2), were leased under similar conditions to the assets included in the Sale and Leaseback operations above mentioned. These assets represented 16 million euro at the date of disposal, resulting in a cash inflow of 21 million euro and a capital gain of 6.5 million euro (Note 36).

The lease agreements for the above mentioned assets, including those of Imoconti, were considered as operating leases, taking into account the indicators traditionally used to determine the nature of the lease agreements as defined in IAS 17. These agreements have an initial period of 20 years, and the lease term can be extended, at market conditions, by four additional periods of 10 years. The Board of Directors considered probable only the maintenance of the initial period of the lease which is less than the remaining useful life of the assets subject to the transaction. For the assets in Spain, the term of the contracts was 12 years, considering the period of 6 and 9 years (option of early termination). It was also considered that there is no obligation to repurchase the assets subject to leasing, and the Group's current call options are exercisable based on market prices, as well as the present value of the minimum lease payments

In disposal also included about 8.4 million euro related to the restructuring process of the new store concepts, of Sonae SR, mainly in Spain, resulting in the use of impairment losses in the amount of 4.5 million euro.

Transfer includes in 31 December 2016 the net amount of 16.4 million euro of assets transferred to "Non-current assets held for sale" related to Sohimeat, due to the loss of control of this company in January 2017 (Note 21). Transfers include in 31 December 2015 the net amount of 131 million euro of net assets transferred to "Non-current assets held for sale" during the period, relating to real estate assets of the Food Retail Segment and Worten Spain retail stores, whose sale took place in 2016 (Note 21).

Most real estate assets from Sonae RP (Note6), as at 31 December 2016 and 2015, which are recorded at acquisition cost deducted of amortization and impairment charges, were evaluated by independent appraisers (Jones Lang LaSalle). These evaluations were performed using the income method, using yields between 6.75% and 9.00 % (7.00% and 9.25 % in 2015), where the fair value of the property is in “Level 3” hierarchy - according to the classification given by IFRS 13. Such assessments support the value of the assets as at 31 December 2016. There were no impairments recorded during the period. During the year, an impairment loss of 6.5 million euro was recorded on a property held by the Group as a result of the valuation produced by Cushman & Wakefield and which took into account the latest changes to the municipal master plan applicable to that property.

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

	31 December 2016	31 December 2015
Refurbishment and expansion of stores in Portugal	25,828,922	19,674,741
Refurbishment and expansion of stores in Spain	1,610,531	1,030,144
Projects "Continente" stores for which advance payments were made	1,693,500	2,968,500
Others	1,213,407	387,425
	30,346,360	24,060,810

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

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Other Tangible Assets	Tangible assets in progress	Tangible Assets
Impairment losses							
Opening balance as at 1 January 2016	100,219,414	33,179,777	34,330	408,450	158,984	-	134,000,955
Impairment losses (Note 32)	6,769,952	2,177,208	4,177	94,270	5,869	110,824	9,162,300
Disposals	(15,988,827)	(7,216,550)	(437)	(114,953)	(18,669)	-	(23,339,436)
Acquisitions of subsidiaries	(197,627)	-	-	-	-	-	(197,627)
Transfers	-	(72,794)	(164)	(16,150)	(270)	-	(89,378)
Closing balance as at 31 December 2016 (Note 32)	90,802,912	28,067,641	37,906	371,617	145,914	110,824	119,536,814

9 INTANGIBLE ASSETS

In the years ended at 31 December 2016 and 2015, the movement occurred in intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:

Gross cost	Industrial property	Software	Premium paid for property occupation	Others intangible assets	Intangible assets in progress	Total Intangible Assets
Opening balance as at 1 January 2015	103,463,568	219,957,831	14,033,325	724,489	36,352,643	374,531,856
Capital expenditure	72,281	178,490	-	-	39,171,171	39,421,942
Fair value of acquired assets (Note 5.3)	11,559,000	-	-	13,132,000	-	24,691,000
Acquisitions of subsidiaries	4,248	3,715,017	-	8,650	137,782	3,865,697
Disposals	(69,930)	(861,152)	-	-	(378,569)	(1,309,651)
Exchange rate effect	(46,803)	(195,011)	-	(13,502)	-	(255,316)
Transfers	579,089	47,427,914	-	-	(48,386,507)	(379,504)
Opening balance as at 1 January 2016 Restated	115,561,453	270,223,089	14,033,325	13,851,637	26,896,520	440,566,024
Capital expenditure	156,243	1,428,345	-	80,755	43,262,488	44,927,831
Acquisitions of subsidiaries (Note 5.1)	51,000,000	5,130,190	621,963	35,508,260	-	92,260,413
Disposals	(245,579)	(1,470,643)	-	-	(347,806)	(2,064,028)
Exchange rate effect	(57,652)	146,654	-	(15,886)	-	73,116
Transfers	238,490	38,374,494	-	683,758	(42,501,476)	(3,204,734)
Closing balance as at 31 December 2016	166,652,955	313,832,129	14,655,288	50,108,524	27,309,726	572,558,622
		-				
Accumulated depreciation and impairment losses						
Opening balance as at 1 January 2015	25,933,771	149,328,969	13,628,981	197,347	-	189,089,068
Depreciation of the period	1,177,085	18,788,034	-	53,429	-	20,018,548
Acquisitions of subsidiaries	2,869	3,118,928	-	3,464	-	3,125,261
Disposals	(68,519)	(538,697)	-	-	-	(607,216)
Exchange rate effect	(30,691)	(93,731)	-	(10,977)	-	(135,399)
Transfers	(14,177)	(471)	-	-	-	(14,648)
Opening balance as at 1 January 2016 Restated	27,000,338	170,603,032	13,628,981	243,263	-	211,475,614
Depreciation of the period	1,431,282	24,343,861	10,089	1,851,870	-	27,637,102
Acquisitions of subsidiaries (Note 5.1)	-	2,982,340	295,298	35,508	-	3,313,146
Disposals	(245,579)	(1,103,391)	-	-	-	(1,348,970)
Exchange rate effect	(44,335)	90,014	-	(14,686)	-	30,993
Transfers	(47)	(1,502,086)	-	435	-	(1,501,698)
Closing balance as at 31 December 2016	28,141,659	195,413,770	13,934,368	2,116,390	-	239,606,187
Carrying amount						
As at 31 December 2015 Restated	88,561,115	99,620,057	404,344	13,608,374	26,896,520	229,090,410
As at 31 December 2016	138,511,296	118,418,359	720,920	47,992,134	27,309,726	332,952,435

As at 31 December 2016 the Investment related to intangible assets in progress includes 43 million euro related to IT projects and development software (39 million euro at 31 December 2015). Within that amount it is included 12.3 million euro of capitalizations of personnel costs related to own work (about 10 million euro in 31 December 2015) (Note 38).

The caption intangible assets in progress includes a 3.7 million euro of asset related to an E-Commerce project, a 2.1 million euro related to the warehouses Management Platform project and a 1.4 million euro related to the electronic logistics management platform project.

Additionally, the caption "Patents and other similar rights" include the acquisition cost of a group of brands with undefined useful lives among which the "Continente" brand, acquired in previous years, amounting to 75,000,000 euro (the same amount as in 2015) and the Salsa and Losan brands valued in the acquisition process in 2016 (Notes 5.1 and 5.3).

Sonae Investimentos performs annual impairment tests over the brands, and obtains periodically for this purpose an independent assessment of Continente brand made by independent appraisers (Interbrand). In 31 December 2016, the external evaluation realized in the beginning of 2016 was internally updated and its value completely supports the accounting value of the asset as at 31 December 2016, not being recorded any impairment in the year.

10 GOODWILL

Goodwill is allocated to each 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 and Sonae SR, 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.

As at 31 December 2016 and 2015, the caption "Goodwill" was made up as follows by insignia and country:

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

	31 December 2015 Restated			
	Portugal	Spain	Other countries	Total
Sonae MC	435,008,109	-	-	435,008,109
Sonae SR				
Worten	53,422,018	-	-	53,422,018
Sports and fashion	7,262,018	95,495	-	7,357,513
Sonae RP	3,669,167	-	-	3,669,167
	499,361,312	95,495	-	499,456,807

During the year ended in 31 December 2016 and 2015, movements occurred in Goodwill as well as in the corresponding impairment losses, are as follows:

	31 December 2016	31 December 2015 Restated
Gross value:		
Opening balance	507,098,475	505,807,904
Goodwill generated in the period (Note 5.1)	43,364,414	20,250,775
Re-allocation of Goodwill to fair value of assets acquired (note 5.3)	-	(18,960,204)
Decreases	(579,714)	-
Others variations	100,000	-
Closing balance	549,983,175	507,098,475
Accumulated impairment losses:		
Opening balance	7,641,668	7,641,668
Increases	-	-
Closing balance	7,641,668	7,641,668
Carrying amount	542,341,507	499,456,807

The evaluation of the existence, or not, of impairment losses in Goodwill is made by taking into account the cash-generating units, based on the most recent business plans duly approved by the Group's Board of Directors, which are made on an annual basis prepared with cash flow projections for periods of five years, unless there is evidence of impairment, in which case the analysis is done in shorter periods of time.

The main assumptions used in the mentioned business plans are detailed as follows below for each of Sonae Investimentos operating segments.

For this purpose, the Sonae MC and Sonae SR operating segments in Portugal use internal valuation of its business concepts, using annual planning methodologies, supported in business plans that consider cash flow projections for each unit which depend on detailed and properly supported assumptions. These plans take into consideration the impact of the main actions that will be carried out by each business concept as well as a study of the resources allocation of the company.

The recoverable value of cash generating units is determined based on its value in use, which is calculated taking into consideration the last approved business plans which are prepared using cash flow projections for periods of 5 years.

The case scenarios are elaborated with a weighted average cost of capital and with a growth rate of cash-flows in perpetuity that can be detailed as follows:

	31 December 2016			31 December 2015 Restated		
	Weighted average capital cost	Growth rate in perpetuity	Compound growth rate sales	Weighted average capital cost	Growth rate in perpetuity	Compound growth rate sales
Sonae MC	9% to 10%	<= 2%	-0.6%	9% to 10%	<= 2%	-0.7%
Sonae SR						
Worten	9% to 11%	<= 1%	1.9%	9% to 11%	<= 1%	3.1%
Sports and fashion	9% to 11%	<= 1%	6.9%	9% to 11%	<= 1%	5,8% a 6,5%
Sonae IM	9% to 11%	<= 1%	5.4%	9% to 11%	<= 1%	5.6%

The analyses of the impairment indices and the review of the impairment projections and tests of Sonae Investimentos have not lead to the account of losses, during the year ended at 31 December 2016. For the sensitivity analyses made, required in the IAS 36 - Impairment of Assets, have not lead to material changes of the recoverable value. Therefore, this results in unmaterial additional impairments.

11 INVESTMENTS IN ASSOCIATED COMPANIES

11.1 Detail of the book value of investments in associated companies

The Associates, their head offices, percentage of share capital held and the value of the statement of financial position as at 31 December 2016 and 31 December 2015 are as follows:

			Percentage of capital held				Statment of financial position	
			31 December 2016		31 December 2015 Restated			
	Company	Head Office	Direct*	Total*	Direct*	Total*	31 December 2016	31 December 2015 Restated
	APOR- Agência para a Modernização do Porto, SA	Porto	22.75%	22.75%	22.75%	22.75%	323,194	373,147
	MDS SGPS, SA (consolidated)	Maia	47.53%	47.53%	47.53%	47.53%	41,382,361	43,093,084
1)	MOVVO, SA	Porto	25.58%	25.58%	16.00%	16.00%	2,793,649	-
2)	S2 Mozambique, SA	Maputo	30.00%	30.00%	-	-	1,406,711	-
	Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	1,338,322	1,236,445
3)	Ulabox, S.L.	Barcelona	39.18%	39.18%	28.57%	28.57%	3,817,381	2,879,651
	Investment in associates companies						51,061,618	47,582,327

* 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(s) which hold(s) a participation, hold(s) this participation directly in the share capital of that company;

1) On May 27, 2016, the group proceeded to a capital increase in MOVVO. Now the Group holds significant influence on that subsidiary and therefore is consolidating by the equity method (Note 12);

2) Acquisition, on July 18, 2016, of 30%, with the Group having significant influence;

3) Capital increase carried out on April 14, 2016 and on September 6, 2016.

Associated companies were included in the consolidated financial statements by the equity method.

11.2 Summary financial information of financial investments

As at 31 December 2016 and 2015, summary financial information of associated companies can be analyzed as follows:

	31 December 2016				
Associated Companies	MDS SGPS, SA (Consolidated)*	Sempre a Postos*	Ulabox*	S2 Mozambique	Others*
Non-current assets	61,968,120	1,205,266	1,176,547	3,517,781	986,708
Current assets	18,759,708	10,371,548	1,662,970	1,838,977	3,316,322
Non-current liabilities	24,013,978	-	-	-	2,240,946
Total current liabilities	25,520,031	6,223,527	531,941	667,722	977,842
Shareholders' funds excluding non-controlling interests	31,193,819	5,353,287	2,307,575	4,689,036	1,084,243

*Financial statements not yet approved;

	31 December 2015 Restated			
Associated Companies	MDS SGPS, SA (Consolidated)*	Sempre a Postos*	Ulabox*	Others*
Non-current assets	64,452,910	1,778,633	1,923,349	18,619
Current assets	22,408,075	10,076,920	2,548,955	1,679,225
Non-current liabilities	27,481,551	8,594	-	-
Total current liabilities	25,670,040	6,901,181	103,517	57,638
Shareholders' funds excluding non-controlling interests	33,709,394	4,945,778	4,368,786	1,640,206

*Financial statements not yet approved;

	31 December 2016				
Associated Companies	MDS SGPS, SA (Consolidated)*	Sempre a Postos*	Ulabox*	S2 Mozambique	Others*
Turnover	47,148,272	53,935,164	7,483,591	2,085,457	433,737
Other operational income	797,409	3,437,205	298,931	-	88,062
Operational expenses	(46,766,599)	(54,995,713)	(11,900,557)	(2,750,597)	(4,450,287)
Net finantial expense	(1,170,613)	9,534	-	29,875	(16,444)
Investments Results	(7,217,174)	-	-	-	-
Taxation	(126,650)	(566,900)	-	-	(40)
Consolidated net income/(loss) for the year	(7,335,355)	1,819,290	(4,118,035)	(635,265)	(3,944,972)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	(7,335,355)	1,819,290	(4,118,035)	(635,265)	(3,944,972)

*Financial statements not yet approved;

	31 December 2015			
Associated Companies	MDS SGPS, SA (Consolidated)*	Sempre a Postos*	Ulabox*	Others*
Turnover	45,545,127	51,477,596	3,738,298	71,680
Other operational income	686,364	3,917,029	998,025	1,904
Operational expenses	(44,714,675)	(53,556,317)	(7,069,085)	(303,122)
Net finantial expense	(6,215,415)	13,691	(39,010)	33,263
Taxation	234,203	(440,218)	577,431	(32)
Consolidated net income/(loss) for the year	(4,464,396)	1,411,781	(1,794,340)	(196,307)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(4,464,396)	1,411,781	(1,794,340)	(196,307)

*Financial statements not yet approved;

11.3 Movements occurred in the period

During the year ended at 31 December 2016 and 2015, movements in investments in joint ventures and associates are as follows:

	31 December 2016			31 December 2015 Restated		
	Propotion on equity	Goodwill	Total investment	Propotion on equity	Goodwill	Total investment
Joint ventures						
Initial balance as at January,1	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	(2,262,691)	(2,262,691)
Impairment in joint ventures	-	-	-	-	2,262,691	2,262,691
	-	-	-	-	-	-
Investments in associates companies						
Initial balance as at January,1	21,073,725	26,508,602	47,582,327	15,781,454	24,922,254	40,703,708
Acquisitions during the period	1,607,217	-	1,607,217	1,644,681	1,586,348	3,231,029
Capital increase	2,667,132	-	2,667,132	8,766,920	-	8,766,920
Transfer of "Other non-current investments" (Note 12)	1,102,139	2,149,921	3,252,060	-	-	-
Equity method:						
Effect in gain/losses in associated companies	(5,940,454)	-	(5,940,454)	(2,727,279)	-	(2,727,279)
Distributed dividends	(352,945)	-	(352,945)	(296,562)	-	(296,562)
Change in group reserves	2,246,281	-	2,246,281	(2,095,489)	-	(2,095,489)
	22,403,095	28,658,523	51,061,618	21,073,725	26,508,602	47,582,327
Total	22,403,095	28,658,523	51,061,618	21,073,725	26,508,602	47,582,327

The effect in "Change in group reserves" results namely from the effect of foreign currency translation of companies with functional currency other than euro of 2.2 million euro (about 2.8 million euro as at 31 December 2015). In 2015 it also includes the transfer of fair value reserves for impairment for the year in the amount of approximately 1.1 million euro related to the participation in Ed Broking LLP included in associate MDS, SGPS, SA.

The financial investment in Ed Broking LLP was revalued to its fair value as at 31 December 2016 based on EBITDA multiples adjusted by the net debt value and sales multiples by region adjusted by the costs of the central structure after optimization. This valuation led to a reduction in the investment amounting 7.2 million euro corresponding to an impairment in the same amount (3.8 million euro as at 31 December 2015). The valuation of this investment, in 2015, had been made using the same methodology. The disposal, of the company´s North American operation and the costs associated with the ongoing restructuring significantly affected the valuation of the associated company taking into account the valuation criteria used. Both valuations correspond to Level 3 of Fair Value, although the multiples used are market benchmarks.

The valuation of the existence or not of impairment for the investment in MDS is made to the internal valuation elaborated based on the estimated profitability of the customer portfolios. The main assumptions for the valuation business can be analyzed as follows:

	31 dez 2016		31 dez 2015	
	Portugal	Brazil	Portugal	Brazil
Sales growth rate during the projected period	3.4%	7.2%	4% a 6%	10% a 12%
Rate of growth in perpetuity	2%	4%	2%	4%
Discount rate used	8.98%	15.5%	7.5%	15.8%

In the year ended 31 December 2015, the heading "Impairment in joint ventures" refers to the effect of the impairment losses incurred in the period for the joint venture Raso SGPS, SA sold in that year.

12 OTHER INVESTMENTS

Other non-current investments, their head offices, percentage of share capital held and book value as at 31 December 2016 and 2015, are as follows:

		Percentage of capital held					
		31 December 2016		31 December 2015 Restated		Statment of financial position	
Company	Head Office	Direct	Total	Direct	Total	31 December 2016	31 December 2015 Restated
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	14.28%	14.28%	14.28%	14.28%	9,976	9,976
Insco - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	925,197	898,197
1) MOVVO, SA	Porto	25.58%	25.58%	16.00%	16.00%	-	991,315
2) Solférias- Operadores Turísticos, SA	Lisbon	-	-	11.11%	11.11%	-	133,162
Other investments						9,975,474	10,132,115
						10,910,647	12,164,765

1) On May 27, 2016, the group proceeded to a capital increase in MOVVO. Now the Group holds significant influence on that subsidiary and therefore is consolidating by the equity method (Note 11);

2) Investment disposed in the period.

As at 31 December 2016 the caption "Other investments" includes, among others, 9,966,231 euro (9,996,932 euro in 31 December 2015) related to deposited amounts on an Escrow Account which is applied in investment funds with superior rating, which is a guarantee for contractual liabilities assumed in the disposal of a Brazil Retail business and for which provisions were recorded in the applicable situations (Note 32 and 33).

The value of other investments includes investments in unlisted companies whose fair value was not estimated not to be measured reliably, remain the acquisition cost net of any impairment losses.

As at 31 December 2016 and 2015, the movements in "Other investments" made up as follows:

	31 December 2016		31 December 2015 Restated	
	Non Current	Current	Non Current	Current
Other investments:				
Opening balance as at 1 January	12,164,765	-	11,572,032	6,123
Increases in the period	1,001,244	-	596,227	147
Transfer to "Associated companies"	(1,963,874)	-	-	-
Decreases in the period	(291,488)	-	(3,494)	(6,270)
Closing balance as at 31 December	10,910,647	-	12,164,765	-
Derivative financial instruments				
Fair value as at 1 January	-	2,506,086	-	3,995,221
Acquisitions in the period	-	2,293,301	-	-
Changes in perimeter	-	-	-	522,124
Increase/(Decrease) in fair value	-	(591,415)	-	(2,011,259)
Fair value as at 31 December (Note 26)	-	4,207,972	-	2,506,086
Total of Other Investments (Note 7)	10,910,647	4,207,972	12,164,765	2,506,086

13 OTHER NON - CURRENT ASSETS

As at 31 December 2016 and 2015, “Other non-current assets” are detailed as follows:

	31 December 2016	31 December 2015 Restated
Loans granted to related parties	651,119	620,688
Trade accounts receivable and other debtors		
Bails (a)	5,043,273	4,633,112
Legal deposits (b)	762,246	605,316
Special regime for payment of tax and social security debts (c)	6,213,629	5,207,108
Amount receivable for selling the Modelo Cont.Seguros	2,450,000	2,450,000
Amount retained in the acquisition of the Salsa group (Note 5.1)	2,463,875	-
Amount receivable for selling the Raso SGPS	-	527,618
Others	45,864	36,268
	16,978,887	13,459,422
Accumulated impairment losses in other debtors (Note 32)	(2,450,000)	(2,450,000)
Total trade accounts receivable and other debtors	14,528,887	11,009,422
Total financial instruments (Note 7)	15,180,006	11,630,110
Other non-current assets	135,828	3,187
	15,315,834	11,633,297

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

The amounts recorded in non-current "Trade account receivable and other debtors" correspond basically to:

a) Amounts related to collateral of leases of real estate of the Group's stores in Spain, which are not past due;

b) Amounts related to judicial deposits made by a Brazilian subsidiary, for which the corresponding liabilities are recorded in the caption "Other non-current liabilities" (Note 27), these amounts do not have a 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, reason why they were not object of provision.

14 INVENTORIES

As at 31 December 2016 and 2015, "Inventories" are detailed as follows:

	31 December 2016	31 December 2015 Restated
Raw materials and consumables	2,937,655	1,229,298
Goods for sale	713,619,609	663,620,150
Finished and intermediate goods	11,308,942	332,646
Work in progress	1,334,437	245,455
	729,200,643	665,427,549
Accumulated impairment losses on Inventories	(33,187,986)	(31,061,566)
	696,012,657	634,365,983

Cost of goods sold as at 31 December 2016 and 2015 amounted to 4.233.574.770 euro and 3.930.194.950 euro, respectively, and may be detailed as follows:

	31 December 2016	31 December 2015 Restated
Opening balance	664,849,449	632,341,881
Exchange rate effect	(99,142)	13,717
Changes in consolidation perimeter (Note 5.1)	9,054,531	13,666,488
Purchases	4,286,851,056	3,956,924,208
Adjustments	(11,711,143)	(6,075,877)
Closing balance	716,557,264	664,849,449
	4,232,387,487	3,932,020,968
Impairment losses	1,187,283	(1,826,018)
	4,233,574,770	3,930,194,950

As at 31 December 2016 and 2015, the caption Regularization of inventories refers essentially to regularizations resulting from offers to social solidarity institutions.

The Caption Increase/ decrease in Production, as at 31 December 2016 and 2015 amounted to 1,273,422 euro and -46,783 euro, respectively, and may be detailed as follows:

	31 December 2016	31 December 2015 Restated
Opening balance	578,100	618,982
Acquisitions of subsidiaries (Note 5.1)	11,714,221	-
Adjustments	699,865	1,661
Closing balance	12,643,378	578,100
	1,050,922	(39,221)
Adjustments in inventories	222,500	(7,562)
	1,273,422	(46,783)

15 TRADE ACCOUNTS RECEIVABLE

As at 31 December 2016 and 2015, "Trade accounts receivable" are detailed as follows:

	31 December 2016			31 December 2015 Restated		
Trade accounts receivable and doubtful	Gross Value	Impairment losses (Note 32)	Carrying Amount	Gross Value	Impairment losses (Note 32)	Carrying Amount
Sonae MC	33,216,920	(3,725,262)	29,491,658	26,362,826	(3,422,303)	22,940,523
Sonae SR						
Worten	6,867,316	(546,620)	6,320,696	13,723,626	(154,605)	13,569,021
Sports & Fashion	34,235,233	(3,204,853)	31,030,380	17,512,362	(423,754)	17,088,608
Sonae RP	182,547	-	182,547	223,804	-	223,804
Others	7,693,645	(66,777)	7,626,868	4,467,383	(474,096)	3,993,287
	82,195,661	(7,543,512)	74,652,149	62,290,001	(4,474,758)	57,815,243

The caption Trade accounts receivable includes 16,624,588 euros (17,372,487 euros as at 31 December 2015), related to wholesale sales to related companies.

Sonae Investimentos exposure to credit risk is related to accounts receivable arising from its operational activity. The amounts disclosed on the statement of financial position are net of impairment losses that were estimated based on Sonae's past experience and on the assessment of current economic conditions. It is Sonae Investimentos understanding that the book value of the accounts receivable net of impairment losses does not differ significantly from its fair value.

As at 31 December 2016 there is no indication that the normal delivery periods will not be met in relation to amounts included in trade receivables that are not overdue, thus no impairment loss was recognized.

As at 31 December 2016 and 2015, the ageing of the trade receivables are as follows:

	Trade Receivables	
	31 December 2016	31 December 2015 Restated
Not due	38,185,215	16,717,391
Due but not impaired		
0 - 90 days	33,555,236	38,638,608
+ 90 days	2,911,698	2,459,244
Total	36,466,934	41,097,852
Due and impaired		
0 - 90 days	67,505	57,551
90 - 180 days	186,198	50,060
180 - 360 days	474,258	302,220
+ 360 days	6,815,551	4,064,927
Total	7,543,512	4,474,758
	82,195,661	62,290,001

In determining the recoverability of trade receivables, Sonae Investimentos considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the consolidated financial statements reporting date. The concentration of credit risk is limited due to the large number of customers. Accordingly, it is considered that the risk of not recovering the trade receivables does not exceed the impairment created for doubtful debts.

Additionally, Sonae Investimentos considers that the maximum exposure to the credit risk is the total client amounts presented in the consolidated statement of financial position.

16 OTHER DEBTORS

As at 31 December 2016 and 2015, Other debtors are detailed as follows:

	31 December 2016	31 December 2015 Restated
Granted loans and other receivables to related companies	35,310,075	39,811,954
Other debtors		
Trade creditors - debtor balances	41,190,501	37,291,228
Disposal of investments	21,585,746	2,482,072
VAT recoverable on real estate assets	3,723,869	2,560,040
Accounts receivable from the disposal of tangible fixed assets	2,303,985	2,463,910
Vouchers and gift cards	1,924,216	1,214,062
Other current assets	17,172,271	16,823,542
	87,900,588	62,834,854
Accumulated impairment losses in receivables (Note 32)	(7,436,976)	(11,161,470)
Total of other debtors	80,463,612	51,673,384
Total of Financial Instruments (Note 7)	115,773,687	91,485,338
Other non current assets	-	9,984,877
	115,773,687	101,470,215

The "Granted loans and other receivables to related companies" caption includes the amount of 35.3 million euro (39.8 million euro as at 31 December 2015) 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 amounts disclosed as “Trade creditors - debtor balances” relate with commercial discounts billed to suppliers, to be net settled with future purchases.

The amount receivable to the disposal of financial investments includes the amount related to the disposal of the subsidiary Imoconti amounted to 21,009,032 euro (Note 5.2).

As at 31 December 2016 and 2015, the ageing of “Other debtors” can be analyzed as follows:

	Other Debtors	
	31 December 2016	31 December 2015 Restated
Not due	66,687,667	49,322,023
Due but not impaired		
0 - 90 days	48,132,422	41,086,985
+ 90 days	969,517	972,249
Total	49,101,939	42,059,234
Due and impaired		
0 - 180 days	122,240	1,058,087
180 - 360 days	599,462	1,042,992
+ 360 days	6,699,355	9,164,472
Total	7,421,057	11,265,551
	123,210,663	102,646,808

As at 31 December 2016 there is no indication that the debtors not due will not fulfil their obligations on normal conditions, thus no impairment loss was recognized.

The carrying amount of “Other debtors” is estimated to be approximately its fair value.

17 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2016 and 2015, Taxes recoverable and taxes and contributions payable are made up as follows:

	31 December 2016	31 December 2015 Restated
Tax recoverable		
Income taxation	18,843,814	14,307,841
VAT	24,278,392	33,028,023
Other taxes	1,639,058	1,503,866
	44,761,264	48,839,730
Taxes and contributions payable		
Income taxation	4,426,895	2,175,863
VAT	48,669,600	47,615,964
Staff income taxes withheld	4,820,959	4,421,462
Social security contributions	12,142,278	10,668,691
Other taxes	285,663	439,355
	70,345,394	65,321,335

18 OTHER CURRENT ASSETS

As at 31 December 2016 and 2015, “Other current assets” is made up as follows:

	31 December 2016	31 December 2015 Restated
Commercial discounts	35,631,051	47,661,848
Rents	7,220,792	6,484,212
Insurance premiums paid in advance	5,690,303	6,353,493
Software licenses	1,998,476	1,996,911
Commissions to be received	1,678,933	928,439
Insurance indemnities	1,509,212	16,462
Condominium management fee's	738,978	892,705
Interests to be received	558,540	836,631
Other current assets	9,204,854	10,725,771
	64,231,139	75,896,472

The caption "Commercial discounts" refers to promotional campaigns carried out in the retail operating segment stores and reimbursed by partners of Sonae (Note 38).

19 DEFERRED TAXES

Deferred tax assets and liabilities as at 31 December 2016 and 2015 are as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2016	31 December 2015 Restated	31 December 2016	31 December 2015 Restated
Difference between fair value and acquisition cost	4,524,608	6,352,552	35,887,692	26,922,372
Temporary differences in tangible and intangible assets	1,646,837	1,616,131	64,538,394	45,720,732
Provisions and impairment losses not accepted for tax purposes	21,189,836	6,580,316	-	-
Write off of tangible and intangible assets	25,524	73,408	44,232	-
Valuation of hedging derivatives	86,933	242,175	626,051	364,824
Revaluation of tangible assets	-	-	1,040,637	1,160,205
Tax losses carried forward	18,565,479	38,050,179	-	-
Reinvested capital gains/(losses)	-	-	329,611	547,219
Tax Benefits	531,867	1,030,619	-	-
Others	3,290,438	3,017,467	468,538	1,852,914
	49,861,522	56,962,847	102,935,155	76,568,266

During the periods ended 31 December 2016 and 2015, movements in deferred tax assets and liabilities are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2016	31 December 2015 Restated	31 December 2016	31 December 2015 Restated
Opening balance	56,962,847	81,753,780	76,568,266	91,057,069
Effects in net income:				
Difference between fair value and acquisition cost	(2,279,107)	(88,739)	(11,836,547)	61,761
Temporary differences in tangible and intangible assets	(141,304)	(200,094)	3,484,535	(320,756)
Provisions and impairment losses not accepted for tax purposes	(2,613,508)	(4,847,961)	-	-
Provisions and impairment losses transfer	16,568,897	-	16,568,897	-
Write-off of tangible and intangible assets	25,317	-	-	-
Valuation of hedging derivatives	(30,786)	-	(63,682)	-
Revaluation of tangible assets	-	-	-	(118,088)
Tax losses carried forward	(20,807,988)	(22,637,415)	(109,284)	-
Nullification of goodwill for tax purposes	-	-	-	(18,613,422)
Reinvested capital gains/(losses)	-	-	(217,608)	(662,714)
Changes in tax rates	(15,088)	(53,477)	(294,247)	(825,316)
Tax Benefits	(498,752)	(447,820)	-	-
Others	156,342	2,936,568	(1,594,516)	(233,063)
	(9,635,977)	(25,338,938)	5,937,548	(20,711,598)
Effects in equity:			-	
Valuation of hedging derivatives	(124,456)	66,572	324,909	(311,623)
Others	(132,697)	(53,515)	254,290	101,904
	(257,153)	13,057	579,199	(209,719)
Acquisitions of subsidiaries (Note 5.1 and 5.3)	2,958,597	534,948	21,417,032	6,432,514
Disposals of subsidiaries (Note 5.2)	-	-	(1,282,258)	-
Non-current assets held for sale (Note 21)	(166,792)	-	(284,632)	-
Closing balance	49,861,522	56,962,847	102,935,155	76,568,266

As at 31 December 2016, the tax rate to be used in Portuguese companies, for the calculation of the deferred tax assets relating to tax losses is 21%. The tax rate to be used to calculate deferred taxes in temporary differences in Portuguese companies is 22.5% increased by the state surcharge in companies in which the expected reversal of those deferred taxes will occur when those rates will be applicable. For companies or branches located in other countries, rates applicable in each jurisdiction were used.

As at 31 December 2016 and 2015, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	31 December 2016			31 December 2015 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 2014	1,194,236	250,790	2026	1,194,236	250,790	2026
Generated in 2015	90,184	18,939	2027	230,791	48,466	2027
Generated in 2016	242,980	51,025	2028	-	-	
	1,527,400	320,754		1,425,027	299,256	
Without limited time use	72,840,938	18,244,725		150,883,958	37,750,923	
	74,368,338	18,565,479		152,308,985	38,050,179	

As at 31 December 2016 and 2015, 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. The main assumptions used in those business plans are described in Note 10.

As at 31 December 2016 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 (35.1 million euro as at 31 December 2015). The mentioned tax losses can be recovered within the Income Tax Group established in Spain, according to Spanish law. Modelo Continente Hipermercados, S.A. Spanish Branch, as at 31 December 2016 and 2015, was the dominant entity within the group of companies taxed in accordance with the Spanish regime for taxing groups of companies.

The recoverability of the above mentioned deferred tax assets, regarding Sonae operations in Spain is supported by the analysis of the recoverable amount of the cash-generating units for the specialized retail formats in Spain based on their value in use, obtained from business plans with a 10-year projection period, assuming it is the most realistic and appropriate deadline for the implementation of the strategy of internationalization of Sonae in the specialized retail segment, taking into consideration not only the nature of the products in question (more discretionary character) but also the current macro-economic conditions.

Main assumptions used in the business plans of the retail companies and other companies in Spain, included in consolidation, are a compound growth rate of 7.7% over a 10-year period (9.2% in 2015) and a growth rate in perpetuity less than or equal to 1%. From the analysis carried out and taking into consideration the changes in tax legislation in Spain regarding the use of tax losses and the recent court decisions regarding the possibility of maintaining goodwill's tax depreciation in Spain, we reverse deferred tax assets of 28,3 million euro.

It is the Board of Directors understanding, considering the existing business plans for each of the companies, that such deferred tax assets are fully recoverable, including those who were reversed likely to be recoverable in a longer period to 10 years of the projection.

As at 31 December 2016, there are reportable tax losses in the amount of 295.1 million euro (176.6 million euro as at 31 December 2015), whose deferred tax assets are not recorded for prudence purposes.

	31 December 2016			31 December 2015 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	2,099,873	440,973	2017	3,746,735	786,814	2017
Generated in 2013	809,338	169,961	2018	809,338	169,961	2018
Generated in 2016	412	87	2028	-	-	
	2,909,623	611,021		4,556,073	956,775	
Without limited time use	292,183,274	74,572,733		172,029,996	44,079,419	
With a time limit different from the above mentioned	34,819	6,864		26,561	5,312	
	295,127,716	75,190,618		176,612,630	45,041,506	

In 2010 and 2011, Spanish Tax authorities notified Modelo Continente S.A. Spanish Branch of a decrease in 2008 and 2009 tax losses incurred, amounting to approximately 23.3 million euro, challenging the deduction of Goodwill depreciation, generated on the acquisition of Continente Hipermercados for each of the mentioned years. That branch appealed to the proper Spanish Authorities (Tribunal Economico Administrativo Central de Madrid) in 2010 and 2011 respectively, and it is the Board of Directors understanding that the decision will be favorable to the Group, thus maintaining the recognition of deferred tax assets and deferred tax liabilities related with Goodwill. In 2012 the Company interposed na appeal to the National Court in Spain (“Audiencia Nacional Espanha”), due to a decision opposite to the claims and estimates of the Company, by the Economic and Administrative Central Court of Madrid, for the notification for fiscal year of 2008.

In 2014 following an additional inspection for fiscal years 2008 to 2011, Spanish Tax authorities corrected tax losses carried forward regarding goodwill depreciation and financial expenses that resulted from the acquisition of Continente Hipermercados S.A. Although in complete disagreement, Sonae carried out the tax returns correction and appealed, to the proper Spanish Authorities (Tribunal Economico-Administrativo em Espanha). Tax reports for 2012 to 2015 were corrected and the same procedure will be followed for 2016, and in subsequent periods.

In 2015, the Spanish Authorities (Tribunal Economico-Administrativo Central em Espanha) decided in court against the Group's intentions, and Sonae, despite having appealed to the Supreme Court as a matter of prudence, decided to reverse the deferred tax assets recognized in the financial statements from 2008 to 2011 in the amount of 36 million euro, and deferred tax liabilities related to amortization of goodwill for tax purposes in the amount of 18.6 million euro.

In 2016, the Supreme Court gave a positive opinion to the Group's pretensions regarding tax amortization of Goodwill.

20 CASH AND CASH EQUIVALENTS

As at 31 December 2016 and 2015, Cash and cash equivalents are as follows:

	31 December 2016	31 December 2015 Restated
Cash at hand	9,038,215	9,257,191
Bank deposits	110,676,690	79,759,028
Treasury applications	11,286	3,830
Cash and cash equivalents on the statement of financial position (Note 7)	119,726,191	89,020,049
Bank overdrafts (Note 24)	(17,729,578)	(12,579,037)
Cash and cash equivalents on the statement of cash flows	101,996,613	76,441,012

In bank overdrafts are considered the credit balances of current accounts with financial institutions, included in the statement of financial position in the category of bank loans.

21 NON-CURRENT ASSETS AND LIABILITIES AVAILABLE 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, 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

On 29 January 2016, Sonae undertook, in the Sonae RP segment, an agreement for the promise of sale and leaseback of 12 food retail real estate assets located in Portugal. This operation totaled 164 million euro and was finalized on 25 February 2016.

On March 1, 2016, Sonae performed a Sale and Leaseback transaction of three Worten stores in Spain, located in Madrid, Barcelona and Valencia. This transaction amounted to 26.8 million euro.

Considering that both transactions were in advanced negotiations as at 31 December 2015, we've transferred the carrying amount of the referred assets amounting to 131 million euro to "Non-current Assets held for sale" (Note 8).

22 SHARE CAPITAL

As at 31 December 2016, the share capital, which is fully subscribed and paid for, is made up of 1,000,000,000 ordinary shares, which do not have the right to a fixed dividend, with a nominal value of 1 euro each.

At 31 December 2016 and 2015, the company's subscribed capital was held as follows:

Entity	31 december 2016	31 december 2015
Sonae, SGPS, S.A.	25,029%	25,029%
Sonaecenter Serviços, SA	51,827%	51,827%
Sonae Investments, BV	13,142%	13,142%
Sonae MC - Modelo Continente, SGPS, SA	10,000%	10,000%
Libra Serviços, Lda	0,002%	0,002%

As at 31 December 2016, Efanor Investimentos, SGPS, SA and its subsidiaries held 52.48% of the shares representing Sonae, SGPS, SA, which in turn own, directly and indirectly, 100% of the remaining entities that own the capital of the Company.

As at 31 December 2016 and 2015, Sonae Investimentos, through a subsidiary controlled by it, owns 10% of its own shares. Following the acquisition of shares of Sonae Investimentos SGPS, S.A., free reserves of an amount equal to the cost of acquisition were made unavailable pursuant to article 324 of the Portuguese Companies Code. This reserve can only be handled after the extinction or sale of said shares.

23 NON-CONTROLING INTERESTS

As at 31 December 2016 and 2015, "Non-controlling interests" are detailed as follows:

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

	31 December 2015 Restated				
	Equity	Net Profit/ (Loss)	Statment of financial position	Proportion in income	Dividends/ Income received
Investments Funds	270,752,269	28,699,386	30,390,421	1,942,152	(1,522,397)
Others	47,664,617	2,359,356	21,902,464	896,845	(113,298)
Total	318,416,886	31,058,742	52,292,885	2,838,997	(1,635,695)

Movements in non-controlling interests during the periods ended as at 31 December 2016 and 2015 are as follows:

	31 December 2016			
	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	(1,235,677)	-	-	(1,235,677)
Changes in shareholding interests	11,060	-	133,908	144,968
Exchange rate effect	-	-	25,735	25,735
Acquisition of subsidiaries (Note 5.1)	-	27,261,711	-	27,261,711
Changes in hedge and fair value reserves	-	-	60,380	60,380
Profit for the period attributable to non-controlling interests	1,863,867	2,965,230	1,756,499	6,585,596
Balance as at 31 December	31,029,671	30,226,941	23,764,176	85,020,788

	31 December 2015 Restated		
	Investments Funds	Others	Total
Balance as at 1 January	60,290,558	19,944,404	80,234,962
Dividends distributed	-	(113,298)	(113,298)
Income distribution from investment funds	(1,522,397)	-	(1,522,397)
Changes in shareholdings interests	(30,319,892)	1,144,942	(29,174,950)
Exchange rate effect	-	(71,027)	(71,027)
Acquisition of subsidiaries	-	140,624	140,624
Changes in hedge and fair value reserves	-	(40,026)	(40,026)
Profit for the period attributable to non-controlling interests	1,942,152	896,845	2,838,997
Balance as at 31 December	30,390,421	21,902,464	52,292,885

During the year ended at 31 December 2016, the Group acquired 50% of the share capital of IVN - Serviços Partilhados, SA, which owns the Salsa brand. This transaction generated an impact on non-controlling interests in the amount of 27.3 million euro (Note 5.1).

As at 31 December 2015 were acquired 42.949 participation units of Fundo de Investimento Imobiliário Fechado Imosede by the amount of 34.1 million euro to a related entity (Note 45).

As at 31 December 2016 and 2015, aggregate financial information of subsidiaries with non-controlling interests is as follows:

	31 December 2016			
	Investments Funds	IVN - Serviços Partilhados, SA	Others	Total
Total Non-Current Assets	268,311,393	120,393,539	48,591,142	437,296,074
Total Current Assets	8,121,529	41,911,123	70,661,491	120,694,143
Total Non-Current Liabilities	1,088,995	66,491,618	14,278,536	81,859,149
Total Current Liabilities	4,665,943	35,359,162	52,955,071	92,980,176
Equity	270,677,984	60,453,882	52,019,026	383,150,892

	31 December 2015 Restated		
	Investments Funds	Others	Total
Total Non-Current Assets	284,346,869	45,503,529	329,850,398
Total Current Assets	2,230,047	62,834,612	65,064,659
		-	-
Total Non-Current Liabilities	2,216,874	18,479,805	20,696,679
Total Current Liabilities	13,607,773	42,193,719	55,801,492
		-	-
Equity	270,752,269	47,664,617	318,416,886

	31 December 2016			
	Investments Funds	IVN - Serviços Partilhados, SA	Others	Total
Turnover	23,850,801	61,438,992	181,160,786	266,450,579
Other operating income	18,211,203	591,877	5,803,865	24,606,945
Operational expenses	(8,528,151)	(52,261,313)	(181,101,355)	(241,890,819)
Net financial expenses	(26,140)	(748,060)	(828,210)	(1,602,410)
Taxation	(1,192,068)	(2,681,646)	(673,719)	(4,547,433)
Profit/(Loss) after taxation	32,315,645	6,339,850	4,361,367	43,016,862
Profit/(Loss) after taxation from discontinuing operations	-	(409,391)	-	(409,391)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	32,315,645	5,930,459	4,361,367	42,607,471

	31 December 2015 Restated		
	Investments Funds	Others	Total
Turnover	30,204,581	136,111,221	166,315,802
Other operating income	11,497,672	4,621,929	16,119,601
Operational expenses	(8,691,438)	(137,310,226)	(146,001,664)
Net financial expenses	8,818	(868,701)	(859,883)
Taxation	(4,320,247)	(194,867)	(4,515,114)
Profit/(Loss) after taxation	28,699,386	2,359,356	31,058,742
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	28,699,386	2,359,356	31,058,742

24 LOANS

As at December 2016 and 2015, loans are made up as follows:

	31 December 2016		31 December 2015 Restated	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae Investimentos, SGPS, S.A. - commercial paper	148,000,000	121,000,000	60,000,000	160,000,000
Subsidiary of Sonae Investimentos 2014/2020	-	50,000,000	-	50,000,000
Subsidiary of Sonae Investimentos 2015/2020	-	55,000,000	-	55,000,000
Subsidiary of Sonae Investimentos 2015/2019	5,000,000	35,000,000	-	25,000,000
Others	6,678,849	20,540,714	17,011,550	5,036,532
	159,678,849	281,540,714	77,011,550	295,036,532
Bank overdrafts (Note 20)	17,729,578	-	12,579,037	-
Up-front fees beared with the issuance of loans	-	(265,801)	-	(343,038)
Bank loans	177,408,427	281,274,913	89,590,587	294,693,494
Bonds				
Bonds Sonae Investimentos/ 2012/ 2017	-	-	50,000,000	95,000,000
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	-	-
Bonds Sonae Investimentos / September 2016/2021	3,000,000	12,000,000	-	-
Bonds IVN 2016/2023	5,000,000	30,000,000	-	-
Up-front fees beared with the issuance of loans	(1,483)	(1,993,142)	(37,920)	(2,329,027)
Bonds	7,998,517	340,006,858	49,962,080	297,670,973
Other loans	12,030	1,335,080	26,974	1,347,110
Derivative instruments (Note 26)	358,117	-	860,503	-
Other loans	370,147	1,335,080	887,477	1,347,110
Obligations under finance leases (Note 25)	550,624	953,990	3,142,651	2,423,501
	186,327,715	623,570,841	143,582,795	596,135,078

Bonds and bank loans bear an average interest rate of 1.44% (2.48% as at 31 December 2015). The bonds and bank loans have variable interest rates indexed to Euribor.

It is estimated that the book value of the loans does not differ significantly from their fair value. The fair value of the loans is determined based on the methodology of discounted cash flows.

The loans face value, maturities and interests are as follows (including obligations under financial leases):

	31 December 2016		31 December 2015 Restated	
	Capital	Interests	Capital	Interests
N+1	185,971,081	10,884,129	142,760,212	16,625,595
N+2	78,894,669	9,201,800	184,528,813	10,965,918
N+3	47,687,327	8,005,849	57,779,959	6,571,837
N+4	274,784,071	6,177,724	45,873,483	4,874,752
N+5	207,463,717	1,945,137	310,438,521	3,187,079
After N+5	17,000,000	379,708	186,367	237
	811,800,865	36,594,348	741,567,355	42,225,417

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

As at 31 December 2016 there are financial covenants included in borrowing agreements at market conditions, and which at the date of this report are in regular compliance.

As at 31 December 2016 and 2015, Sonae Investimentos had as detailed in Note 20, "Cash and cash equivalents", the amount of 101,996,613 euros (76,441,012 euros as at 31 December 2015) and available credit lines as follows:

	31 December 2016		31 December 2015 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	52,769,017	348,000,000	60,806,401	340,000,000
Agreed credit facilities	218,260,000	511,000,000	142,060,000	535,000,000

25 OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2016 and 2015, Obligations under finance leases are as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
Amounts under finance leases:	31 December 2016	31 December 2015 Restated	31 December 2016	l December 2015 Resta
N+1	569,715	3,250,533	550,624	3,142,651
N+2	436,446	890,058	424,951	859,932
N+3	360,341	561,029	355,318	540,951
N+4	137,695	428,073	136,601	414,926
N+5	36,514	432,708	36,349	426,493
After N+5	771	181,697	771	181,199
	1,541,482	5,744,098	1,504,614	5,566,152
Interests	(36,868)	(177,946)		
	1,504,614	5,566,152		
Current obligations under finance leases			550,624	3,142,651
Non-current obligations under finance leases			953,990	2,423,501

Finance leases contracts are agreed at market interest rates, have defined periods and include an option for the acquisition of the related assets at the end of the period of the agreement.

As at 31 December 2016 and 2015, the fair value of finance leases is close to its carrying amount.

Obligations under finance leases are guaranteed by related assets.

As at 31 December 2016 and 2015, accounting net value of assets acquired under finance leases can be detailed as follows:

	31 December 2016	31 December 2015 Restated
Assets acquired under finance leases		
Lands and buildings	95,524	10,816,241
Plant and Machinery	902,146	431,136
Vehicles	709,262	-
Fixture and Fittings	-	119,438
Total tangible assets	1,706,932	11,366,815

As at 31 December 2016, the acquisition cost of tangible assets amounted to 4,556,218 euro (30,110,337 euro as at 31 December 2015).

As at 31 December 2015, among the assets leased there are net assets amounting to 10,816,240 euro related to Worten stores in Spain that were transferred to the caption "Non-Current Assets Held for Sale" and disposed during 2016.

26 DERIVATIVES

Exchange rate derivatives

Sonae Investimentos uses exchange rate derivatives, essentially to hedge future cash flows that will occur in the next 12 months.

Therefore, Sonae entered 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 358.117 euro as liabilities (860,503 euro as at 31 December 2015) and 4.207.972 euro as assets (1,983,962 euro as at 31 December 2015)

The accounting of the fair value for these financial instruments was made taking into consideration the present value at financial position statement 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 “Others 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 market value of derivative instruments when considered speculation is recorded in the consolidated income statement under "Other expenses".

Interest rate derivatives

Sonae Investimentos does not have any interest rate hedging derivatives recorded as at 31 December 2016.

27 OTHER NON-CURRENT LIABILITIES

As at 31 December 2016 and 2015 “Other non-current liabilities” are made up as follows:

	31 December 2016	31 December 2015 Restated
Shareholders loans	400,001,807	402,325,936
Fixed assets suppliers	57,500	234,375
Other non-current liabilities	986,816	1,460,959
Total of financial instruments (Note 7)	401,046,123	404,021,270
Share based payments (Note 28)	1,759,823	2,307,197
Deferred of revenue from the sale of warranties extention (2.15)	15,051,644	28,196,895
Accruals and deferrals	3,102,521	2,697,861
Other non-current liabilities	420,960,111	437,223,223

A subordinate "Shareholders loans", with a fixed interest rate, repayable after 10 years issued by Sonae Investimentos at market conditions on 28 December 2010 amounting to 400,000,000 euro corresponding to 8,000 bonds with a nominal value of 50,000 euro each, with a flat rate and repayment at the end of the loan period. The fair value of this loan on 31 December 2016 is 52,994 euro (56,404 euro as at 31 December 2015) per obligation having been determined based on discounted cash flows method; using the benchmark interest rate between Sonae SGPS, SA, Sonae Investments BV and Sontel BV. As at 31 December 2016, Sontel, BV held all the obligations (in 2015 Sonae, SGPS, SA and Sonae Investments, BV held 6,948 and 1,052 bonds respectively).

As at 31 December 2016, the caption "Other non-current liabilities" includes 628,619 euro (500,156 euro as at 31 December 2015) relating 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 13), with no defined maturity.

28 SHARE-BASED PAYMENTS

In 2016 and in previous years, in accordance with the remuneration policy described in the corporate governance report, Sonae Investimentos granted deferred performance bonuses to its directors and eligible employees based on Sonae SGPS, SA shares to be acquired at null cost or discounted, three years after they were attributed to the employee. The acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. Sonae Investimentos has the right to deliver, instead of shares, the equivalent in cash. These rights only exist if the employee is employed by a company of Sonae Group at maturity date.

As at 31 December 2016 and 2015, the number of attributed shares related to the assumed responsibilities arising from share based payments can be detailed as follows:

				Number of shares		Fair Value	
	Grant year	Vesting year	Number of participants	31 December 2016	31 December 2015 Restated	31 December 2016	31 December 2015 Restated
Shares							
	2013	2016	-	-	4,340,974	-	4,505,516
	2014	2017	63	2,269,192	2,386,903	1,983,274	2,501,474
	2015	2018	74	1,717,914	1,830,764	1,501,457	1,918,641
	2016	2019	82	2,604,753	-	2,276,555	-
Total				6,591,859	8,558,641	5,761,286	8,925,631

As at 31 December 2016 and 2015 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:

	31 December 2016	31 December 2015 Restated
Staff costs	1,144,484	4,673,927
Recorded in previous years	2,598,612	2,138,786
	3,743,096	6,812,713
Other non-current liabilities (Note 27)	1,759,823	2,307,197
Other current liabilities (Note 31)	1,983,273	4,505,516
	3,743,096	6,812,713

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

29 TRADE CREDITORS

As at 31 December 2016 and 2015 Trade creditors are as follows:

		Payable to	
	31 December 2016	up to 90 days	more than 90 days
Trade creditors - current account			
Sonae MC	661,704,807	661,704,807	-
Sonae SR			
Worten	309,699,353	309,688,710	10,644
Sports & Fashion	57,495,526	57,345,252	150,274
Sonae RP	99,686	76,044	23,642
Others	17,594,399	17,275,176	319,222
	1,046,593,771	1,046,089,989	503,782
Trade creditors - Invoice Accruals	77,121,305	77,121,305	-
	1,123,715,076	1,123,211,294	503,782

		Payable to	
	31 December 2015 Restated	up to 90 days	more than 90 days
Trade creditors - current account			
Sonae MC	658,305,999	658,305,999	-
Sonae SR			
Worten	327,608,718	327,582,567	26,152
Sports & Fashion	43,751,596	43,749,676	1,919
Sonae RP	155,288	142,995	12,293
Others	18,416,820	18,011,257	405,563
	1,048,238,421	1,047,792,494	445,927
Trade creditors - Invoice Accruals	95,567,743	95,567,743	-
	1,143,806,164	1,143,360,237	445,927

As at 31 December 2016 and 2015 this account includes amounts payable to suppliers resulting from Sonae Investimentos operating activity. Sonae Investimentos believes that the fair value of these balances does not differ significantly from its book value and the effect of discounting these amounts is not material.

The company maintains cooperation agreements with financial institutions in order to enable suppliers, to access to an advantageous tool for managing their working capital, upon confirmation by Sonae Investimentos of the validity of credits that suppliers hold on it. Under these agreements, some suppliers freely engage into contracts with these financial institutions that allow them to anticipate the amounts receivable from these retail subsidiaries, after confirmation of the validity of such receivables by these companies. These retail subsidiaries consider that the economic substance of these financial liabilities does not change, therefore these liabilities are kept as accounts payable to Suppliers until the normal maturity of these instruments under the general supply agreement established between the company and the supplier, whenever (i) the maturity corresponds to a term used by the industry in which the company operates, this means that there are no significant differences between the payment terms established with the supplier and the industry , and (ii) the company does not have net costs related with the anticipation of payments to the supplier when compared with the payment within the normal term of this instrument.

30 OTHER CREDITORS

As at 31 December 2016 and 2015, the caption “Other creditors” is detailed as follows:

		Payable to		
	31 December 2016	Up to 90 days	90 to 180 days	More than 180 days
Fixed asset suppliers	71,890,515	70,606,078	602,346	682,091
Other debts	39,551,618	39,018,717	344,774	188,127
	111,442,133	109,624,795	947,120	870,218
Related undertakings	44,396,659			
	155,838,792			

		Payable to		
	31 December 2015 Restated	Up to 90 days	90 to 180 days	More than 180 days
Fixed asset suppliers	45,731,837	43,929,208	486,180	1,316,449
Other debts	42,688,239	42,425,362	104,890	157,987
	88,420,076	86,354,570	591,070	1,474,436
Related undertakings	41,380,237			
	129,800,313			

The caption “Other debts” includes:

- 8,344,127 euro (14,219,757 euro as at 31 December 2015) of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente";

- 15,042,306 euro (14,365,426 euro as at 31 December 2015) related to vouchers, gift cards and discount tickets not yet redeemed;

- 3,992,919 euro (3,176,938 euro as at 31 December 2015) related to amounts payable to Sonae Distribuição Brasil. S.A. buyer as result of responsibilities assumed with that entity (Note 32);

As at 31 December 2016, in the caption “Related undertakings” includes about 44.4 million euro (41.3 million euro as at 31 December 2015), the amount payable to Sonae SGPS, SA result of the inclusion companies in Special Regime of Taxing Groups of Companies.

As at 31 December 2016 and 2015, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interest. The Board of Directors understands that the fair value of these payables is similar to its book value and the result of discounting these amounts is immaterial.

31 OTHER CURRENT LIABILITIES

As at 31 December 2016 and 2015, “Other current liabilities” are made up as follows:

	31 December 2016	31 December 2015 Restated
Staff costs	109,219,524	98,487,910
Other external supplies and services	34,617,917	40,576,691
Deferred of revenue from the sale of warranties extention (Note 2.15)	45,073,283	24,471,084
Marketing expenses	11,619,869	13,791,241
Charges made on the sale of real estate (Note 2.5.c)	17,558,769	10,031,166
Accrued income - rents	7,953,466	6,685,283
Share based payments (Note 28)	1,983,273	4,505,516
Interests payable	1,688,638	2,893,228
Real estate municipality tax	2,154,473	2,372,162
Others	9,431,793	9,691,320
	241,301,005	213,505,600

32 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the period ended 31 December 2016 and 2015 are as follows:

Caption	Balance as at 1 January 2016	Increase	Decrease	Transfers and other movements	Balance as at 31 December 2016
Accumulated impairment losses on tangible assets (Note 8)	134,000,955	9,162,300	(23,626,441)	-	119,536,814
Accumulated impairment losses on intangible assets	1,497,024	-	-	-	1,497,024
Accumulated impairment losses on other non current assets (Note 13)	2,450,000	-	-	-	2,450,000
Accumulated impairment losses on trade accounts receivables (Note 15)	4,474,758	1,718,742	(881,037)	2,231,049	7,543,512
Accumulated impairment losses on other debtors (Note 16)	11,161,470	1,198,112	(4,957,266)	34,660	7,436,976
Non current provisions	12,485,642	1,924,219	(3,549,840)	5,146,251	16,006,272
Current provisions	2,819,950	415,947	(31,896)	-	3,204,001
	168,889,799	14,419,320	(33,046,480)	7,411,960	157,674,599

Caption	Balance as at 1 January 2015	Increase	Decrease	Transfers and other movements	Balance as at 31 December 2015 restated
Accumulated impairment losses on investments (Note 11)	10,031,409	-	(10,031,409)	-	-
Accumulated impairment losses on tangible assets (Note 8)	144,059,960	1,269,175	(11,398,563)	70,383	134,000,955
Accumulated impairment losses on intangible assets	1,497,101	-	(77)	-	1,497,024
Accumulated impairment losses on other non current assets (Note 13)	2,450,000	-	-	-	2,450,000
Accumulated impairment losses on trade accounts receivable (Note 15)	3,805,638	1,232,697	(971,532)	407,955	4,474,758
Accumulated impairment losses on other debtors (Note 16)	14,540,984	1,545,208	(4,924,722)	-	11,161,470
Non current provisions	22,396,928	6,505,887	(14,400,006)	(2,017,167)	12,485,642
Current provisions	3,438,257	899,756	(1,518,063)	-	2,819,950
	202,220,277	11,452,723	(43,244,372)	(1,538,829)	168,889,799

As at 31 December 2016 and 2015 increases in Provisions and impairment losses are as follows:

	31 December 2016	31 December 2015 Restated
Provisions and impairment losses in the income statement	12,757,903	11,412,380
Exchange rate changes	1,935,597	-
Others	(274,180)	40,343
	14,419,320	11,452,723

As at 31 December 2016 and 2015 the value of decreases in provisions and impairment losses can be detailed as follows:

	31 December 2016	31 December 2015 Restated
Provisions and impairment losses reversal (Note 38)	(11,164,106)	(10,828,524)
Direct use of impairments to accounts receivable	(276,628)	(2,081,037)
Compensation receivable from Wall Mart	-	(9,607,850)
Impairment reversal in financial investments	-	(7,768,718)
Direct use and reversals recorded in fixed assets tangible	(7,664,810)	(11,398,638)
Direct use and reversals recorded in non-current assets held for sale (Note 21)	(13,949,808)	-
Oher responsibilities	8,872	(1,559,605)
	(33,046,480)	(43,244,372)

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

- 8,521,318 euro (6,779,929 euro as at 31 December 2015), 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.

- The estimated liabilities incurred by the Group on the sale of warranty extension programs on products traded by the Specialized Retail operating segment in the amount of 1,449,195 euro (3,363,334 euro as at 31 December 2015). 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.

33 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2016 and 2015, contingent liabilities to which Group is exposed can be detailed as follows:

- Guarantees and secureties given

	31 December 2016	31 December 2015 Restated
Guarantees and securities given:		
on tax claims	980,164,471	929,791,189
on judicial claims	816,509	624,472
on municipal claims	8,048,110	8,268,603
for proper agrement fulfillment	22,339,055	17,165,647
other guarantees	10,525,488	4,940,068

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 in favor of the Portuguese Tax Administration, associated with tax claims for additional VAT payment amounting to 556.7 million euro (520 million euro as at 31 December 2015) related to the period from 2004 to 2013, which the Company has presented, or has the intention of presenting, a tax appeal. The increase in the value of guarantees and securities provided in relation to the previous year, mainly result from additional tax assessments over 2012 and 2013. 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;

- The caption guarantees given on tax claims include guarantees granted, in the amount of 142.9 million euro (144.3 million euro as at 31 December 2015), in favor of Tax authorities regarding 2007 up to 2013. Concerning these guarantees, the most significant amount relates to an increase in equity arising on the disposal of own shares to a third party in 2007, as well as to the disregard of the reinvestment concerning capital gains in share disposal, and the fact that demerger operations must be disregarded for income tax purposes. The Company has presented an appeal against this additional tax claim, being the Board of Directors understanding, based on its advisors' assessment, that such appeal will be favorable.

- Sureties in the amount of, approximately, 60 million euro as a result of a tax appeal presented by the Company concerning an additional tax assessment by Tax authorities, relating to 31 December 2005, following the correction of taxable income for that period as Tax authorities did not accept the recognition of tax losses incurred after the liquidation of a subsidiary of Sonae Investimentos, since it considered that the cover of losses in that subsidiary should not be part of its acquisition cost, which is not in accordance with previous assessments of Tax Authorities.

- Sureties in the amount of, approximately 50 million euro, following a tax appeal presented by the Company concerning additional tax assessments made by Tax authorities, relating to 31 December 2002, which refer to the non-acceptance by Tax authorities of tax losses arising on the sale and liquidation of a subsidiary of the Group;

- Fiscal lawsuit related to rent tax, concerning a subsidiary of the Company in Brazil, in the amount of, approximately, 19.1 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 48.4 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 assets and 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 e Decree of Law 248-A), the Group made tax payments in the amount of, approximately, 26.3 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 13).

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 (31.4 million euro at 31 December 2015). Furthermore, there are other tax assessments totalling 60.8 million euro (44.5 million euro as at 31 December 2015) 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.

34 OPERATIONAL LEASE

As at 31 December 2016 was recognized as expense of the exercise the amount for 129,232,244 euro (102,820,137 euro as at 31 December 2015) related to rents paid under operating lease agreements, related to real estate, values that do not include rents variables given their immateriality.

Additionally, as at 31 December 2016 and 2015, Sonae Investimentos had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	31 December 2016	31 December 2015 Restated
Due in:		
N+1 automatically renewal	31,295,656	20,607,703
N+1	99,074,273	90,693,638
N+2	92,353,586	85,544,328
N+3	88,722,989	82,111,544
N+4	84,812,386	76,756,576
N+5	77,863,977	82,284,162
After N+5	654,336,715	675,098,903
	1,128,459,582	1,113,096,854

At the end of the lease period, the Group has, in certain contracts, the possibility of exercising the option to acquire the assets as its fair value.

During the year ended at 31 December 2016, the amount of 8,166,718 euros (8,390,359 euros as of 31 December 2015) was recognized as gain of the year related to rents paid under operating lease agreements in which Sonae Investimentos is the lessee.

Additionally, at 31 December 2016 and 2015, Sonae Investimentos had operational lease contracts, as a lessor, whose minimum lease payments had the following payment schedule:

	31 December 2016	31 December 2015 Restated
Due in:		
N+1 automatically renewal	2,601,926	2,851,338
N+1	5,333,931	4,206,117
N+2	4,563,589	3,800,458
N+3	3,355,334	3,101,846
N+4	2,453,356	1,942,667
N+5	1,556,643	1,203,964
After N+5	5,179,130	3,617,576
	25,043,910	20,723,967

35 TURNOVER

As at 31 December 2016 and 2015, "Turnover" is made up as follows:

	31 December 2016	31 December 2015 Restated
Sale of goods	5,127,391,604	4,796,464,501
Services rendered	90,689,599	63,016,525
	5,218,081,203	4,859,481,026

36 GAIN AND LOSSES ON INVESTMENTS

As at 31 December 2016 and 2015, Gain and losses Investment is made up as follows:

	31 December 2016	31 December 2015 Restated
Dividends	102,077	152,412
Sale of Imoconti (Note 5.2)	6,473,006	-
Sale of Raso SGPS	-	(4,263,824)
Others	(13,162)	2
Gains / (losses) on the sale of investments in subsidiaries	6,459,844	(4,263,822)
Gains / (losses) on the sale of investments on available for sale	-	-
Others	33,311	-
Total income and (expenses) related to investments	6,595,232	(4,111,410)

37 NET FINANCIAL EXPENSES

As at 31 December 2016 and 2015, Net financial expenses are as follows:

	31 December 2016	31 December 2015 Restated
Expenses:		
Interests payable		
related with bank loans and overdrafts	(5,458,637)	(4,169,708)
related with non convertible bonds	(9,344,504)	(16,327,761)
related with other loans	(32,533,333)	(32,444,414)
related with financial leases	(97,839)	(169,185)
others	(2,024,385)	(2,175,262)
	(49,458,698)	(55,286,330)
Exchange losses	(4,598,501)	(8,530,069)
Losses on fair value of hedge derivatives	(326,290)	-
Up front fees and commissions related to loans	(4,243,541)	(5,386,539)
Others	(1,832,851)	(1,120,542)
	(60,459,881)	(70,323,480)
Income:		
Interests receivable		
related with bank deposits	43,087	41,599
others	504,197	3,728,329
	547,284	3,769,928
Exchange gains	2,405,970	7,993,207
Other financial income	934,942	6,273,989
	3,888,196	18,037,124
Net financial expenses	(56,571,685)	(52,286,356)

38 OTHER INCOME

As at 31 December 2016 and 2015, the caption “Other Income” is made up as follow:

	31 December 2016	31 December 2015 Restated
Supplementary income	632,504,480	555,163,085
Gains on sales of assets	62,720,180	43,238,485
Exchange differences	19,858,504	30,563,234
Prompt payment discounts received	24,646,152	23,045,190
Impairment losses and provisions reversals (Note 32)	11,164,106	10,828,524
Own work capitalised (Note 9)	12,304,495	10,089,674
Insurance claims	202,159	890,512
Subsidies	683,686	431,540
Others	4,119,521	4,563,645
	768,203,283	678,813,889

The caption “Supplementary income” relates mainly to promotional campaigns carried out in the stores, reimbursed by the suppliers of Sonae Investimentos.

Under the caption of "Gains on sales of assets" are included gains related to the operation of "Sale & Leaseback” amounting to 62.7 million euro (42.3 million euro as at 31 de December 2015) (Note 8).

39 External supplies and services

As at 31 December 2016 and 2015, "External supplies and services" are as follows:

	31 December 2016	31 December 2015 Restated
Advertising expenses	103,617,254	105,256,347
Rents	164,538,872	135,740,347
Transports	57,864,872	50,392,987
Electricity	57,186,931	55,917,296
Services	75,626,105	62,315,058
Maintenance	25,098,712	25,038,506
Costs with automatic payment terminals	11,873,307	10,822,581
Security	20,235,568	19,754,015
Cleaning up services	22,857,109	20,888,206
Communications	10,206,411	10,237,881
Travel expenses	12,282,115	11,047,873
Consumables	13,431,933	13,679,050
Insurances	6,531,694	5,865,382
Home delivery	6,479,543	5,979,094
Subcontracts	2,841,385	1,894,389
Others	74,697,942	64,584,066
	665,369,752	599,413,077

40 Staff costs

As at 31 December 2016 and 2015, "Staff costs" are as follows:

	31 December 2016	31 December 2015 Restated
Salaries	515,228,164	467,158,011
Social security contributions	109,777,633	98,864,667
Insurance	9,843,767	9,296,225
Welfare	4,653,024	3,733,776
Other staff costs	19,742,318	18,333,650
	659,244,905	597,386,328

41 Other expenses

As at 31 December 2016 and 2015, "Other expenses" are as follows:

	31 December 2016	31 December 2015 Restated
Exchange differences	19,682,434	31,214,052
Donations	7,714,303	7,297,725
Losses on the disposal of assets	11,848,235	14,398,027
Municipal property tax	1,891,745	2,040,348
Other taxes	9,317,900	9,451,367
Others	21,454,519	22,138,543
	71,909,136	86,540,063

The caption "Others expenses", for the year ended as at 31 December 2016, includes approximately 13 million (13.2 million euro as at 31 December 2015) relating Sonae Investimentos participation in Galp/Cartão Continente promotional program.

42 INCOME TAXES

As at 31 December 2016 and 2015, income tax is made up as follows:

	31 December 2016	31 December 2015 Restated
Current tax	15,404,691	15,889,051
Deferred tax (Note 19)	15,573,525	4,627,340
	30,978,216	20,516,391

The reconciliation between the profit before Income tax and the tax charge for the years ended 31 December 2016 and 2015 is as follows:

	31 December 2016	31 December 2015 Restated
Profit before income tax	118,445,194	93,395,235
Difference between capital (losses)/gains for accounting and tax purposes	(40,168,091)	(60,388,254)
Gains or losses in jointly controlled and associated companies (Note 11)	5,940,454	2,727,279
Donations unforeseen or beyond the legal limits	1,804,667	1,424,422
Provisions and impairment losses not accepted for tax purposes	-	6,505,887
Others	-	(2,580,636)
Taxable Profit	86,022,224	41,083,933
Use of tax losses that have not originated deferred tax assets	(1,676,961)	-
Recognition of tax losses that have not originated deferred tax assets	4,466,012	3,056,582
	88,811,275	44,140,515
Income tax rate in Portugal	21.00%	21.00%
	18,650,368	9,269,508
Effect of different income tax rates in other countries	(14,898,812)	(13,649,705)
Effect of the write-off of deferred taxes (Note 19)	28,306,619	17,404,712
Use of tax benefits	(1,869,269)	(1,856,933)
Under/(over) Income tax estimates	(11,326,861)	(4,307,218)
Autonomous taxes and tax benefits	3,553,912	3,073,976
Municipality surcharge	10,201,829	7,721,970
Others	(1,639,570)	2,860,080
Income tax	30,978,216	20,516,391

43 RELATED PARTIES

Balances and transactions with related parties during the periods ended 31 December 2016 and 2015 are as follows:

	Sales and services rendered		Purchases and services obtained	
Transactions	31 December 2016	31 December 2015 Restated	31 December 2016	31 December 2015 Restated
Parent company	1,522,423	1,410,920	2,015,763	1,890,923
Jointly controlled companies	-	964,035	-	4,630,921
Associated companies	39,503,679	37,470,033	385,396	295,877
Other related parties [(1)]	60,514,779	63,761,468	67,177,375	70,079,779
	101,540,881	103,606,456	69,578,534	76,897,500

Transactions	Interest income 31 December 2016	Interest income 31 December 2015 Restated	Interest expenses 31 December 2016	Interest expenses 31 December 2015 Restated
Parent company	8,873	2,968	33,673,963	34,259,601
Jointly controlled companies	-	331,132	-	-
Associated companies	19,449	262,445	-	-
Other related parties [(1)]	-	-	537,828	150,852
	28,322	596,545	34,211,791	34,410,453

Balances	Accounts receivable 31 December 2016	Accounts receivable 31 December 2015 Restated	Accounts payable 31 December 2016	Accounts payable 31 December 2015 Restated
Parent company	35,783,208	39,852,783	46,399,686	43,503,785
Jointly controlled companies	-	-	-	-
Associated companies	5,663,219	5,853,840	621,579	995,073
Other related parties [(1)]	43,501,277	21,499,121	29,620,444	17,640,121
	84,947,704	67,205,744	76,641,709	62,138,979

	Loans			
	Obtained		Granted	
Balances	31 December 2016	31 December 2015 Restated	31 December 2016	31 December 2015 Restated
Parent company (Note 27)	-	400,000,000	-	-
Jointly controlled companies	-	-	-	-
Associated companies	-	-	660,663	651,119
Other related parties (Note 27) [(1)]	400,027,000	2,414,770	-	-
	400,027,000	402,414,770	660,663	651,119

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 related parties” represent borrowings from shareholders of subsidiary companies which bear interests at market rates.

Granted loans to associated companies, refer to loans granted to associate MDS, SGPS, SA (651,119 euro as at 31 December 2016, 620,688 euro as at 31 December 2015) (Note 13).

In December 2016, the Group disposed its subsidiary Imoconti - Sociedade Imobiliária, SA to a related entity of the Sonae Sierra group. This operation generated a financial contribution of 21 million euro and a gain of 6.9 million euro (Note 5.2 and 36).

In the period ended 31 December 2015, the Group increased the percentage held in Fundo de Investimento Imobiliario Fechado Imosede, through the acquisition of 22.57% of its share capital, to a related party for an amount of 34.1 million euro.

The remuneration of the members of the Board of Directors of the parent company and of the employees with strategic management responsibility, earned in all Sonae companies for the years ended at 31 December 2016 and 2015, is composed as follows:

	Strategic direction [a]	
	31 December 2016	31 December 2015 Restated
Short-term employee benefits	3,896,091	3,528,427
Share-based payments	1,136,800	1,001,000
	5,032,891	4,529,427

(a) Includes personnel responsible for the strategic management of the companies of Sonae Investimentos (excluding members of the Board of Directors of Sonae Investimentos).

44 EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2016 and 2015 were calculated taking into consideration the following amounts:

	31 December 2016		31 December 2015 Restated
	Continuing Operations	Discontinuing Operations	Continuing Operations
Net profit			
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	80,676,328	(204,696)	70,039,847
Net profit taken into consideration to calculate diluted earnings per share	80,676,328	(204,696)	70,039,847
Number of shares			
Weighted average number of shares used to calculate basic earnings per share	900,000,000	900,000,000	900,000,000
Effect of dilutive potential ordinary shares from	-	-	-
Weighted average number of shares used to calculate diluted earnings per share	900,000,000	900,000,000	900,000,000
Earnings per share			
Basic	0.089640	(0.000227)	0.077822
Diluted	0.089640	(0.000227)	0.077822

As at 31 December 2016 and 2015 there are no dilutive effects on the number of outstanding shares.

45 CASH RECEIPTS AND CASH PAYMENTS OF INVESTMENTS

As at 31 December 2016 and 2015, cash receipts and cash payments related to investments can be detailed as follows:

- Investment Activities

	31 December 2016	31 December 2015 Restated
Receipts		
Price adjustment of Losan Group (Note 5.3)	1,416,954	-
	1,416,954	-

	31 December 2016	31 December 2015 Restated
Payments		
Acquisition of Salsa Group (Note 5.1)	65,588,931	-
Capital increase in Ulabox	2,667,132	-
Capital increase in Movvo	2,260,746	-
Capital increase in S2 Mozambique, SA	1,607,217	-
Price adjustment of Elergone	600,562	-
Acquisition of Losan Group (Note 5.3)	-	30,244,403
Acquisition of MJB - Design, Lda	-	916,123
Acquisition of Elergone Energias, Lda	-	187,501
Others	23,992	202,147
	72,748,580	31,550,174

- Financing Activities

	31 December 2016	31 December 2015 Restated
Receipts		
Receipt of disposal of Raso SGPS	2,500,000	-
Disposal of Imosonae II fund units	173,261	1,173,697
Disposal of Raso SGPS	-	29,000,000
Others	170,112	381
	2,843,373	30,174,078

Payments	31 December 2016	31 December 2015 Restated
Acquisition of Fundo Imosede (Note 23)	-	34,082,452
Acquisition of Ulabox	-	3,231,029
Acquisition of the remaining 50% of Raso SGPS	-	3,888,849
Capital increase in Raso SGPS	-	41,000,000
Others	28,688	592,525
	28,688	82,794,856

46 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 with the direct income component, excluding the indirect contributions.

The reconciliation between consolidated income and direct-indirect income for the periods ended 31 December 2016 and 2015 can be summarized as follows:

	31 December 2016			31 December 2015 Restated		
	Consolidated accounts	Indirect income	Direct income	Consolidated accounts	Indirect income	Direct income
Turnover	5,218,081,203	-	5,218,081,203	4,859,481,026	-	4,859,481,026
Investment income						
Dividends and other adjustments	102,077	-	102,077	152,410	-	152,410
Impairment losses	-	-	-	(4,263,824)	(4,263,824)	-
Others	6,493,155	-	6,493,155	-	-	-
Other income						
Negative goodwill	-	-	-	-	-	-
Impairment losses reversal	9,138,889	-	9,138,889	4,558,217	(471,539)	5,029,756
Others	687,511,135	-	687,511,135	625,606,729	-	625,606,729
Total income	5,921,326,459	-	5,921,326,459	5,485,534,558	(4,735,363)	5,490,269,921
Total expenses	(5,599,990,670)	(1,030,583)	(5,598,960,087)	(5,173,780,635)	(2,919,593)	(5,170,861,042)
Depreciation and amortisation	(170,339,340)	-	(170,339,340)	(160,781,054)	-	(160,781,054)
Gains and Losses on tangible and intangible assets	(12,330,245)	-	(12,330,245)	(12,807,184)	-	(12,807,184)
Provisions and impairment						
Provisions for warranty extensions	1,914,139	-	1,914,139	5,410,462	-	5,410,462
Unusual provisions and impairments	-	-	-	(6,505,887)	(6,505,887)	-
Others	(12,616,495)	-	(12,616,495)	(4,906,493)	-	(4,906,493)
Profit before financial results and share of results in joint ventures and associated companies	127,963,848	(1,030,583)	128,994,431	132,163,768	(14,160,843)	146,324,611
Non recorrent items	52,993,486	-	52,993,486	16,245,102	-	16,245,102
Financial profit/(loss)	(56,571,685)	-	(56,571,685)	(52,286,356)	2,580,730	(54,867,086)
Share of results in joint ventures and associated undertakings						
MDS	(3,932,887)	-	(3,932,887)	(2,666,937)	-	(2,666,937)
Ulabox	(1,763,445)	-	(1,763,445)	-	-	-
Others	(244,122)	-	(244,122)	(60,342)	-	(60,342)
Profit before taxation	118,445,195	(1,030,583)	119,475,778	93,395,235	(11,580,113)	104,975,348
Income tax	(30,978,216)	-	(30,978,216)	(20,516,391)	-	(20,516,391)
Profit/(Loss) after taxation from continuing operation	87,466,979	(1,030,583)	88,497,562	72,878,844	(11,580,113)	84,458,957
Profit/(Loss) after taxation from descontinued operations	(409,391)	(409,391)	-	-	-	-
Profit/(Loss) after taxation	87,057,588	(1,439,974)	88,497,562	72,878,844	(11,580,113)	84,458,957
Attributable to equity holders of Sonae	80,471,632	(1,439,974)	81,911,606	70,039,847	(11,580,113)	81,619,960
Non-controlling interests	6,585,956	-	6,585,956	2,838,997	-	2,838,997
"Underlying" EBITDA (b)			315,039,545			319,637,175
EBITDA (a)			362,092,577			333,154,998
Direct EBIT (c)			175,945,386			159,690,024

(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.

Indirect income can be analysed as follows:

Indirect income	31 December 2016	31 December 2015 Restated
Provision for contingencies in Brazil (Note 32)	-	(6,505,887)
Loss on disposal of "non-current assets held for sale" (Note 21)	-	(4,263,823)
Discontinued Operations	(409,391)	-
Others	(1,030,583)	(810,403)
Total	(1,439,974)	(11,580,113)

"Underlying Direct EBITDA" could be analysed as follows:

	31 December 2016	31 December 2015 Restated
Direct EBITDA	362,092,577	333,154,998
Share of results of joint ventures and associated companies accounted by Equity Method and others (Note 11)	5,940,454	2,727,279
Unusual results		
Profit on disposal of fixed assets	(63,144,813)	(39,829,478)
Profit on disposal of Imoconti (Note 36)	(6,473,006)	-
Expenses related to the launch of new business	-	11,909,088
Other expenses considered non-recurring	16,624,333	11,675,288
"Underlying" Direct EBITDA	315,039,545	319,637,175

47 SUBSEQUENT EVENTS

On March 9th, 2017, Sonae through one of its subsidiaries, signed a Memorandum of Understanding (MoU) that agreed with JD Sports Fashion Plc (JD Group), UK's leading retailer of sports, fashion and outdoor brands, and JD Sprinter Holdings (JD Sprinter), which provides the combination of the JD Group´s existing businesses in Iberia and JD Sprinter, with Sport Zone´s business. This MoU establishes the key parameters for the creation of an Iberian Sports Retail Group that will have as shareholders the JD Group, Sonae and the family shareholder of JD Sprinter, with shareholdings of approximately 50%, 30% and 20%, respectively. According to the agreement entered into, the procedures for determining the assets, liabilities and transactions to be the object of this transaction were initiated, reason why the effects to date are not detailed.

48 APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 18 April 2017. Nevertheless, they are still subject to approval at the Shareholders Annual General Meeting.

49 GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by Sonae as at 31 December 2016 and 31 December 2015 are as follows:

				Percentage of capital held			
				31 December 2016		31 December 2015	
	COMPANY		Head Office	Direct*	Total*	Direct*	Total*
	Sonae Investimentos- SGPS, S.A.		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)	Contibomba - Comércio e Distribuição de Combustíveis, SA	a)	Matosinhos	-	-	100.00%	100.00%
	Continente Hipermercados, SA	a)	Lisbon	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)	MCCARE – Serviços de Saúde, SA	a)	Matosinhos	100.00%	100.00%	-	-
	MJB – Design, Lda	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modelo Continente Hipermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modelo Continente International Trade, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmaconcept – Atividades em Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
2)	Sohi Meat Solutions- Distribuição de Carnes, SA	a)	Santarém	100.00%	100.00%	-	-
2)	Sonae MC S2 Africa Limited	a)	La Valletta (Malta)	100.00%	100.00%	-	-
	Sports & Fashion						
	Aduanas Caspe, S.L.U.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
	Comercial Losan Polonia SP. Z.O.O.	a)	Warsaw (Poland)	100.00%	100.00%	100.00%	100.00%
	Comercial Losan, S.L.U.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%

	Discovery Sports, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Fashion Division, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Fashion Division Canárias , SL	a)	Tenerife (Spain)	100.00%	100.00%	100.00%	100.00%
	Global Usebti, S.L.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
3)	Irmãos Vila Nova, SA	a)	Vila Nova de Famalicão	100.00%	50.00%	-	-
3)	Irmãos Vila Nova III - Imobiliária, SA	a)	Vila Nova de Famalicão	100.00%	50.00%	-	-
3)	IVN – Serviços Partilhados, SA	a)	Vila Nova de Famalicão	50.00%	50.00%	-	-
3)	IVN Asia Limited	a)	Hong Kong (China)	100.00%	50.00%	-	-
	Losan Colombia, S.A.S.	a)	Bogota (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%
	Losan Tekstil Urun.V E Dis Ticaret, L.S.	a)	Istanbul (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%
1)	Modelo.com - Vendas p/Correspond., SA	a)	Maia	-	-	100.00%	100.00%
3)	Salsa DE Gmbh	a)	Dusseldorf (Germany)	100.00%	50.00%	-	-
3)	Salsa Distribution USA LLC	a)	New York (USA)	100.00%	50.00%	-	-
3)	Salsa France, S.A.R.L.	a)	Paris (France)	99.99%	50.00%	-	-
3)	Salsa Luxembourg, Sàrl	a)	Luxembourg	100.00%	50.00%	-	-
3)	SLS Salsa – Comércio e Difusão de Vestuário, S.A.	a)	Vila Nova de Famalicão	100.00%	50.00%	-	-
3)	SLS Salsa España – Comercio y Difusión de Vestuario, S.A.U.	a)	Pontevedra (Spain)	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)	Istanbul (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)	Mexico City (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%
Zíppy Cocuk Maiz.Dag.Satis Ith.Ve Tic Ltd Sti	a)	Istanbul (Turkey)	100.00%	100.00%	100.00%	100.00%
ZYEvolution – Investig.e Desenvolvimento, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Worten						
HighDome PCC Limited (Cell Europe)	a)	La Valletta (Malta)	100.00%	100.00%	100.00%	100.00%
Infofield - Informática, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sonae SR – Serviços e Logística, SA	a)	Matosinhos	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%
Sonae RP						
Arat Inmuebles, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Canasta - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%

	Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
	Cumulativa - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Fozimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Fundo de Investimento Imobiliário Fechado Imosede	a)	Maia	80.40%	80.40%	80.40%	80.40%
	Fundo de Investimento Imobiliário Imosonae Dois	a)	Maia	97.91%	97.91%	97.92%	97.92%
	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%
6)	Imoconti - 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 de Fafe, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sesagest - Proj.Gestão Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Socijofra - Sociedade Imobiliária, SA	a)	Gondomar	100.00%	100.00%	100.00%	100.00%
	Sociloures - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonaerp – Retail Properties, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Sondis Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Valor N, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Others						
	Marcas MC, zRT	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%

	Modelo - Distribuição de Materiais de Construção, SA	b)	Maia	50.00%	50.00%	50.00%	50.00%
2)	SFS – Serviços de Gestão e Marketing, SA	a)	Maia	100.00%	100.00%	-	-
	SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
	Soflorin, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
	Sonae Financial Services, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
4)	Sonae Retalho España - Servicios Generales, SA	a)	Madrid (Spain)	-	-	100.00%	100.00%
5)	Sonae Specialized Retail, SGPS, SA	a)	Matosinhos	-	-	100.00%	100.00%
	Sonae SR Malta Holding Limited	a)	La Valletta (Malta)	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%
	Sonae MC – Modelo Continente, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonvecap, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
	Tlantic BV	a)	Amsterdam (Netherlands)	70.71%	70.71%	72.10%	72.10%
	Tlantic Portugal - Sistemas de Informação, SA	a)	Matosinhos	100.00%	70.71%	100.00%	72.10%
	Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	100.00%	70.71%	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(s) 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 gives power of relevant activities;

b) Control held by majority of Board members;

1) Companies merged into Modelo Continente Hipermercados, SA, at 1 January 2016;

2) Company created during the period;

3) Company acquired during the period;

4) Company liquidated during the period;

5) Company incorporated by merger in Sonae MC – Modelo Continente, SGPS SA at 1 January 2016;

6) Company sold on 30 December 2016 to Iberia Shopping Centre Venture Cooperatief UA.

These entities were consolidated using the full consolidation method.

Approved at the Board of Directors meeting on 18 April 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

Separate financial statements

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 AND 2015

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

(Amounts expressed in euro)	Notes	31.December.2016	31.December.2015
ASSETS			
NON-CURRENT ASSETS:			
Intangible assets	7	215	435
Investments	6	1,625,691,885	1,676,827,937
Other non-current assets	5, 8	1,149,120,000	1,194,041,341
Total non-current assets		2,774,812,100	2,870,869,713
CURRENT ASSETS:			
Other debtors	5, 9	1,605,728,621	2,102,658,845
Taxes recoverable	10	8,362,600	8,323,773
Other current assets	5, 11	4,542,059	8,192,565
Cash and cash equivalents	5, 12	215,967	131,553
Total current assets		1,618,849,247	2,119,306,736
TOTAL ASSETS		4,393,661,347	4,990,176,449
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	13	1,000,000,000	1,000,000,000
Legal reserves	14	170,940,266	170,940,266
Hedging reserve, fair value reserve and other reserves	15	1,587,734,790	1,650,091,519
Retained earnings		-	(2,200,320)
Profit/(loss) for the year		78,110,026	(20,156,409)
TOTAL EQUITY		2,836,785,082	2,798,675,056
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bonds	5, 16	310,006,858	297,670,973
Bank loans	5, 16	121,000,000	160,000,000
Other non-current liabilities	5, 17	400,000,000	400,234,375
Total non-current liabilities		831,006,858	857,905,348
CURRENT LIABILITIES:			
Bonds	5, 16	2,998,517	49,962,080
Bank loans	5, 16	150,557,707	72,453,599
Trade accounts payable	5, 18	41,122	27,692
Other creditors	5, 19	567,053,117	1,203,086,434
Taxes and contributions payable	10	1,893,948	1,921,801
Other current liabilities	5, 20	3,324,996	6,144,439
Total current liabilities		725,869,407	1,333,596,045
TOTAL EQUITY AND LIABILITIES		4,393,661,347	4,990,176,449

The accompanying notes are part of these separate financial statements.

The Board of Directors,

SEPARATE INCOME STATEMENT FOR THE YEARS ENDED AS AT 31 DECEMBER 2016 AND 2015

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

(Amounts expressed in euro)	Notes	31.December.2016	31.December.2015
Gains or losses on investments	24	79,934,094	(25,567,704)
Financial income	25	60,316,585	85,834,247
Other income	26	383,256	580,237
External supplies and services	27	(3,225,009)	(3,197,365)
Staff costs		(54,603)	(42,527)
Depreciation and amortisation	7	(219)	(189)
Financial expenses	25	(63,656,913)	(70,118,187)
Other expenses	28	(58,270)	(267,728)
Profit/(Loss) before taxation		73,638,921	(12,779,216)
Taxation	29	4,471,105	(7,377,193)
Profit/(Loss) after taxation		78,110,026	(20,156,409)
Profit/(Loss) per share	30	0.0868	(0.0224)

The accompanying notes are part of these separate financial statements.

The Board of Directors,

SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED AS AT 31 DECEMBER 2016 AND 2015

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

(Amounts expressed in euro)	31.December.2016	31.December.2015
Net Profit / (Loss) for the period	78,110,026	(20,156,409)
Total comprehensive income for the period	78,110,026	(20,156,409)

The accompanying notes are part of these separate financial statements.

The Board of Directors,

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED AS AT 31 DECEMBER 2016 AND 2015

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

			Other reserves and retained earnings						
(Amounts expressed in euro)	Notes	Share capital	Legal reserve	Reserves in accordance with article 324 of Commercial Companies Code	Other reserves	Retained earnings	Total reserves and retained earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2015		1,000,000,000	141,237,816	320,000,000	805,745,149	(2,200,320)	1,123,544,829	594,048,820	2,858,831,465
Total comprehensive income for the year		-	-	-	-	-	-	(20,156,409)	(20,156,409)
Appropriation of profit of 2014:									
Transfer to other reserves	14, 15	-	29,702,450	-	524,346,370	-	524,346,370	(554,048,820)	-
Dividends distributed	13	-	-	-	-	-	-	(40,000,000)	(40,000,000)
Balance as at 31 december 2015		1,000,000,000	170,940,266	320,000,000	1,330,091,519	(2,200,320)	1,647,891,199	(20,156,409)	2,798,675,056
Balance as at 1 January 2016		1,000,000,000	170,940,266	320,000,000	1,330,091,519	(2,200,320)	1,647,891,199	(20,156,409)	2,798,675,056
Total comprehensive income for the year		-	-	-	-	-	-	78,110,026	78,110,026
Appropriation of profit of 2015:									
Transfer to other reserves	14, 15	-	-	-	(22,356,729)	2,200,320	(20,156,409)	20,156,409	-
Dividends distributed	13	-	-	-	(40,000,000)	-	(40,000,000)	-	(40,000,000)
Balance as at 31 december 2016		1,000,000,000	170,940,266	320,000,000	1,267,734,790	-	1,587,734,790	78,110,026	2,836,785,082

The accompanying notes are part of these separate financial statements.

The Board of Directors,

SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED AS AT 31 DECEMBER 2016 AND 2015

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

(Amounts expressed in euro)	Notes	31.December.2016	31.December.2015
OPERATING ACTIVITIES			
Cash paid to trade creditors		(3,117,801)	(4,351,155)
Cash paid to employees		(54,553)	(42,512)
Cash flow generated by operations		(3,172,354)	(4,393,667)
Income tax (paid) / received		2,939,637	1,824,638
Other cash receipts and (payments) relating to operating activities		(1,563,166)	1,375,472
Net cash flow from operating activities (1)		(1,795,883)	(1,193,557)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	31	40,000	-
Interest and similar income		54,570,072	82,320,008
Dividends		114,810	113,299
Others		8,719,151	50,396,691
Loans granted		6,936,590,903	6,265,043,939
		7,000,034,936	6,397,873,937
Cash payments arising from:			
Investments	31	(2,861,307)	(250,000)
Intangible assets		-	(387)
Loans granted		(6,388,511,366)	(7,364,923,955)
		(6,391,372,673)	(7,365,174,342)
Net cash used in investment activities (2)		608,662,263	(967,300,405)
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		8,063,721,260	9,767,678,455
Investments		135,197,870	1,564,710,490
		8,198,919,130	11,332,388,945
Cash payments arising from:			
Loans obtained		(8,674,915,564)	(9,201,333,354)
Investements	31	(14,197,054)	(1,105,156,700)
Interest and similar charges		(66,692,586)	(70,336,749)
Dividends	13	(40,000,000)	(40,000,000)
		(8,795,805,204)	(10,416,826,803)
Net cash used in financing activities (3)		(596,886,074)	915,562,142
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		9,980,306	(52,931,820)
Cash and cash equivalents at the beginning of the period	12	(12,322,046)	40,609,774
Cash and cash equivalents at the end of the period	12	(2,341,740)	(12,322,046)

The accompanying notes are part of these separate financial statements.

The Board of Directors,

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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

(Amounts expressed in euro)

1 INTRODUCTION

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

The Company's main activity is the management of shareholdings (note 6).

2 BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. This standards were issued by the International Accounting Standards Board ("IASB") and interpretations issued by International Financial Reporting Interpretations Committee ("IFRS-IC") or by the previous Standing Interpretations Committee ("SIC"), that have been adopted by the European Union.

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

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

Management has assessed the Company's ability to operate on a going concern basis, taking into consideration all relevant information, facts and circumstances of financial, commercial and other nature, including subsequent events to the date of the financial statements. As a result of this evaluation, Management concluded that the Company has adequate resources to maintain its activities, having no intention to cease activities in the short term, and considered the use of the going concern assumption as appropriate.

New accounting standards and their impact in the financial statements

Up to the approval date of these financial statements, the European Union endorsed standards, interpretations, amendments and revisions, some of which have become effective during the year 2016. These changes are presented in note 2 of the notes to the consolidated financial statements. The adoption, during 2016 of the mentioned standards did not produce impacts on the Company financial statements, since they aren't applicable to the Separate financial statements of the Company.

Additionally there are standards that have been approved for adoption in the periods started at or after 1 January 2017, which were not adopted by the Company in advance. No material impacts in the separate financial statements of the company will arise from the adoption of these standards.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the accompanying separate financial statements are as follows:

3.1 Investments in subsidiaries and associates

Equity investments in subsidiaries and associates are accounted for accordingly with IAS 27, at acquisition cost net of impairment losses.

3.2 Tangible assets

Tangible assets are recorded at acquisition cost net of depreciation and accumulated impairment losses.

Depreciation charges for the year are calculated on a straight line basis over the useful life of each asset in the caption depreciation and amortisation.

The impairment losses in the realisable value of tangible assets are recorded in the year they arise in the caption of the Income Statement - "Provisions and impairment losses”.

3.3 Intangible assets

Intangible assets are stated at acquisition cost, net of amortisation and accumulated impairment losses. Intangible assets are only recognized if it is probable that future economic benefits will flow from them, if they are controlled by the Company and if their cost can be reliably measured.

Depreciation charges for the year are calculated on a straight line basis over the useful life of each asset in the caption depreciation and amortization.

3.4 Borrowing costs

Borrowing costs are usually recognized as an expense in the period in which they are incurred on an accruals basis in accordance with effective interest rate method.

3.5 Financial instruments

The Company classifies the financial instruments in the categories presented and conciliated with the statement of financial position disclosed in note 5.

a) Investments

Investments are classified into the following categories:

- Held to maturity
- Investments measured at fair value through profit or loss
- Available for sale

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the statement of financial position date. Investments classified as held to maturity have defined maturities and the Company has the intention and ability to hold them until the maturity date.

The investments measured at fair value through profit or loss include the investments held for trading that the company acquires for sale in a short period of time and are classified in the statement of financial position as current assets.

The Company classifies as available for sale those investments that are neither included as investments measured at fair value through profit or loss nor as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

All purchases and sales of investments are recognized on the trade date, independently of the settlement date.

Investments are initially recorded at acquisition cost, which is the fair value of the consideration paid for them. In the case of Investments held to maturity or available for sale investments, transaction costs are included in the acquisition costs.

After its initial recording, investments measured at fair value through profit or loss and available for sale investments are subsequently carried at fair values, by reference to their quoted market value at statement of financial position date, without any deduction for transaction costs which may be incurred on sale. Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are stated at cost, less impairment losses.

Gains or losses arising from a change in fair value of available for sale investments are recognized directly in equity, under Fair value reserve, in the caption Other reserves, until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit or loss.

Gains or losses arising from a change in fair value of investments measured at fair value through profit or loss are recorded in the Income statement captions financial expenses or financial income.

Held to maturity investments are carried at amortized cost using the effective interest rate, net of capital reimbursements and interest income received.

b) Loans and accounts receivable

Loans and accounts receivable are recorded at amortized cost using the effective rate method net of accumulated impairment losses, in order to reflect its realisable value.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

These financial instruments emerge when the Company provides money or services to its subsidiaries and associates with no intention of trading those assets.

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the statement of financial position date, situations when they are classified as non-current assets. Loans and receivables are included in the captions presented in note 5.

c) Trade accounts receivable

Receivables are stated at net realisable value corresponding to their nominal value less impairment losses, recorded under the caption Provisions and impairment losses in accounts receivable.

Impairment is recognized if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the receipt of the full amount is expected to be within one year the effect of the discount will be considered immaterial.

d) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

e) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in note 3.7. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

f) Trade accounts payable

Trade accounts payable are stated at their nominal value. There is no discount, as it is immaterial.

g) Derivatives

The Company uses derivatives in the management of its financial risks to hedge such risks. Derivatives are not used for trading purposes.

Derivatives classified as cash flow hedge instruments are used by the Company mainly to hedge interest rate risks on loans obtained. Conditions established for these cash flow hedge instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges.

The gain or loss relating to the ineffective portion of the hedge, if any, is recorded in the Income Statement under Financial Income or Financial Expenses.

The Company's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- The hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be reliably measured;
- There is adequate documentation of the hedging relationships at the inception of the hedge;
- The transaction being hedged is highly probable.

Cash flow hedge instruments used by the Company to hedge the exposure to changes in interest of its loans are initially accounted for at cost, if any which corresponds to its fair value, and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, included in the caption Reserves and retained earnings, and then recorded in the income statement over the same period in which the hedged instrument is recognized in profit or loss.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption Hedging reserve included in the caption Reserves and retained earnings, are transferred to profit or loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the income statement.

The fair value of these instruments is estimated by the Company using specific software based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg, through the use of interest rate curves taken from Bloomberg.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host instruments, and this is not stated at fair value through profit or loss.

In specific situations, the Company hires exchange rate derivatives. In these circumstances, and although these derivatives are hired to hedge the risk associated with the variation of future cash flows, these derivatives are usually measured at fair value through the income statement.

h) Treasury shares

Treasury shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of treasury shares are directly recorded in other reserves.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the cash flows statement, cash and cash equivalents also include bank overdrafts, which are included in the statement of financial position caption of Current bank loans.

j) Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense until the maturity of the financial instrument.

k) Impairment

Financial assets, other than investments measured at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For non-quoted equity instruments determining whether the investment is impaired requires an estimation of the value in use of the investment. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the entity and a suitable discount rate in order to calculate present value.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For investments in subsidiaries (equity investments and loans granted to subsidiaries, jointly controlled companies and associated companies) the impairment analysis is based on the fair value estimate, based on discounted cash flows or based on its net asset value as applicable.

The above mentioned estimate is based on the fair value computation of the value in use of its holdings by means of discounted cash flow models, whenever there is an indication that the asset might be impaired, namely from the distribution of dividends by the mentioned entities.

It is the Board of Directors understanding that the use of the above mentioned methodology is adequate to conclude on the eventual existence of financial investments impairment as it incorporates the best available information as at the date of the financial statements.

If, in a subsequent period, the amount of the impairment loss decreases and that decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of equity investments classified as available for sale, impairment losses previously recognized through profit or loss are not reversed. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

3.6 Contingent assets and liabilities

Contingent liabilities are not recorded in the financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

Contingent assets are not recorded in the financial statements but disclosed when future economic benefits are probable.

3.7 Revenue recognition and accrual basis

Revenue from services rendered is recognized in the income statement in the period they are performed.

Dividends are recognized as income in the year they are attributed to the shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

Other current assets and other current liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but that correspond to income or expenses of future years, when they will be recognized in the income statement.

3.8 Subsequent events

Events after the statement of financial position date that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes when material.

3.9 Judgements and estimates

The most significant accounting estimates reflected in the financial statements are as follows:

a) Record of adjustments to the value of assets and provisions;

b) Impairment analysis of financial investments and loans granted to affiliated, jointly controlled companies and associated companies;

Estimates used are based on the best information available during the preparation of these financial statements and are based on the best knowledge of past and present events. Although future events, are not controlled by the Company are not foreseeable, some could occur and have impact on the estimates. Therefore and due to this uncertainty the outcome of the transactions being estimated may differ from the initial estimate. Changes to the estimates used by management that occur after the approval date of these consolidated financial statements, will be recognized in net income prospectively, in accordance with IAS 8.

The main estimates and assumptions in relation to future events included in the preparation of these financial statements are disclosed in the correspondent notes, if applicable.

3.10 Income tax

Sonae Investimentos is included in the group of companies dominated by Sonae, SGPS, SA, and taxed in accordance with the Special Regime of Taxing Groups of Companies since 1 January 2014, so, consequently, the income tax is included in the balance sheet caption Group companies.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore expected to apply in the periods when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each statement of financial position date an assessment of the deferred tax assets recognized is made, being reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in Equity.

3.11 Transactions with related parties

Transactions with related parties are performed at arm's length conditions, and the gains or losses arising on those transactions are recognized and disclosed in note 23.

4 FINANCIAL RISK MANAGEMENT

Risk management general principles are approved by the Board of Directors, and its implementation is supervised by the Group's finance department.

4.1 Market risk

The interest and exchange rate risk have a decisive importance in what concerns market risk management.

4.1.1 Interest rate risk

Sonae Investimentos exposure to the interest rate risk arises mainly from the long term loans which bear interests indexed to Euribor.

Sensitivity analysis:

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, they are included in the calculation of income-related sensitivities;

- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognized at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7;

- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;

- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity calculation with impact in equity (other reserves);

- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;

- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under these assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the net profit before tax for the period ended as at 31 December 2016 would increase by approximately 12.5 million euro (14.4 million euro as at 31 December 2015), considering the contractual fixing dates and excluding other effects arising from the company operations.

4.1.2 Exchange rate risk

The impact on the financial statements of changes in exchange rate is immaterial, as the most part of the assets and liabilities are denominated in euro.

4.1.3 Liquidity risk

The purpose of liquidity risk management is to ensure, at all times, that the Company and its subsidiaries, have the necessary financial resources to fulfil its commitments with third parties and carry on with their strategy, through proper management of financing costs and maturity.

The Company follows an active policy of refinancing, guided by the maintenance of a high level of free financial resources, immediately available to deal with short-term needs, and by increasing or maintenance of the maturity of debt, in accordance with the expected cash flows and the ability to leverage its financial position. As at 31 December 2016 Sonae Investimentos debt average maturity was of 4.0 years (4.1 years as at 31 December 2015).

Other important response instruments to liquidity risk are the limitation for contractual clauses capable of triggering the prepayment of loans, before its termination. The Company also guarantees, a high level of diversification in its relationships with financial institutions, which makes it easier to hire new loans and limits the negative impact of any discontinuation on relationship.

The Company maintains a liquidity reserve in the form of credit lines with its relationship banks, to ensure the ability to meet its commitments without having to refinance itself on unfavorable terms. As at 31 December 2016, the amount of loans with maturity in 2017 is of 154 million euro (122 million with maturity in 2016) and as at 31 December 2016, the Company had a total of 52 million euro committed credit facilities for a period of one year (46 million euro as at 31 December 2015), and 335 million euro (340 million euro as at 31 December 2015) committed for periods over than one year. Furthermore, Sonae Investimentos maintains as at 31 December 2016 a liquidity reserve that includes cash and cash equivalents as described on note 12. Sonae Investimentos expects to meet all its obligations by means of its investments cash flows and from its financial assets as well as from drawing existing available credit lines, if needed.

The liquidity analysis' for financial instruments is disclosed next to the respective note to each financial liabilities class.

4.2 Credit risk

Sonae Investimentos is primarily exposed to credit risk in its dealings with financing companies in which it participates.

Sonae Investimentos is also exposed to the credit risk in its relationship with financial institutions, in result of bank deposits, debt instruments available facilities, derivates, among others.

The credit risk is limited to financial institutions, by risk concentration management and by a selection of counterparties, which have a high national and international prestige and based on their respective rating notations taking into account the nature, maturity and size of the operations.

5 FINANCIAL INSTRUMENTS BY CLASS AND FAIR VALUE

The accounting policies disclosed in note 3.5 as at 31 December 2016, have been applied to the line items below:

Financial Assets	31.December.2016				
	Notes	Loans and accounts receivable	Sub Total	Assets not within scope of IFRS 7	Total
Non-current assets					
Other non-current assets	8	1,149,120,000	1,149,120,000	-	1,149,120,000
		1,149,120,000	1,149,120,000	-	1,149,120,000
Current assets					
Other debtors	9	1,605,728,621	1,605,728,621	-	1,605,728,621
Other current assets	11	2,947,314	2,947,314	1,594,745	4,542,059
Cash and cash equivalents	12	215,967	215,967	-	215,967
		1,608,891,902	1,608,891,902	1,594,745	1,610,486,647
		2,758,011,902	2,758,011,902	1,594,745	2,759,606,647

Financial Liabilities	31.December.2016				
	Notes	Loans and other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total
Non-current liabilities					
Bonds	16	310,006,858	310,006,858	-	310,006,858
Bank loans	16	121,000,000	121,000,000	-	121,000,000
Other non-current liabilities	17	400,000,000	400,000,000	-	400,000,000
		831,006,858	831,006,858	-	831,006,858
Current liabilities					
Bonds	16	2,998,517	2,998,517	-	2,998,517
Bank loans	16	150,557,707	150,557,707	-	150,557,707
Trade accounts payable	18	41,122	41,122	-	41,122
Other payable accounts	19	567,053,117	567,053,117	-	567,053,117
Other current liabilities	20	3,324,996	3,324,996	-	3,324,996
		723,975,459	723,975,459	-	723,975,459
		1,554,982,317	1,554,982,317	-	1,554,982,317

The accounting policies disclosed in note 3.5 as at 31 December 2015, have been applied to the items below classified as follows:

Financial Assets	31.December.2015				
	Notes	Loans and accounts receivable	Sub Total	Assets not within scope of IFRS 7	Total
Non-current assets					
Other non-current assets	8	1,194,041,341	1,194,041,341	-	1,194,041,341
		1,194,041,341	1,194,041,341	-	1,194,041,341
Current assets					
Other debtors	9	2,102,658,845	2,102,658,845	-	2,102,658,845
Other current assets	11	7,072,384	7,072,384	1,120,181	8,192,565
Cash and cash equivalents	12	131,553	131,553	-	131,553
		2,109,862,782	2,109,862,782	1,120,181	2,110,982,963
		3,303,904,123	3,303,904,123	1,120,181	3,305,024,304

Financial Liabilities	31.December.2015				
	Notes	Loans and other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total
Non-current liabilities					
Bonds	16	297,670,973	297,670,973	-	297,670,973
Bank loans	16	160,000,000	160,000,000	-	160,000,000
Other non-current liabilities	17	400,234,375	400,234,375	-	400,234,375
		857,905,348	857,905,348	-	857,905,348
Current liabilities					
Bonds	16	49,962,080	49,962,080	-	49,962,080
Bank loans	16	72,453,599	72,453,599	-	72,453,599
Trade accounts payable	18	27,692	27,692	-	27,692
Other payable accounts	19	1,203,086,434	1,203,086,434	-	1,203,086,434
Other current liabilities	20	6,144,439	6,144,439	-	6,144,439
		1,331,674,244	1,331,674,244	-	1,331,674,244
		2,189,579,592	2,189,579,592	-	2,189,579,592

6 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES COMPANIES

As at 31 December 2016 and 2015, the investments in subsidiaries and associates companies is made up as follows:

Companies	31.December.2016								
		Acquisition cost						Accumulated impairment	Amount of statament of financial position
	% held	Opening balance	Increases		Decreases		Final balance		
Apor - Agência para a Modernização do Porto, SA	22.75%	300,000	-		-		300,000	-	300,000
Azulino - Imobiliária, SA	-	498,025	-		498,025	(5)	-	-	-
Bertimóvel - Sociedade Imobiliária, SA	-	2,265,000	-		2,265,000	(5)	-	-	-
Canasta - Empreendimentos Imobiliários, SA	-	1,669,375	-		1,669,375	(5)	-	-	-
Chão Verde - Sociedade de Gestão Imobiliária, SA	100.00%	2,394,591	-		-		2,394,591	2,394,591	-
Citorres - Sociedade Imobiliária, SA	-	477,848	-		477,848	(5)	-	-	-
Cumulativa - Sociedade Imobiliária, SA	-	2,390,191	-		2,390,191	(5)	-	-	-
Elergone Energia, Lda	75.00%	1,118,737	-		-		1,118,737	-	1,118,737
Fozimo - Sociedade Imobiliária, SA	-	24,940	-		24,940	(5)	-	-	-
Fundo de Investimento Imobiliário Fechado Imosede	80.40%	103,497,607	-		-		103,497,607	-	103,497,607
Fundo de Investimento Imobiliário Imosonae Dois	-	27,334,891	47,054	(1)	27,381,945	(5)	-	-	-
Iginha - Sociedade Imobiliária, SA	-	1,359,000	-		1,359,000	(5)	-	-	-
Imoestrutura - Sociedade Imobiliária,SA	-	24,940	-		24,940	(5)	-	-	-
Imomuro - Sociedade Imobiliária, SA	-	1,559,940	7,000,000	(2)	8,559,940	(5)	-	-	-
Imoresultado - Sociedade Imobiliária, SA	-	109,736	-		109,736	(5)	-	-	-
MCCARE, Serviços de Saúde, SA	100.00%	-	50,000	(1)	-		50,000	-	50,000
MDS, SGPS, SA	47.53%	59,766,920	-		-		59,766,920	17,770,000	41,996,920
MJLF - Empreendimentos Imobiliários, SA	-	1,809,397	-		1,809,397	(5)	-	-	-
Modelo - Distribuição de Materiais de Construção, SA	50.00%	24,790,614	-		-		24,790,614	3,280,000	21,510,614
Modelo Hiper Imobiliária, SA	-	10,655,164	-		10,655,164	(5)	-	-	-
MOVVO, SA	25.58%	991,315	2,260,746	(2) (3)	-		3,252,061	-	3,252,061
Ponto de Chegada - Promoção Imobiliária, SA	100.00%	50,000	2,050,000	(2) (3)	-		2,100,000	-	2,100,000
Predicomercial - Promoção Imobiliária, SA	-	6,372,293	-		6,372,293	(5)	-	-	-
Predilugar - Sociedade Imobiliária, SA	-	50,000	-		50,000	(5)	-	-	-
Selifa - Sociedade de Empreendimentos Imobililiários, SA	100.00%	1,513,379	-		-		1,513,379	948,379	565,000
SFS - Serviços de Gestão e Marketing, SA	100.00%	-	50,000	(4)	-		50,000	-	50,000
Socijofra - Sociedade Imobiliária, SA	-	550,000	-		550,000	(5)	-	-	-
Soliférias - Operadores Turísticos, SA	-	133,162	-		133,162	(6)	-	-	-
Sonae Capital Brasil, Ltda	37.00%	19,600,308	-		-		19,600,308	19,600,308	-
Sonae Center Serviços II, SA	100.00%	58,032,319	-		-		58,032,319	-	58,032,319
Sonae MC - Modelo Continente, SGPS, SA	100.00%	1,438,804,276	-		-		1,438,804,276	63,300,000	1,375,504,276
Sonae Financial Services, SA	100.00%	12,330,000	5,000,000	(2)	-		17,330,000	-	17,330,000
Sonae SR Malta Holding Limited	-	1	-		-		1	-	1
Sonaegest - Soc. Gest. de Fundos de Investimentos, SA	40.00%	384,351	-		-		384,351	-	384,351
Valor N, SA	-	2,087,315	-		2,087,315		-	-	-
Total		1,782,945,633	16,457,800		66,418,271		1,732,985,162	107,293,277	1,625,691,885

(1) Acquisition;
(2) Cover losses;
(3) Capital increase;
(4) Created in the period;
(5) Disposal to controlled entities;
(6) Disposal to unrelated entities;

During 2016 the company recorded impairment losses on investments as described on note 21 and 24.

As result of sales during the exercise were reversed impairment losses recognized as profits as described on notes 21 and 24.

Companies	31.December.2015								
		Acquisition cost						Accumulated impairment	Amount of statament of financial position
	% held	Opening balance	Increases		Decreases		Final balance		
Apor - Agência para a Modernização do Porto, SA	22.75%	300,000	-		-		300,000	-	300,000
Azulino - Imobiliária, SA	100.00%	498,025	-		-		498,025	-	498,025
Bertimóvel - Sociedade Imobiliária, SA	100.00%	2,265,000	-		-		2,265,000	700,000	1,565,000
Canasta - Empreendimentos Imobiliários, SA	100.00%	1,669,375	-		-		1,669,375	1,557,375	112,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	100.00%	2,394,591	-		-		2,394,591	2,394,591	-
Citorres - Sociedade Imobiliária, SA	100.00%	477,848	-		-		477,848	-	477,848
Cumulativa - Sociedade Imobiliária, SA	100.00%	2,390,191	-		-		2,390,191	945,191	1,445,000
Elergone Energia, Lda	75.00%	-	1,118,737	(1)	-		1,118,737		1,118,737
Fozimo - Sociedade Imobiliária, SA	100.00%	24,940	-		-		24,940	-	24,940
Fundo de Investimento Imobiliário Fechado Imosede	57.82%	69,415,155	34,082,452	(1)	-		103,497,607	-	103,497,607
Fundo de Investimento Imobiliário Imosonae Dois	74.94%	108,760,470	4,243	(1)	81,429,822	(5)	27,334,891	-	27,334,891
Iginha - Sociedade Imobiliária, SA	100.00%	1,359,000	-		-		1,359,000	-	1,359,000
Imoestrutura - Sociedade Imobiliária,SA	100.00%	24,940	-		-		24,940	-	24,940
Imomuro - Sociedade Imobiliária, SA	100.00%	1,429,940	130,000	(2)	-		1,559,940	1,559,940	-
Imoresultado - Sociedade Imobiliária, SA	100.00%	109,736	-		-		109,736	-	109,736
MDS, SGPS, SA	46.92%	51,000,000	8,766,920	(4)	-		59,766,920	9,570,000	50,196,920
MJLF - Empreendimentos Imobiliários, SA	100.00%	1,809,397	-		-		1,809,397	1,619,397	190,000
Modelo - Distribuição de Materiais de Construção, SA	50.00%	24,790,614	-		-		24,790,614	3,280,000	21,510,614
Modelo Hiper Imobiliária, SA	100.00%	10,655,164	-		-		10,655,164	642,516	10,012,648
MOVVO, SA	9.09%	400,000	591,315	(1)	-		991,315	-	991,315
Ponto de Chegada - Promoção Imobiliária, SA	100.00%	50,000	-		-		50,000	-	50,000
Predicomercial - Promoção Imobiliária, SA	100.00%	6,372,293	-		-		6,372,293	-	6,372,293
Predilugar - Sociedade Imobiliária, SA	100.00%	50,000	-		-		50,000	-	50,000
Raso, SGPS, SA	-	24,500,000	43,262,690	(1) (3)	67,762,690		-	-	-
Selifa - Sociedade de Empreendimentos Imobililiários, SA	100.00%	1,513,379	-		-		1,513,379	948,379	565,000
Socijofra - Sociedade Imobiliária, SA	100.00%	550,000	-		-		550,000	-	550,000
Soliférias - Operadores Turísticos, SA	11.12%	133,162	-		-		133,162	-	133,162
Sonae Capital Brasil, Ltda	37.00%	19,600,308	-		-		19,600,308	19,600,308	-
Sonae Center Serviços II, SA	100.00%	58,032,319	-		-		58,032,319	-	58,032,319
Sonae MC - Modelo Continente, SGPS, SA	41.96%	423,698,276	1,015,106,000	(1)	-		1,438,804,276	63,300,000	1,375,504,276
Sonae Financial Services, SA	100.00%	350,000	11,980,000	(2) (3)	-		12,330,000	-	12,330,000
Sonae SR Malta Holding Limited	-	1	-		-		1	-	1
Sonaegest - Soc. Gest. de Fundos de Investimentos, SA	40.00%	384,351	-		-		384,351	-	384,351
Valor N, SA	100.00%	2,087,315	-		-		2,087,315	-	2,087,315
Total		817,095,788	1,115,042,357		149,192,512		1,782,945,633	106,117,697	1,676,827,937

(1) Acquisition;
(2) Cover losses
(3) Capital increase;
(4) Capital increase by conversion of loans;
(5) Disposal to related companies;
(6) Disposal to unrelated companies;

During 2015 the company recorded impairments on investments as described on notes 21 and 24.

7 INTANGIBLE ASSETS

As at 31 December 2016 and 2015 the caption Intangible assets can be described as follows:

	Patents and other similar rights	In progress	Total intangible assets
Gross cost			
Opening balance as at 1 January 2015	1,413,704	-	1,413,704
Increase	-	388	388
Transfers and write-offs	388	(388)	-
Opening balance as at 1 January 2016	1,414,092	-	1,414,092
Closing balance as at 31 December 2016	1,414,092	-	1,414,092
Accumulated depreciation			
Opening balance as at 1 January 2015	1,413,476	-	1,413,476
Increase	181	-	181
Opening balance as at 1 January 2016	1,413,657	-	1,413,657
Increase	219	-	219
Closing balance as at 31 December 2016	1,413,876	-	1,413,876
Carrying amount			
As at 31 December 2015	435	-	435
As at 31 December 2016	215	-	215

8 OTHER NON-CURRENT ASSETS

As at 31 December 2016 and 2015 the non-current assets were as follows:

	31.December.2016	31.December.2015
Loans granted (note 33)	1,149,080,000	1,193,513,723
Other debtors	40,000	527,618
	1,149,120,000	1,194,041,341

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

The impairment of loans granted to group companies is assessed in accordance with note 3.5.K.

In the current year the Company recorded an impairment loss on the amount of 3,241,916 euro on the loans granted to Sonae Capital Brasil, Ltda (9,118,031 euro in 2015 on loans granted to Sonae Capital Brasil, Ltda and Imomuro – Sociedade Imobiliária, SA) (note 21).

As at 31 December 2016 and 2015 the other loans granted are no past due.

The caption Other debtors includes a receivable amount of 40,000 euro related to the sale of Solférias – Operadores Turísticos, SA to an unrelated company (notes 6 and 9). This amount is expected to be received, in 16 May 2018.

This caption also includes a receivable amount related to the sale of a subsidiary, for which an impairment was recorded in previous years in the amount of 2,450,000 euro (2015: 2,450,000 euro) (note 21).

9 OTHER DEBTORS

As at 31 December 2016 and 2015, this caption is as follows:

	31.December.2016	31.December.2015
Short term loans (note 33)	1,564,872,949	2,062,612,216
Interests charged but not received	30,448,655	20,752,285
Taxes - Special Regime for taxation of groups of companies	5,149,159	13,148,034
Additionnal tax payment	17,721	17,721
Special program for debt reduction to tax authorities (PERES) (DL 67/2016, 3 November)	1,002,114	-
Special regime for payment of tax and social securaty debts (DL 248-A/2002, 14 November)	2,795,019	2,795,019
Special regime for payment of tax and social securaty debts (DL 151-A/2013, 31 October)	788,298	788,298
Receivables on the sale of investments	575,714	2,482,072
Others	78,992	63,200
	1,605,728,621	2,102,658,845

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

The amount of 5,149,159 euro (13,148,034 euro as at 31 December 2015) recorded in the caption Taxes - special regime for taxation of groups of companies, 1,540,494 euro (1,613,472 euro as at 31 December 2015) are related to income tax of previous periods relates to amounts to be received from subsidiaries (included in the above mentioned taxation regime), while the Company was dominant. The remainder amount of 3,608,665 euro (11,534,562 euro as at 31 December 2015) is related to the income tax for the period receivable according Special Regime for taxation of groups of companies, which Sonae, SGPS, SA is dominant from 2014.

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 of 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 amount of 575,714 euro recorded under the caption Receivables on the sale of investments is related to the sale of Raso, SGPS, SA to a unrelated company which receive will occurs in 21 March 2017 and 40,000 is related to the sale of Solférias – Operadores Turísticos, SA which receive will occurs in 16 May 2017 (note 8).

There were no past due assets thus no impairment loss was recognized as at 31 December 2016 and 2015. The fair value of loans granted is similar to its carrying amount.

10 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2016 and 2015, taxes recoverable and taxes and contributions payable are made up as follows:

	31.December.2016	31.December.2015
Income tax	8,362,480	8,323,773
Others	120	-
Assets	8,362,600	8,323,773

	31.December.2016	31.December.2015
Income tax	1,893,202	1,893,202
Value added tax	24	19
Social security	719	630
Withholding tax	3	12,951
Others	-	14,999
Liabilities	1,893,948	1,921,801

The amount recorded under the caption Assets is related to income tax receivables, still not reimbursed.

11 OTHER CURRENT ASSETS

As at 31 December 2016 and 2015, the caption Other current assets can be detailed as follows:

	31.December.2016	31.December.2015
Interests receivable	2,377,105	6,383,417
Indemnity interests	187,030	187,030
Guarantees	338,179	337,463
Others	45,000	164,475
Accrued income	2,947,314	7,072,385
Insurances	171,091	165,859
Costs with credit facilities	1,418,335	954,321
Others	5,319	-
Prepayments	1,594,745	1,120,180
	4,542,059	8,192,565

12 CASH AND CASH EQUIVALENTS

As at 31 December 2016 and 2015, cash and cash equivalents can be detailed as follows:

	31.December.2016	31.December.2015
Bank deposits	215,967	131,553
Cash and cash equivalents on the balance sheet	215,967	131,553
Bank overdrafts	(2,557,707)	(12,453,599)
Cash and cash equivalents on the cash flow statement	(2,341,740)	(12,322,046)

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

13 SHARE CAPITAL

As at 31 December 2016, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares (1,000,000,000 as at 31 December 2015), with a nominal value of 1 euro each.

As at 31 December 2016 and 2015 a subsidiary company, Sonae MC – Modelo Continente, SGPS, SA, held 100,000,000 Sonae Investimentos shares. These shares are considered as treasury shares under the Commercial Companies Code, reason why the underlying rights to these shares are suspended.

As deliberated in the Shareholders Annual General Meeting held on 29th April 2016, the net profit for the year ended 31st December 2015, in the amount of 20,156,409 euro, was transferred to retained earnings and has been deliberated transferred an amount of 22,356,729 euro to other reserves. It has been also deliberated distributed dividends in the amount of 40,000,000 euro.

As at 31 December 2016 and 2015, the subscribed share capital was held as follows:

	31.December.2016	31.December.2015
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%

As at 31 December 2016 Efanor Investimentos, SGPS, SA and affiliated companies held 52.48% of Sonae's share capital. Sonae held directly or indirectly 100% of the company.

14 LEGAL RESERVE

The company has set up legal reserves in accordance with Commercial Companies Code.

15 HEDGING RESERVES, FAIR VALUE RESERVES AND OTHER RESERVES

As at 31 December 2016 and 2015, the other reserves detail is as follows:

	31.December.2016	31.December.2015
Legal Reserves in accordance with article 324 of Commercial Companies Code	320,000,000	320,000,000
Supplementary capital	372,000,000	372,000,000
Other reserves	895,734,790	958,091,519
	1,587,734,790	1,650,091,519

Following the custody of Sonae Investimentos SGPS, SA shares by a subsidiary company, free reserves amounting to the cost of the above mentioned shares were made unavailable, under article 324 of the Commercial Companies Code. The distribution of this reserve depends on the termination or disposal of the treasury shares.

16 BORROWINGS

As at 31 December 2016 and 2015, this caption included the following loans:

	31.December.2016	31.December.2015
Bonds Sonae Investimentos / 2012/2017	-	95,000,000
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	-
Bonds Sonae Investimentos / September 2016/2021	12,000,000	-
Up-front fees not yet charged to income statement	(1,993,142)	(2,329,027)
Bond loans	310,006,858	297,670,973
Commercial paper	121,000,000	160,000,000
Bank loans	121,000,000	160,000,000
Non-current loans	431,006,858	457,670,973
Bonds Sonae Investimentos / 2012/2017	-	50,000,000
Bonds Sonae Investimentos / 2016/2021	3,000,000	-
Up-front fees not yet charged to income statement	(1,483)	(37,920)
Bond loans	2,998,517	49,962,080
Commercial paper	148,000,000	60,000,000
Bank overdrafts (note 12)	2,557,707	12,453,599
Bank loans	150,557,707	72,453,599
Current loans	153,556,224	122,415,679

The carrying value from all the loans does not differ significantly from its fair value. The calculation method used for estimating the fair value of loans is based on the discounted cash flows model. All loans mentioned bear interest at variable rates indexed to market benchmarks.

Loans and interests shall be reimbursed as follows:

	31.December.2016		31.December.2015	
	Capital	Interests	Capital	Interests
2016	153,557,707	7,884,057	122,453,599	14,941,028
2017	60,500,000	6,468,024	175,000,000	9,452,231
2018	10,500,000	5,522,376	50,000,000	5,204,924
2019	163,000,000	4,741,014	30,000,000	3,619,094
2020	199,000,000	1,560,751	205,000,000	2,458,518
	586,557,707	26,176,222	582,453,599	35,675,795

As at 31 December 2015 there are financial covenants included in borrowing agreements at market conditions, and which at the date of this report are in regular compliance.

As at 31 December 2016 and 2015 in addition to the amounts in cash and its equivalents (note 12) the company was available credit facilities in order to manage liquidity risk that can be summarized as follows:

	31.December.2016		31.December.2015	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Agreed credit facilities amounts	203,000,000	456,000,000	118,000,000	500,000,000
Available credit facilities amounts	52,442,293	335,000,000	45,546,401	340,000,000

The interest rate as at 31 December 2016 of the bonds and bank loans was, on average, 1.43% (2.73% as at 31 December 2015).

17 OTHER NON-CURRENTS LIABILITIES

As at December 2016 and 2015, this caption is as follows:

	31.December.2016	31.December.2015
Loans granted	400,000,000	400,000,000
Other debtors	-	234,375
	400,000,000	400,234,375

As at 31 December 2015 and 2014 this caption includes a subordinate bond loan, repayable in 10 years issued by Sonae Investimentos at market conditions. On 28 December 2010 amounting to 400,000,000 euro, relating 8,000 bonds with nominal value of 50,000 euro each, bearing fixed interest rates, with full reimbursement in the end of the loan period.

As at 31 December 2016 the fair value of this bond loan is 52,994 euro (56,404 euro as at 31 December 2015) per bond, and was determined based on discounted cash flows method using a reference interest rate for the transaction between Sonae SGPS, SA, Sonae Investments, BV ans Sontel, BV.

As of December 31, 2016, Sontel, BV held all the bonds (in 2015 Sonae, SGPS, SA and Sonae Investments, BV held 6,948 and 1,052 bonds respectively).

18 TRADE ACCOUNTS PAYABLE

As at 31 December 2016 and 2015 the trade accounts payable caption presents amounts payable within 90 days, arising on the normal course of activity.

19 OTHER CREDITORS

As at 31 December 2016 and 2015, this caption is as follows:

	31.December.2016	31.December.2015
Group companies:		
Short term loans (note 33)	562,219,082	1,187,413,386
Taxes - Special Regime for taxation of groups of companies	4,532,087	14,023,723
Payables on the acquisitions of investements	268,175	634,362
Others	33,773	1,014,963
	567,053,117	1,203,086,434

The amount of 4,532,087 euro recorded in the caption “Taxes-special regime for taxation of groups of companies”, (6,150,380 euro as at 31 December 2015), relates to the tax of previous periods from its subsidiaries, in which the Company was dominant until 2013.

From the amount recorded as at 31 December 2015, 7,873,343 euro corresponds to the amount of tax for the year ended 31 December 2015 determined according to the “Taxes-special regime for taxation of groups of companies” to pay to the dominant entity which is Sonae, SGPS since 2014.

The amount of 268,175 euro (634,362 euro as at 31 December 2015) recorded in payables on the acquisitions of investments is related to the amount owed for the acquisition of Elergone Energia, Lda.

20 OTHER CURRENT LIABILITIES

As at 31 December 2016 and 2015 other current liabilities were made up as follows:

	31.December.2016	31.December.2015
Accrued interests	1,618,268	4,344,446
Guarantees	1,372,154	1,265,146
Others	334,574	534,847
Accruals	3,324,996	6,144,439

21 ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses for the year ended as at 31 December 2016 are as follows:

	Opening balance	Increases	Decreases	Transfers	Closing balance
Investments impairment (notes 6 and 24)	106,117,697	8,200,000	12,900,535	5,876,115	107,293,277
Other non-current assets impairment (notes 8)	11,568,031	-	-	(5,876,115)	5,691,916

The increases and decreases in the caption Investments were recorded in the income statement in the caption Investments income / losses.

22 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2016 and 2015 the contingent liabilities were detailed as follows:

	31.December.2016	31.December.2015
Guarantees rendered:		
related to tax claims awaiting outcome		
Guarantees provided by financial institutions	86,763,780	86,763,780
Guarantees provided by parent company	255,152,531	255,152,531
related to local and municipal claims awaiting outcome	-	28,938
others	12,403,113	10,633,113
Guarantees given in favour of subsidiaries (a)	62,888,849	62,926,569

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.

Within the framework of regularization of tax debts to Tax Authorities (Outstanding Debts Settlement of Tax and Social Security - Decree of Law DL 248-A/2002, DL 151-A/2013 and DL67/2016), the Company made tax payments in the amount of 6,785,751 euro (5,783,637 euro as at 31 December 2015), having the respective guarantees been canceled and the related tax appeals continued in courts.

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.

23 RELATED PARTIES

Main balances and transactions with related parties as at 31 December 2016 and 2015 are detailed as follows:

Balance:	31.December.2016	31.December.2015
Shareolders	3,671,763	11,600,933
Subsidiaries	34,701,540	29,131,749
Associated companies	9,545	77,645
Accounts receivable	38,382,848	40,810,327
Shareolders	1,372,154	9,494,044
Subsidiaries	5,165,471	8,344,335
Associated companies	-	511,213
Other related parties	355,747	191
Accounts payable	6,893,372	18,349,783
Subsidiaries	2,716,543,747	3,262,315,137
Associated companies	651,119	2,928,832
Loans granted	2,717,194,865	3,265,243,969
Shareolders (note 17)	-	400,000,000
Subsidiaries	562,219,082	1,187,413,386
Other related parties (note 17)	400,000,000	-
Loans obtained	962,219,082	1,587,413,386

Transactions:	31.December.2016	31.December.2015
Shareolders	1,426,728	1,367,907
Subsidiaries	-	327
Associated companies	25,494	21,707
Other related parties	139	141
Purchases and services obtained	1,452,361	1,390,082
Shareolders	64,684	67,166
Subsidiaries	300,162	467,261
Associated companies	-	28
Other income	364,847	534,455
Shareolders	-	1,661
Subsidiaries	59,506,501	78,973,519
Associated companies	89,745	341,041
Interest income	59,596,245	79,316,221
Shareolders	33,673,053	34,255,426
Subsidiaries	13,346,715	12,077,836
Other related parties	467,448	72,256
Interest expenses	47,487,216	46,405,518
Subsidiaries	114,810	113,299
Dividend income	114,810	113,299
Subsidiaries	8,719,151	43,398,639
Income from Investment Fund Participation Units	8,719,151	43,398,639
Subsidiaries	132,697,871	99,952,690
Financial investments sales	132,697,871	99,952,690
Subsidiaries	50,000	1,015,106,000
Financial investments acquisition	50,000	1,015,106,000

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 the period, the Company obtained loans from Sonae, SGPS, SA amounting to 2,274,217,272 euro (2,503,169,900 euro as at 31 December 2015) having been repaid 2,274,217,272 euro during the year (2,503,169,900 euro as at 31 December 2015).

In 2016 and 2015 did not occur any transactions including granted loans with the Company's Directors.

During 2016 and 2015 no remuneration was attributed to Board of Directors by the company.

As at 31 December 2016 and 2015 there were no balances with Company's Directors.

24 INVESTMENT INCOME / LOSSES

As at 31 December 2016 and 2015 investment income or losses is as follows:

	31.December.2016	31.December.2015
Dividends:		
Sonaegest - Soc. Gest. de Fundos de Investimentos, SA	114,810	113,299
	114,810	113,299
Income of financial investments:		
Fundo de Investimento Imobiliário Fechado Imosede	3,239,706	2,633,848
Fundo de Investimento Imobiliário Imosonae Dois	5,479,445	40,764,791
	8,719,151	43,398,639
Impairment reverse /(losses) (note 6 and 21):		
Bertimóvel - Sociedade Imobiliária, SA	700,000	-
Canasta - Empreendimentos Imobiliários, SA	1,557,375	-
Cumulativa - Sociedade Imobiliária, SA	945,191	-
Imomuro - Sociedade Imobiliária, SA	7,436,055	(6,930,000)
MDS, SGPS, SA	(8,200,000)	(9,570,000)
Modelo Hiper Imobiliária, SA	642,516	-
MJLF - Empreendimentos Imobiliários, SA	1,619,397	-
Sonae MC - Modelo Continente, SGPS, SA	-	(63,300,000)
Sonae Capital Brasil, SA	-	(3,538,687)
Raso, SGPS, SA	-	2,262,690
	4,700,534	(81,075,997)
Investments disposal income / (losses):		
Azulino - Imobiliária, SA	1,048,253	-
Bertimóvel - Sociedade Imobiliária, SA	11,139,405	-
Canasta - Empreendimentos Imobiliários, SA	4,068,995	-
Citorres - Sociedade Imobiliária, SA	5,879,403	-
Cumulativa - Sociedade Imobiliária, SA	5,119,443	-
Fozimo – Sociedade Imobiliária, SA	1,582,033	-
Fundo de Investimento Imobiliário Imosonae Dois	2,780,707	18,522,869
Iginha – Sociedade Imobiliária, SA	13,816,785	-
Imoestrutura - Sociedade Imobiliária, SA	462,670	-
Imomuro - Sociedade Imobiliária, SA	(7,434,591)	-
Imoresultado – Sociedade Imobiliária, SA	152,114	-
MJLF - Empreendimentos Imobiliários, SA	2,104,317	-
Modelo Hiper Imobiliária, SA	1,077,836	-
Predicomercial - Promoção Imobiliária, SA	10,899,005	-
Predilugar - Sociedade Imobiliária, SA	1,617,925	-
Raso, SGPS, SA	-	(6,526,514)
Socijofra - Sociedade Imobiliária, SA	10,489,116	-
Solifèrias - Operadores Turísticos, SA	(13,162)	-
Valor N, SA	1,609,345	-
	66,399,599	11,996,355
	79,934,094	(25,567,704)

25 Financial income / expenses

As at 31 December 2016 and 2015, net financial expenses are as follows:

	31.December.2016	31.December.2015
Interest receivable		
related to bank deposits	11,479	10,755
related to lans granted	59,596,245	79,668,416
Others	26,024	182,326
Other financial income	682,837	5,972,750
Financial income	60,316,585	85,834,247
Interest payable		
related to bank deposits and overdrats	(2,568,943)	(1,762,880)
related to non convertible bonds	(9,344,504)	(16,327,731)
related to loans obtained	(47,487,216)	(46,405,518)
Others financial expenses		
Up front fees on the issuance of debt	(4,246,824)	(5,613,728)
Others	(9,426)	(8,330)
Financial expenses	(63,656,913)	(70,118,187)

26 Other income

As at 31 December 2016 and 2015, other income is as follows:

	31.December.2016	31.December.2015
Recovery of charges	21,535	188,699
Guarantees	352,009	364,980
Other income	9,712	26,558
	383,256	580,237

27 External supplies and services

As at 31 December 2016 and 2015, external supplies and services are as follows:

	31.December.2016	31.December.2015
Specialized services	153,880	63,103
Bank services	1,106,600	1,134,593
Insurance	504,897	613,097
Legal support	31,270	17,425
Guarantees	1,426,728	1,367,907
Other services	1,634	1,240
	3,225,009	3,197,365

28 Other expenses

As at 31 December 2016 and 2015 the amount disclosed as Other expenses, was essentially related to indirect taxes.

29 INCOME TAX

Income tax charge for the year ended 31 December 2016 and 2015 is made up as follows:

	31.December.2016	31.December.2015
Current tax	(3,668,390)	7,377,193
Deferred tax	(802,715)	-
Total	(4,471,105)	7,377,193

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2016 and 2015 is as follows:

	31.December.2016	31.December.2015
Profit before income tax	73,638,921	(12,779,216)
Income tax rate	21.00%	21.00%
	15,464,173	(2,683,635)
Impairment losses not accepted for tax purposes	1,722,000	18,970,715
Reversal of impairment losses not accepted for tax purposes	(2,709,112)	(1,944,756)
Under/(over) taxation estimates	(3,668,390)	(496,150)
Difference between capital (losses)/gains for accounting and tax purposes	(15,262,767)	(8,164,288)
Effect of non-tributable dividends	(24,110)	(23,793)
Others	7,101	7,037
Other taxes	-	1,712,063
Income tax	(4,471,105)	7,377,193

30 EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2016 and 2015 were calculated taking into consideration the following amounts:

	31.December.2016	31.December.2015
Net Profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	78,110,026	(20,156,409)
Net profit taken into consideration to calculate diluted earnings per share	78,110,026	(20,156,409)
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)	0.0868	(0.0224)

31 CASH RECEIPTS / PAYMENTS ARISING FROM INVESTMENTS

During 2016 and 2015, the following receipts and payments occurred:

Investment activities:

Companies	31.December.2016 Investments / (Divestments)	Amount received	Amount paied
Elergone - Energia Lda	-	-	600,561
MOVVO, SA	550,001	-	2,260,746
Soliférias - Operadores Turísticos, SA	(120,000)	40,000	-
	430,001	40,000	2,861,307

Companies	31.December.2015 Investments / (Divestments)	Amount received	Amount paied
Elergone - Energia Lda	1,118,737	-	250,000
	1,118,737	-	250,000

Financing activities:

Companies	31.December.2016 Investments / (Divestments)	Amount received	Amount paied
Azulino - Imobiliária, SA	(1,546,279)	1,546,279	-
Bertimóvel - Sociedade Imobiliária, SA	(13,404,405)	13,404,405	-
Canasta - Empreendimentos Imobiliários, SA	(5,738,370)	5,738,370	-
Citorres - Sociedade Imobiliária, SA	(6,357,251)	6,357,251	-
Cumulativa - Sociedade Imobiliária, SA	(7,509,634)	7,509,634	-
Fozimo – Sociedade Imobiliária, SA	(1,606,973)	1,606,973	-
Fundo de Investimento Imobiliário Imosonae Dois	(30,162,652)	30,162,651	-
Fundo de Investimento Imobiliário Imosonae Dois	47,053	-	47,054
Iginha – Sociedade Imobiliária, SA	(15,175,785)	15,175,785	-
Imoestrutura - Sociedade Imobiliária, SA	(487,610)	487,610	-
Imomuro - Sociedade Imobiliária, SA	(1,125,349)	1,125,349	-
Imomuro - Sociedade Imobiliária, SA	7,000,000	-	7,000,000
Imoresultado – Sociedade Imobiliária, SA	(261,850)	261,850	-
MCCARE, Serviços de Saúde, SA	50,000	-	50,000
MJLF - Empreendimentos Imobiliários, SA	(3,913,714)	3,913,714	-
Modelo Hiper Imobiliária, SA	(11,733,000)	11,733,000	-
Ponto de Chegada - Promoção Imobiliária, SA	2,050,000	-	2,050,000
Predicomercial - Promoção Imobiliária, SA	(17,271,298)	17,271,298	-
Predilugar - Sociedade Imobiliária, SA	(1,667,925)	1,667,925	-
Raso, SGPS, SA	-	2,500,000	-
SFS - Serviços de Gestão e Marketing, SA	50,000	-	50,000
Socijofra - Sociedade Imobiliária, SA	(11,039,116)	11,039,116	-
Sonae Financial Services, SA	5,000,000	-	5,000,000
Valor N, SA	(3,696,660)	3,696,660	-
	(118,500,818)	135,197,870	14,197,054

Companies	31.December.2015 Investments / (Divestments)	Amount received	Amount paied
Fundo de Investimento Imobiliário Fechado Imosede	34,082,452	-	34,082,452
Fundo de Investimento Imobiliário Imosonae Dois	4,243	-	4,243
Fundo de Investimento Imobiliário Imosonae Dois	(99,952,690)	99,952,690	-
Imomuro - Sociedade Imobiliária, SA	130,000	-	130,000
Modelo.Com - Vendas por Correspondência,SA	-	13,132,800	-
MOVVO, SA	591,315	-	591,315
Raso, SGPS, SA	43,262,690	-	43,262,690
Raso, SGPS, SA	(32,037,500)	29,000,000	-
Sonae Financial Services, SA	11,980,000	-	11,980,000
Sonae MC - Modelo Continente, SGPS, SA	1,015,106,000	-	1,015,106,000
Sonae - Specialized Retail, SGPS, SA	-	1,422,625,000	-
	973,166,510	1,564,710,490	1,105,156,700

32 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 18 April 2017. These financial statements will be presented to the Shareholders' General Meeting for final approval.

33 INFORMATION REQUIRED BY LAW

Decree-Law nr 318/94 art 5 nr 4

During the period ended as at 31 December 2016 shareholders' loan contracts were signed with the following companies:

Azulino - Imobiliária, SA

Canasta - Empreendimentos Imobiliários, SA

Citorres - Sociedade Imobiliária, SA

Cumulativa - Sociedade Imobiliária, SA

Fozimo - Sociedade Imobiliária, SA

Iginha - Sociedade Imobiliária, SA

Imoestrutura - Sociedade Imobiliária, SA

Imomuro - Sociedade Imobiliária, SA

Imoresultado - Sociedade Imobiliária, SA

MJLF - Empreendimentos Imobiliários, SA

Ponto de Chegada - Sociedade Imobiliária, SA

Predilugar - Sociedade Imobiliária, SA

Selifa - Sociedade de Empreendimentos Imobiliários, SA

Socijofra - Sociedade Imobiliária, SA

Sonae Capital Brasil, Ltda

Sonae Center Serviços II, SA

Valor N, SA

During the period ended as at 31 December 2016, treasury application agreements were signed with the following companies:

Azulino - Imobiliária, SA

BB Food Service, SA

Bertimóvel - Sociedade Imobiliária, SA

Bom Momento - Restauração, SA

Canasta - Empreendimentos Imobiliários, SA

Chão Verde - Sociedade de Gestão Imobiliária, SA

Citorres - Sociedade Imobiliária, SA

Contimobe – Imobiliária do Castelo de Paiva, SA

Continente Hipermercados, SA

Cumulativa - Sociedade Imobiliária, SA

Discovery Sports, SA

Efanor Investimentos, SGPS, SA

Elergone Energia, Lda

Farmácia Selecção, SA

Fashion Division, SA

Fozimo - Sociedade Imobiliária, SA

Igimo - Sociedade Imobiliária, SA

Iginha - Sociedade Imobiliária, SA

Imoestrutura - Sociedade Imobiliária, SA

Imomuro - Sociedade Imobiliária, SA

Imoresultado - Sociedade Imobiliária, SA

Imosistema- Sociedade Imobiliária, SA

Infofield – Informática, SA

Modelo Continente Hipermercados, SA

Modelo Hiper Imobiliária, SA

MJB – Design, Lda

MJLF - Empreendimentos Imobiliários, SA

Modalfa – Comércio e Serviços, SA

Modalloop – Vestuário e Calçado, SA

Pharmaconcept – Actividades em Saúde, SA

Pharmacontinente – Saúde e Higiene, SA

Ponto de Chegada - Sociedade Imobiliária, SA

Predilugar - Sociedade Imobiliária, SA

Predicomercial - Promoção Imobiliária, SA

SDSR – Sport Division SR, SA

Selifa - Sociedade de Empreendimentos Imobiliários, SA

Sesagest - Projectos e Gestão Imobiliária, SA

Sempre à Mão - Sociedade Imobiliária, SA

Socijofra - Sociedade Imobiliária, SA

Sociloures - Sociedade Imobiliária, SA

Sonae Financial Services, SA

Sonae Center Serviços II, SA

Sonaecenter, Serviços, SA

Sonae MC - Modelo Continente, SGPS, SA

Sonae SGPS, SA

Sonaerp – Retail Properties, SA

Sonaesr – Serviços e Logística, SA

Sondis - Sociedade Imobiliária, SA

Textil do Marco, SA

Tlantic Portugal – Sistemas de Informação, SA

Valor N, SA

Worten – Equipamentos para o Lar, SA

Zippy - Comércio e Distribuição, SA

Zyevolution – Investigação e Desenvolvimento, SA

As at 31 December 2016 amounts owed by subsidiaries can be detailed as follows:

Companies	31.December.2016
Azulino - Imobiliária, SA	150,000
Canasta - Empreendimentos Imobiliários, SA	113,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	3,076,000
Citorres - Sociedade Imobiliária, SA	115,000
Cumulativa - Sociedade Imobiliária, SA	72,000
Discovery Sports, SA	206,000
Elergone - Energia Lda	940,000
Fashion Division, SA	29,230,000
Fozimo – Sociedade Imobiliária, SA	25,000
Igimo – Sociedade Imobiliária, SA	81,000
Iginha – Sociedade Imobiliária, SA	508,000
Imoestrutura - Sociedade Imobiliária, SA	54,000
Imomuro - Sociedade Imobiliária, SA	140,000
Imoresultado – Sociedade Imobiliária, SA	59,000
Imosistema - Sociedade Imobiliária, SA	13,000
MJB - Design, Lda	941,000
MJLF - Empreendimentos Imobiliários, SA	85,000
Modalfa - Comércio e Serviços, SA	5,853,971
Modalloop - Vestuário e Calçado, SA	313,000
Modelo Continente Hipermercados, SA	578,744,000
MDS SGPS, SA	651,119
Ponto de Chegada - Promoção Imobiliária, SA	4,469,000
Predilugar - Sociedade Imobiliária, SA	238,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	1,556,169
Sempre à Mão - Sociedade Imobiliária, SA	359,000
Socijofra - Sociedade Imobiliária, SA	264,000
Sociloures - Sociedade Imobiliária, SA	179,000
Sonae Capital Brasil, Ltda	6,200,628
Sonae Center Serviços II, SA	46,152,000
Sonae MC - Modelo Continente, SGPS, SA	1,994,960,000
Sonaerp - Retail Properties, SA	39,655,478
Sondis Imobiliária, SA	313,000
Valor N, SA	251,000
Zippy - Comércio e Distribuição, SA	841,500
Zyevolution Investigação e Desenvolvimento, SA	386,000
	2,717,194,865

The amounts due to group companies as at 31 December 2016 related to the mentioned contracts were the following:

Companies	31.December.2016
BB Food Service, SA	761,000
Bertimóvel - Sociedade Imobiliária, SA	12,462,000
Bom Momento - Comercio Retalhista, SA	216,000
Continente Hipermercados, SA	189,186,082
Contimobe - Imobiliária do Castelo de Paiva, SA	2,307,000
Farmácia Selecção, SA	701,000
Infofield - Informática, SA	661,000
Modelo Hiper Imobiliária, SA	4,489,000
Pharmaconcept - Actividades em Saúde, SA	5,000
Pharmacontinente - Saúde e Higiene, SA	4,201,000
Predicomercial - Promoção Imobiliária, SA	19,248,000
SDSR - Sports Division SR, SA	111,200,000
Sesagest - Projectos e Gestão Imobiliária, SA	37,868,000
SonaeSR - Serviços e Logística, SA	2,361,000
Têxtil do Marco, SA	1,311,000
Tlantic Portugal - Sistemas de Informação, SA	44,000
Worten - Equipamentos para o Lar, SA	175,198,000
	562,219,082

Article 66 A of Commercial Companies Code

The information regarding the Statutory Auditor Fees' is disclosed on the Management Report.

Approved at the meeting of the Board of Directors held on April 18th 2017.

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Luís Miguel Mesquita Soares Moutinho

Luís Miguel Vieira de Sá da Mota Freitas

Luís Filipe Campos Dias de Castro Reis

Statutory Audit and Auditors' Report

STATUTORY AUDIT CERTIFICATION AND AUDIT REPORT

(Translation of a report originally issued in Portuguese
In the event of discrepancies, the Portuguese language version prevails)

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and separate financial statements of Sonae Investimentos, SGPS, S.A. ("the Entity") and of its subsidiaries ("the Group"), which comprise the consolidated and separate statement of financial position as at 31 December 2016 (that presents total consolidated and separate assets of Euro 3.748.115.638 and Euro 4.393.661.347, respectively; consolidated and separate equity of Euro 792.184.533 and Euro 2.836.785.082, respectively, including a net profit attributable to the Entity's shareholders of Euro 80.471.632 and an Entity's net profit of Euro 78.110.026, respectively), the consolidated and separate statements of profit and loss, the consolidated and separate statements of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the accompanying notes to the consolidated and separate financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present true and fairly, in all material respects, the consolidated and separate financial position of Sonae Investimentos, SGPS, S.A. as at 31 December 2016 and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further standards, technical and ethical directives of the Portuguese Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated and separate financial statements" section below. We are independent from the entities that constitute the Group in the terms of the law and we have fulfilled our other ethical responsibilities arising from the requirements of the ethical code of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas").

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Applicable to consolidated financial statements

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
Impairment of Goodwill and other non-current assets (Notes 2.2, 2.8, 2.12 a), 8, 11, and 32 to the consolidated financial statements)	
As at 31 December 2016, the carrying amount of goodwill amounts to 542 million Euro, tangible assets to 1,607 million Euro and intangible assets to 333 million Euro. As disclosed in Notes 2.2 and 2.8, the Group recognizes impairment losses when the recoverable amount of a given asset or group of assets is lower than its carrying amount.	Our audit procedures included, in this area, the evaluation of relevant controls in relation with the assessment of impairment indicators in what relates with non-current assets, analysis of the recoverability of Goodwill and of cash generating units with Goodwill associated, as well as review of the impairment tests, in the cases where impairment indicators in non-current assets were identified by the Group.

<table>
<tr><th>Description of the most significant risks of material misstatement identified</th><th>Summary of the auditor’s responses to the assessed risks of material misstatement</th></tr>
<tr><td>The impairment tests involve complex judgements, based on business plans, which are supported in assumptions, such as discount rates, forecasted margins, short term and long term growth rates, capital expenditure plans as well as the demand behaviour.

In some situations, namely for real estate assets, the group estimates fair value less costs to sell, essentially by the use of valuations performed by specialists. Such valuations are also based on several assumptions.

As a result of the analysis performed, the Group recognized on its consolidated financial statements as at 31 December 2016, impairment losses on tangible assets in the amount of 9,2 million Euro (Note 32).</td><td>In what concerns the estimate of the recoverable amount used by the Group in impairment evaluation, our procedures included:

• review of the criteria used by the Group to determine cash generating units;

• obtaining the valuation models used to determine the recoverable amount of each cash generating unit and test the clerical correction of those models;

• review of the methodology used by the Group to determine the value in use, namely its compliance with applicable accounting standards;

• assessing the assumptions used in the referred models, involving, whenever deemed necessary Deloitte specialists to challenge those assumptions, namely discount rates, short term and long term growth rates used, in addition to projected cash flows;

• meeting with management and other officers responsible for the preparation of the valuation models;

• performing sensitivity analysis on key assumptions in order to assess the model used and its forecasts.

For the assets that were measured at fair value based on market values, we assessed the assumptions used, namely lease income and yields used by the Group and its specialists, as well as assessed the adequacy of the methodologies used comparing this year valuations with the ones provided in previous periods.

We evaluated the adequacy of disclosures made in relation with this matter.</td></tr>
<tr><td colspan="2">Recoverability of non-current assets and deferred tax assets of retail operations in Spain
(Notes 6.1, 8 and 19 to the consolidated financial statements)</td></tr>
<tr><td>As at 31 December 2016 the Group maintains recognized, approximately, 14 million Euro of deferred tax assets related with its retail operations in Spain (Note 19), having reversed, approximately, 28 million Euro of deferred tax assets in the 4th quarter of 2016. Additionally, the group maintains approximately, 111 million Euros of non-current assets in that country (Note 6.1).

In the last years, the Group restructured its store concept in Spain (Note 8).

The recoverability of the above mentioned assets depends on the success of the restructuring operations performed and the accomplishment of the established business plans forecast. The analysis of the recoverability of these assets involves a high level of judgement and uncertainty, namely considering the losses recorded in previous years by the retail operations in Spain as well as the long estimated period to recover the deferred tax assets (10 years) (Note 19).

For the above mentioned factors we consider this as a key audit matter.</td><td>We obtained management documentation supporting the recoverability of deferred tax assets arising on tax losses carried forward of retail operations in Spain. We performed, among others, the following procedures:

• tested the arithmetical accuracy of the estimate and its compliance with Spanish tax rules;

• verified the consistency of the plan used to support the recoverability of deferred tax assets with the business plans for each business in Spain for the purpose of impairment testing;

• reviewed the main developments of the Group tax claims in Spain related with tax losses carried forward from previous years, for which no deferred tax asset is recognized, as well as assessed the impacts of such developments in future taxable profits of the Group in Spain;

• performed a specific analysis over the Spanish operations, namely verifying the capacity of the companies taxed under the consolidated tax regime to generate sufficient taxable income to offset the tax losses carried forward for which deferred tax assets have been recognized;

• assessed the main assumptions used by management regarding retail operations in Spain.</td></tr>
<tr><td colspan="2">Commercial income from suppliers
(Notes 2.10, 18 and 38 to the consolidated financial statements)</td></tr>
<tr><td>As described in Notes 2.10 and 38 to the consolidated financial statements, the Group, through its retail operations, signs a significant number of agreements with suppliers from which obtains commercial income.

Commercial income from suppliers are an area of focus due to the quantum, complexity and the number of transactions recorded.</td><td>Our audit procedures in this area included the analysis of the design and implementation of controls over commercial income as well as the assessment of operating effectiveness of identified key controls.

The analysis of operating effectiveness of controls implemented by the Group includes not only the analysis of procedures established over the agreements, its existence, approval and proper agreement with suppliers, but also internal controls over information systems and interfaces supporting the computation of income, namely on volume</td></tr>
</table>

Description of the most significant risks of material misstatement identified	**Summary of the auditor's responses to the assessed risks of material misstatement**
Generically, commercial income has two main natures: (i) volume based discounts being recorded as a deduction to cost of sales. Determining the applicable volume of purchases made or to be made during the year, and the range of criteria on the determination of the products targeted for each specific discount, increases significantly the complexity of the calculations of the referred agreements; (ii) related with promotional agreements linked with specific actions, placement of articles in stores, based on sales made to final customers, among other natures, but not directly related to the purchase of inventory, which are recognized as "Other operating income" (Note 38). The accounting recognition of each nature implies the existence of written agreements, detailed analysis of the terms of such agreement, judgement regarding the classification and timing of recognition of the income, being supported in specific information systems with defined categories of commercial income, being its accounting treatment mainly daily and automatic based on the applicable categories. Given the nature of the operation, the materiality of the amounts involved, the judgement implicit in the recording and classification of the agreements made with suppliers, we consider the existence of a risk that the agreements are not being dully formalized or that the accounting of such agreements is not aligned with group accounting policies, hence we consider this area as a key audit matter.	based agreements, in order to assure the completeness and accuracy of data. Additionally, among others, we performed the following procedures: • several analytical procedures, namely involving the analysis of monthly changes in main captions, analysis of income over purchase ratios, comparing ratios with the ones verified in previous years; • for a sample of agreements, selected based on quantitative and qualitative criteria, we performed an evaluation of these agreements and verified that those were properly agreed with suppliers; • for the above mentioned samples, we independently computed the amount of discounts and compared it with accounting records, validating, when applicable, the amount of purchases used; • for that sample, we validated the adequacy of the accounting treatment used; • We also performed a sample over agreements accrued at year-end, verified the agreements and the proper cut off of income. Additionally, we performed specific cut-off procedures, namely through the analysis of subsequent credits; • Additionally, we performed procedures in order to identify unusual transactions, namely when considering its amount, standard accounting procedures of the Group or because of being manual adjustments to the common procedures to recognize commercial income. For those cases, including the situations where accrued income was recognized, we selected a larger sample considering the risk of distortion, assessed the nature of each case and obtained the reasoning for its recognition not to have followed the usual recognition procedures, as well as we have examined the support for income recognition. Besides the above mentioned procedures we obtained third party confirmation of balances for a sample of suppliers, chosen based on its relevance to the group purchases, as well as considering qualitative criteria identified by the audit team. We have reviewed, when applicable, the reconciliations obtained between information received and the group accounting records.

Net realizable value of Inventories
(Notes 2.10 and 14 to the consolidated financial statements)

As disclosed in Note 14, as at 31 December 2016, the Group presents, approximately, 696 million Euro of Inventories in its statement of financial position. The analysis of the net realizable value of those inventories is judgemental and its complexity is increased due to the fact that the inventories are scattered in more than 1,100 stores and in several warehouses, as well as from the fact that the Group operates stores in several retail areas, such as food, electronics, fashion and sports. The definition of criteria to identify items that might be signalled as obsolete or slow movers, and, consequently which net realisable value might be below its cost, as well as the criteria defined to adjust the cost of inventories are matters which require a significant amount of judgement, hence we consider the impariment of inventories as a key audit matter.	Our audit procedures comprise the analysis of the Group procedures in what concerns to the valuation of inventories, verifying its adequacy with the accounting policies, and included: • the analysis of the criteria defined by the Group to identify the slow moving or obsolete items, as well as the criteria to adjust its carrying amount to net realizable value; • testing the operating effectiveness in what concerns inventories, namely the adequate interface of the information systems used and the general computer controls applicable to those systems; • obtaining from the Group the internal analysis over the defined criteria, performing a comparison of the results of these criteria with recent historical information; • we have verified the correct arithmetical application of the defined criteria for a sample of random itens.

Tax contingencies
(Notes 2.11, 2.13, 2.14, 32 and 33 to consolidated financial statements)

As at 31 December 2016, the Group has a relevant number of uncertain tax positions with significant amounts being disputed in tax courts (Note 33), for which the Group granted warranties amounting to more than 980 million Euro (which considers tax amounts as well as other related expenses), part of which (557 million Euro) related to disputes of value	Our audit procedures, with the assistance of our tax specialists, in relation with additional tax assessments and tax disputes included the following: • we obtained from the tax department of the Group, for the significant subsidiaries of the Group, the list of tax disputes, as

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
added tax additional assessments ("VAT") on commercial income from suppliers, that tax authorities understand should be liable of VAT, as well as VAT deducted over discount vouchers deducted by non-corporate clients. The classification of the litigations as contingent liabilities or provisions, or its measurement in accordance with accounting standards on income taxes, are matters that imply a significant amount of judgement and uncertainty, hence being subject to error or inadequate assessment. Consequently we consider this as an area of focus in our audit.	well as of other tax litigation being questioned by tax authorities but that were not yet appealed by the Group; • for a sample of the main claims, based on qualitative and quantitative criteria, we obtained the assessment performed by the Group as well as the documentation of the claims; • for the above mentioned sample, we reviewed correspondence with tax authorities, reviewed the tax claims and appeals made by the Group to courts; • we discussed with the company the support and arguments used by the Tax Group department and that are the base of the positioning of management; • for the sample above, we independently reviewed the assumptions established by the Group as well as the level of risk attributed in the classification of the contingency, based on evidence and existence information related with analysed tax assessments; • We reviewed the disclosures on these matters.
Accounting treatment of significant and unusual transactions (Notes 5, 8 to the consolidated financial statements)	
During 2016, some significant unusual transactions were performed by the Group, namely the aquisition of Salsa Group (Note 5.1), and the finalization of the purchase price allocation process in relation with 2015 acquisition of Losan (Note 5.3), as well as several real estate sale and leaseback operations (Note 8). In June 2016, the Group acquired control over Group Salsa, through the acquisition of shares representing 50% of its share capital and performed a provisional purchase price allocation of the business combination (Note 5.1), recognizing Goodwill amounting to 43 million euro. During the year, the Group finalized the purchase price allocation to the identified assets, liabilities and contingent liabilities of Losan (Note 5.3), recognizing positive adjustments to the value of the net assets acquired amounting to, approximately, 18 million euro. Additionally, and as referred in Note 8, during the year, the Group proceeded with the sale and leaseback of a group of real estate assets recognized as tangible assets and as non current assets held for sale, as well as through the sale of a subsidiary (Note 5.2), with the subsequent operating lease of such assets, recognizing capital gains of approximately, 70 million euro (Notes 5.2 and 8). Considering the use of relevant estimates, the use of the fair value concept as well as the judgemental nature of the assessment of control as well as of the classification of leases and the materiality of the above operations, we consider the referred transactions as key audit matters.	Our audit procedures, regarding Salsa and Losan operations, comprised: • understanding the operations of the subsidiaries based on the information collected by the Group as well as based on the information reviewed with the component auditors; • analyzing the acquisition date statements of financial position as well as the process of purchase price allocation in each operation; • obtaining and reviewing the share purchase agreements supporting the business combinations as well as the shareholders agreements and companies by-laws established post acquisition; • obtaining the documentation supporting the purchase price allocation and review the assumptions used by management in the process. In what concerns the real estate sale and leaseback operations, our audit procedures included: • obtaining and reviewing the sale agreements of the referred assets as well as the corresponding lease contracts; • qualitative review of the criteria defined in the accounting standards for the purposes of classifying the lease; • review of the computation of the net present value of minimum lease payments, including the analysis of the lease term considered, and the estimate of incremental borrowing rate used for this purpose; For the mentioned transactions we have reviewed the disclosures made by the Group.

Applicable to separate financial statements

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
Impairment of investments in subsidiaries, joint ventures and associates (Notes 3.1,, 3.5.k) and 6 to the separate financial statements)	
As at 31 December 2016, in its separate financial statements, the Entity had financial investments measured at acquisition cost net of impairment losses, in the amount of 1,626 million euro.	Our analysis of the impairment test performed by the Entity, over its financial statements in subsidiaries and associates, measured at acquisition cost less impairment losses, as referred in Notes 3.5.k) and 6 of the separate financial statements as at 31 December 2016, is based on the procedures performed regarding impairment test of Goodwill for consolidated purposes, as well as on the analysis of the

As referred in Note 3.5.k), the Entity, at the date of each statement of financial position, evaluates the existence of impairment indicators in its financial investments in subsidiaries and associates, calculating, if applicable, an impairment loss, taking into consideration the fair value of its subsidiaries and associates estimated through the discounted cash flows method or based on the fair value of its net assets, if applicable. Considering the materiality of the referred assets to the separate financial statements and the level of estimate involved, we consider this area to be a key audit matter.	arithmetical accuracy of the tests performed by management and analysis of the remaining assumptions and methodologies used. We reviewed the adequacy of the disclosures performed.

Responsibilities of Management and Supervisor Body for the consolidated and separate financial statements

Management is responsible for:

- the preparation of consolidated and separate financial statements that present true and fairly, in all material respects, the financial position, the financial performance and the cash flows of the Group in accordance with IFRS as adopted by the European Union;
- the preparation of a management report, including a corporate governance report, under the applicable law and regulation;
- the implementation and maintenance of an appropriate internal control system that allows the preparation of financial statements that are free from material misstatements due to fraud or error;
- the adoption of accounting principles and criteria appropriate in the circumstances; and
- the evaluation of the Entity's and the Group's ability to continue as a going concern, disclosing, whenever applicable, the matters that may cast significant doubt on the continuity of its operations.

The Statutory Audit Board is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our responsibility consists in obtaining a reasonable assurance on whether the consolidated and separate financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

– evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

– obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;

– we communicate with those charged with governance, including the Statutory Audit Board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

– from the matters communicated with those charged with governance, including the Statutory Audit Board, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter;

– we provide the Statutory Audit Board with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes also the verification of the agreement between the information included in the Management report with the consolidated and separate financial statements and the verifications required in article 451, numbers 4 and 5, of the Portuguese Commercial Code ("Código das Sociedades Comerciais")

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management report

In compliance with article 451, number 3.e) of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), in our opinion, the Management report was prepared in accordance with the applicable law and regulations and the information included therein is in agreement with the audited consolidated and separate financial statements, and considering our knowledge and appreciation of the Group, we did not identify material misstatements.

About the Management report

In compliance with article 451, number 4, of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we conclude that the corporate governance report includes the elements required to the Entity under the terms of article 245-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material mistakes in the information disclosed in such report, which, accordingly, complies with the requirements of items c), d), f), h), i) and m) of that article.

About the additional elements included in article 10 of Regulation (UE) 537/2014

In compliance with article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of April 16th, 2014, and beyond the key audit matters mentioned above, we further report on the following:

– We have been appointed auditors of Sonae Investimentos, SGPS, S.A. (parent-company of the Group) in the shareholders' general meeting that took place on 29 May 2002 for a first complete mandate covering the period between 2002 and 2005, which has been successively renewed. We have been appointed in the shareholders' general meeting that took place on 29 April 2014 for the present mandate covering the period up to 2017.

- The Board of Directors confirmed to us that is unaware of the occurrence of any fraud or suspected fraud with a material effect in the financial statements. As part of the planning and execution of our audit in accordance with ISAs, we kept professional scepticism and designed audit procedures to respond to the risk of material misstatements in the consolidated and separate financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the consolidated and separate financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Entity's Statutory Audit Board as at 27 April 2017.
- We declare that we have not rendered any prohibited services under the terms of article 77, number 8, of the Legal Regime of the Portuguese Statutory Auditors and that we kept our independence from the Group during the execution of the audit.

Porto, 27 April, 2017

Deloitte & Associados, SROC S.A.
Represented by Nuno Miguel dos Santos Figueiredo, ROC

Report and Opinion of The Statutory Audit Board

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

(Translation of a Report and Opinion originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)

To the Shareholders,
SONAE INVESTIMENTOS, S.G.P.S., S.A.

In compliance with the applicable legislation and statutory regulations, as well as in accordance with the terms of our mandate, the Statutory Audit Board presents its report over the supervision performed and its Report and Opinion on the Report of the Board of Directors and the remaining individual and consolidated documents of accounts for the year ended 31 December 2016, which are the responsibility of the Board of Directors.

Supervision

During the year, the Statutory Audit Board, in accordance with its competence, accompanied the management of the Company, the evolution of its activity and of its affiliated companies, holding meetings with the frequency and extension considered appropriate. These meetings, considering the subjects under analysis, had the presence of the officers in charge of administrative and accounting departments, treasury and finance departments, planning and control department, internal audit and risk management department. The Statutory Audit Board also met with the Statutory Auditor and External Auditor in order to obtain all the information and clarifications in relation with the scope and conclusions of the audit performed. The Statutory Audit Board obtained the necessary information from Management, from the Company's several departments, from its the consolidated companies and from the Statutory Auditor in response to the questions raised in order to properly understand and evaluate the business evolution, financial performance and risk management and internal control systems.

The Statutory Audit Board accompanied the preparation and disclosure of financial information, as well as the audit performed over the individual and consolidated financial statements and received from the statutory auditor all information and explanations required, as well as the Additional Audit Report, in accordance with article 24 of Law 148/2015 of September, 9. Additionally, in the fulfilment of its duties, the Statutory Audit Board examined the individual and consolidated financial position for the year ended 31 December 2016, the individual and consolidated statements of profit and loss by nature, cash flows, comprehensive income and changes in equity and the corresponding notes for the year then ended.

The Statutory Audit Board analysed the management report for the year ended 31 December 2016 issued by the Board of Directors and the Statutory Audit and Auditor's Report on the accounts issued by the External Auditor, which received their agreement.

Considering the above, the Statutory Audit Board understands that the information included on the financial statements under analysis was prepared in accordance with the applicable accounting, legal and statutory rules and regulations and that give a true and fair view of the assets, liabilities, financial position and results of Sonae Investimentos, S.G.P.S., S.A. and of the companies included in the consolidation perimeter. Additionally, concludes that the management report expresses truthfully the business evolution and financial performance and position of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

The Statutory Audit Board expresses its appreciation to the Board of Directors and other departments for their cooperation.

Opinion

Considering the above, is the opinion of the Statutory Audit Board, that all the necessary conditions are fulfilled in order for the Shareholders' General Meeting to approve:

a) the Report of the Board of Directors, the consolidated and individual balance sheets as at 31 December 2016 and the consolidated and individual statements of profit and loss by natures, cash flows, comprehensive income and changes in equity for the year then ended and corresponding notes;

b) the proposal of results appropriation presented by the Board of Directors.

Responsibility Statement

In accordance with the terms defined in paragraph c) nº 1 of the article 245º of the Portuguese Securities Market Code, the members of the Statutory Audit Board declare that, to their knowledge, the information contained in the individual and consolidated financial statements was prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of Sonae Investimentos, S.G.P.S., S.A. and companies included in the consolidation.

Also, it is their understanding that the Board of Directors Report faithfully describes the business evolution, performance and financial position of Sonae Investimentos, S.G.P.S., S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Matosinhos, 27 de April de 2017

The Statutory Audit Board,

Armando Luís Vieira de Magalhães

António Augusto Almeida Trabulo

Maria José Martins Lourenço da Fonseca