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 2017

Management Report

SONAE INVESTIMENTOS, SGPS, SA

MANAGEMENT REPORT 2017

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 2017, Sonae Investimentos, SGPS, SA delivered a consolidated turnover of 5,590 million Euro - which represents a 7.1% increase when compared to the previous year.

In this same period, the Company´s consolidated operating cash-flow (EBITDA) reached 340 million Euro. This figure represents a ratio over total net sales of 6.1%, 0.9 p.p. less than the previous year.

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

Sonae MC turnover stood at 3,884 million Euro in 2017, growing 5.4% versus 2016. This evolution was boosted by the store network expansion (with the opening of 19 Continente Bom Dia stores, 1 Continente Modelo and 19 Well´s stores) and by a LfL sales growth of 1.2% as a result of a number of measures implemented with the aim of strengthening Sonae MC's value proposition. This operational performance allowed Sonae MC to reinforce once again the market leadership, thus proving the success of its value proposition.

The underlying EBITDA margin stood at 5.5% in 2017, decreasing 20 bps comparing to 2016, corresponding to an underlying EBITDA of 213 million Euro. This y.o.y. performance reflects the new store openings, the competitive environment of the food Portuguese market and the continuous investment in the growth avenues.

During 2017 Sonae MC continued reinforcing its presence in the Health and Wellness business, having increased the variety of the healthy products in Continente stores and acquired 51% of Go Natural and 100% of Brio' supermarkets - the first organic supermarket chain launched in Portugal - and opened the first Dr. Well's, a clinic specialised in dental and aesthetic medicine. The investment in Health and Wellness sector was defined as being of strategic importance for Sonae MC.

In 2017, **Worten** turnover posted a strong evolution, increasing by 10.2% y.o.y. and surpassing for the first time 1 billion Euro. This performance was driven by a LfL sales growth of 7.7% in 2017 also supported by a very positive growth of the online operation, which grew by 60% y.o.y..

This momentum allowed Worten to further increase its market share in Portugal and Spain both in the offline and online channels.

During 2017, Worten was also able to further improve sales area productivity in result of positive sales performance and store network optimization. The underlying EBITDA improved by 29.6% to 34 million Euro in 2017, increasing the margin by 50 bps to 3.4%.

Sonae Sports & Fashion turnover totalled 589 million Euro in 2017, +11.7% versus the previous year, helped not only by the consolidation of Salsa but also by the positive evolution of the other businesses. In LfL terms, all businesses had positive figures in 2017 apart from Sport Zone. The 4Q17 was strongly impacted by the weather conditions in October that lead to a late start of the season and consequently affected sales performance and profitability.

The underlying EBITDA increased by 12 million Euro in comparison to 2016, to 20 million Euro, driven by the positive contribution of all businesses in the original portfolio plus the effect of consolidation of Salsa.

Some of the most significant milestones in 2017 in Sonae Sports & Fashion were:

- Salsa has expanded and diversified its business, focusing on internationalisation as the key driver to growth. In addition to this direct investment in stores, Salsa has also accelerated its internationalisation through wholesale, entering in new countries such as Italy and Greece and opening franchised stores in Qatar and Angola.

- Zippy continued to pursue its international expansion, ending 2017 with 122 stores in 21 countries. During 2017, Zippy opened a 600 square metre flagship store in the Dubai Mall, an international shopping centre benchmark, reinforcing its strong presence in the middle east, where it already has 34 stores in Saudi Arabia, Turkey, Lebanon, Qatar and the United Arab Emirates.

- Already in January 31st 2018, it was concluded the agreement for the combination of JD Sprinter and Sport Zone, creating the Iberian Sports Retail Group (ISRG), the second biggest sports retail group of Iberia.

Sonae RP turnover remained in line y.o.y. amounting to 92 million Euro in 2017. The underlying EBITDA stood at 80 million Euro, representing an underlying EBITDA margin of 87.3%.

At the end of 2017, Sonae RP portfolio included 20 Continente stores, 60 Continente Modelo stores and 30 Continente Bom Dia stores, corresponding to a gross book value of 1,266 million Euro and to a net book value of 903 million Euro.

During 2017, Sonae RP concluded two sale and leaseback transaction of 5 food retail assets in the amount of 37 million Euro and with a capital gain of circa 11 million Euro.

Consequently, at the end of the year, Sonae MC’s freehold stood at 47%. As for specialized retail (Worten and Sonae Sports & Fashion) the freehold was at 20%.

Sonae FS turnover reached to 24 million Euro, growing 38.9% when compared to 2016. The underlying EBITDA stood at 3.4 million Euro improving 3 million Euro y.o.y. and corresponding to a margin of 13.9%.

Concerning the Universo Card operation, in 2017, subscribers exceeded 600 thousand and Universo total production amounted to 580 million, increasing by 41.2% versus 2016.

During the course of the year in question, **Sonae Investimentos, SGPS, SA** consolidated direct profit totalled 47.1 million Euro, decreasing 41 million Euro when compared to 2016 due to real estate capital gains in 2016.

Consolidated Net Result for the period, attributable to Shareholders of the Holding Company, amounted to 27.6 million Euro, compared to 80 million Euro in the previous year.

2 INVESTMENT

During the course of 2017, Sonae Investimentos carried out an overall investment of 295 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 1,321 stores and a sales area of 1,116 thousand m^2 (growing 3% on 2016 year end portfolio).

- The investment in the **Sonae MC** businesses reached 164 million Euro, including the investment in the store expansion plan, namely the opening of 19 Continente Bom Dia, 1 Continente Modelo and 19 Well´s stores.

- The investment in **Worten** amounted to 45 million Euro.

- **Sonae Sports & Fashion** totalled 40 million Euro of investment. During 2017, the consolidation of the store network in international markets was continued, having, at the end of 2017, a total of 222 stores outside Portugal, including 118 under franchising agreements.

- The amount invested by the **Sonae RP** segment reached 41 million Euro, representing less 21 million Euro when compared with 2016.

3 OUTLOOK

In 2018, global growth is expected to accelerate further to +3.9%, underpinned by a stronger synchronization of activity both in advanced and emerging countries. The economy is expected to remain supported by current growth drivers, namely robust job creation, combined with new impulses, such as the upsurge of international trade and the recovery of corporate investment. Moreover, the outlook for commodity exporters is also brighter, as the price of these resources is expected to continue the upward trend initiated last year.

The new impulses are expected to more than offset any restraining forces such as the normalization of monetary policy. Nevertheless, risks to the outlook remain globally skewed to the downside, being mainly related with the tightening in financial conditions, the pick-up in inflation, the economic slowdown in China or the escalation of geopolitical tensions.

Portugal’s near term outlook strengthened considerably. GDP growth is expected to decelerate slightly to +2.2%, while the economy continues to shift towards a more sustainable growth model, supported by buoyant exports and the recovery of investment, in a favourable global context.

Private consumption in real terms is expected to remain robust at +2.0% in 2018 in line with the evolution of disposable income. As the savings rate is expected to remain at historically low levels, spending will be supported by still solid job creation in a context of moderate wage gains.

The outlook for Spain is also favourable, as GDP is expected to expand by +2.4%, a noteworthy slowdown from the rate observed in the three previous years, but still one of the highest amongst advanced economies. Nevertheless, this projection is surrounded by higher uncertainty than usual related to the still unpredictable impacts of the political turmoil in Catalonia on both consumer confidence and investment decisions.

Household consumption should remain solid albeit losing some steam (+1.9% in real terms vs. +2.4% in 2017), as the pace of job creation slows down, fiscal policy support dissipates and the impact of the supportive monetary policy eases. This moderation is expected to be more pronounced in durable goods, namely in cars, as sales already close to the pre-crisis level.

In short, the outlook for Iberia is globally positive, as both economies are expected to continue posting strong GDP growth and solid household spending, while remaining in a sustainable path.

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 Non-financial information disclosure

Under the law number 7 of articles 66-B and 508-G of the Commercial Companies Code, the company is free from the obligation to present an individual or consolidated non-financial statement, this information is included in the consolidated report and sustainability report presented by its parent company Sonae, SGPS, SA.

6 Subsequent Events

On February 1, 2018, Sonae announced that had concluded the agreement with JD Sports Fashion Plc, Balaiko Firaja Invest S.L. and JD Sprinter Holdings 2010, S.L. (JD Sprinter) for the combination of JD Sprinter and Sport Zone, initially announced to the market at September 14th 2017. Further information related to this transaction is reported in the note 48 of the Financial Statements attached.

7 Own shares

As at 31 December 2017 and 2016 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 843,784.45 Euro, for which the Board of Directors propose the following distribution:

Legal Reserve	42,190.00 Euro
Free Reserves	801,594.45 Euro
Total	**843,784.45 Euro**

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, 23 of April 2018

Approved at the Board of Directors meeting on 23 April 2018.

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Luis Miguel Mesquita Soares Moutinho

Luis Miguel Vieira de Sá da Mota Freitas

Luis Filipe Campos Dias de Castro Reis

Glossary

Turnover

Sale of articles + services rendered;

EBITDA

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

"Underlying" EBITDA

total direct income - total direct 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, 23 of April 2018

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 on 31.12.2017	Balance on 31.12.2017
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €		Quantity
Duarte Paulo Teixeira de Azevedo (*) (**) (***) (****)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Migracom, SA (9)						Dominant	
Sonae - SGPS, SA (3)							805,730
Shares purchased under the terms of the Short Term and Medium Term Performance Bonus	31-03-2017	410,002	0.047				
Sale	03-04-2017			410,002	0.938		
Ângelo Gabriel Ribeirinho dos Santos Paupério (*) (**)							
Sonae - SGPS, SA (3)							212,987
Shares purchased under the terms of the Short Term and Medium Term Performance Bonus	31-03-2017	348,739	0.047				
Sale	24-08-2017			300,000	0.964		
Sale	25-08-2017			50,000	0.961		
Enxomil - Consultoria e Gestão, SA (11)						Dominant	
Enxomil - Sociedade Imobiliária, SA (12)						Dominant	

		Additions		Reductions		Position on 31.12.2017	Balance on 31.12.2017
	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, SA							
Sonae, SGPS, SA (3)						Minority	
Imparfin - Investimentos e Participações Financeiras, SA (10)						Minority	
(10) Imparfin - Investimentos e Participações Financeiras, SA							
Sonae, SGPS, SA (3)						Minority	
(11) Enxomil - Consultoria e Gestão, SA							
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 - Investimentos e Participações Financeiras, SA (10)

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 31 December 2017

* 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) As from 29th November 2017, Efanor Investimentos SGPS, SA ceased to have any controlling shareholder pursuant to the set forth in articles 20 and 21 of the Portuguese Securities Code.

(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 31 December 2017
* 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) As from 29th November 2017, Efanor Investimentos SGPS, SA ceased to have any controlling shareholder pursuant to the set forth in articles 20 and 21 of the Portuguese Securities Code.
(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 28th of April 2017 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 44. 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 2016 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 28th April 2017, based on the following principle:

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

4. Disclosure of remuneration

Remuneration of the Board of Directors

Remuneration paid and assigned

The members of the Board of Directors are not remunerated by the Company.

The remuneration attributed by the Group's controlled companies to each of the Directors of Sonae Investimentos was as follows:

	31 December 2016				31 December 2017			
	Fixed Remuneration	PVCP	PVMLP	Total	Fixed Remuneration	PVCP	PVMLP	Total
Luis Miguel Mesquita Soares Moutinho	313,713	175,400	175,400	664,513	327,530	177,300	177,300	682,130
Luis Miguel Vieira de Sá da Mota	362,219	153,400	153,400	669,019	369,255	189,700	189,700	748,655
Luis Filipe Campos Dias de Castro Reis	308,953	168,200	168,200	645,353	309,050	214,800	214,800	738,650
	984,885	497,000	497,000	1,978,885	1,005,835	581,800	581,800	2,169,435

Remuneration of the Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is composed of a fixed annual amount, based on the company's situation and market practices.

The annual fixed remuneration of the members of this body was as follows:

Member of Statutory Audit Board	31 December 2016	31 December 2017
Armando Luis Vieira de Magalhães	7,900	7,900
António Augusto Almeida Trabulo	7,900	7,900
Maria José Martins Lourenço da Fonseca	9,900	9,900
Total	25,700	25,700

Remuneration of the Statutory External Auditor

The Statutory External Auditor of Sonae Investimentos and Auditor is Deloitte. The billing amounts to Sonae Investimentos in 2017, including subsidiaries, are as follows:

Statutory External Auditor	31 December 2016		31 December 2017	
Audit and Statutory Audit	368,487	58%	342,101	55%
Tax consultancy	81,055	13%	69,000	11%
Other services	180,500	28%	210,700	33%
Total	630,042	100%	621,801	100%

The weight of fees for audit and other assurance services represents 66% of total fees. The other services represent 33% of total fees and were subject to appraisal by the Statutory Audit Board.

The fees for other services included in 2017 consulting services provided to several subsidiaries of Sonae Investimentos and training actions carried out.

In 2017, fees paid by Sonae Investimentos in Portugal to Deloitte companies accounted for less than 1% of Deloitte's total annual turnover in Portugal.

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

The Fiscal Council receives annually, in accordance with Article 62-B of Decree-Law no. 487/99, dated November 16 (adding this provision by Decree-Law no. 224/2008, of November 20), the declaration of independence of the auditor, describing the services provided by him and other entities of the same network, his remuneration paid, any threats to his independence and the safeguard measures to deal with them.

Remuneration of the Board of Shareholder´s General Meeting

A remuneration of the members of the Board of Shareholder´s General Meeting it is constituted by a fixed amount, in next terms:

Board of Shareholder´s General Meeting	31 December 2016	31 December 2017
President	3,750	3,750
Secretary	1,500	1,500
Total	5,250	5,250

Matosinhos, 23 of April 2018

Approved at the Board of Directors meeting on 23 April 2018.

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

CONSOLIDATED STATEMENT OF FINANTIAL POSITION AT 31 DECEMBER 2017 AND 2016

(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 2017	31 December 2016 Restated Note 4
NON-CURRENT ASSETS:			
Tangible assets	8	1,647,932,404	1,602,400,467
Intangible assets	9	342,916,302	332,952,435
Goodwill	10	553,339,386	544,073,187
Investments in joint ventures and associates	11	41,442,483	51,061,617
Other investments	7 and 12	12,323,383	10,910,648
Deferred tax assets	19	56,857,992	49,861,522
Other non-current assets	7 and 13	20,152,898	15,315,834
Total Non-Current Assets		2,674,964,848	2,606,575,710
CURRENT ASSETS:			
Inventories	14	713,020,919	696,012,657
Trade account receivables	7 and 15	85,264,416	74,652,149
Other debtors	7 and 16	65,603,853	115,773,687
Taxes recoverable	17	67,709,755	44,761,264
Other current assets	18	54,251,965	64,231,139
Investments	7 and 12	179,881	4,207,972
Cash and cash equivalents	7 and 20	162,378,843	119,726,191
Total Current Assets		1,148,409,632	1,119,365,059
Non-current assets available for sale	21	782,540	19,522,549
TOTAL ASSETS		3,824,157,020	3,745,463,318
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		174,845,768	170,940,266
Reserves and retained earnings		(188,932,350)	(224,248,153)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		27,632,093	80,471,632
Equity attributable to the equity holders of the Parent Company		693,545,511	707,163,745
Equity attributable to non-controlling interests	23	92,016,336	83,289,108
TOTAL EQUITY		785,561,847	790,452,853
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	7 and 24	337,457,361	281,274,913
Bonds	7 and 24	282,306,545	340,006,858
Obligation under finance leases	7, 24 and 25	708,477	953,990
Other loans	7 and 24	12,030	1,335,080
Other non-current liabilities	7 and 27	415,789,765	420,960,111
Deferred tax liabilities	19	122,806,483	102,014,515
Provisions	32	14,659,973	16,006,272
Total Non-Current Liabilities		1,173,740,634	1,162,551,739
CURRENT LIABILITIES:			
Loans	7 and 24	121,452,497	177,408,427
Bonds	7 and 24	57,970,806	7,998,517
Obligation under finance leases	7, 24 and 25	491,416	550,624
Other loans	7 and 24	1,323,416	370,147
Trade creditors	7 and 29	1,177,803,570	1,123,715,076
Other creditors	7 and 30	144,957,392	155,838,792
Taxes and contributions payable	17	85,027,366	70,345,394
Other current liabilities	31	270,217,693	241,301,005
Provisions	32	5,610,383	3,204,001
Total Current Liabilities		1,864,854,539	1,780,731,983
Non-current liabilities available for sale	21	-	11,726,743
TOTAL LIABILITIES		3,038,595,173	2,955,010,465
TOTAL EQUITY AND LIABILITIES		3,824,157,020	3,745,463,318

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2017 AND 2016

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

(Amounts expressed in euro)	Notes	31 December 2017	31 December 2016
Sales	36	5,473,297,856	5,127,391,604
Services rendered	36	116,259,162	90,689,599
Income or expense relating to investments	37	(9,217,432)	6,595,232
Financial income	38	2,993,358	3,888,196
Other income	39	788,709,425	768,203,283
Cost of goods sold and materials consumed	14	(4,548,199,033)	(4,233,574,770)
Changes in stocks of finished goods and work in progress	14	351,870	1,273,422
External supplies and services	40	(706,832,046)	(665,369,752)
Staff costs	41	(706,354,910)	(659,244,905)
Depreciation and amortisation	8 and 9	(187,990,954)	(170,339,340)
Provisions and impairment losses	32	(8,773,550)	(12,757,903)
Financial expenses	38	(54,064,729)	(60,459,881)
Other expenses	42	(81,718,300)	(71,909,136)
Share of results of joint ventures and associated undertakings	11	(3,554,143)	(5,940,454)
Profit/(Loss) before taxation from continuing operations		74,906,574	118,445,195
Taxation	43	(39,231,049)	(30,978,216)
Profit/(Loss) after taxation from continuing operations		35,675,525	87,466,979
'rofit/(Loss) from discontinued operations after taxation	-	-	(409,391)
Consolidated profit/(Loss) for the period		35,675,525	87,057,588
Attributable to equity holders of the Parent Company:			
Continuing operations		27,632,093	80,676,328
Discontinued operations	-	-	(204,696)
		27,632,093	80,471,632
Attributable to non-controlling interests			
Continuing operations	23	8,043,432	6,790,652
Discontinued operations	23	-	(204,696)
		8,043,432	6,585,956
Profit/(Loss) per share			
From continuing operations			
Basic	45	0.030702	0.089640
Diluted	45	0.030702	0.089640
From discontinued operations			
Basic	45	-	0.000227
Diluted	45	-	0.000227

The accompanying notes are part of these consolidated financial statements.

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

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

(Amounts expressed in euro)	31 December 2017	31 December 2016
Net Profit / (Loss) for the period	35,675,525	87,057,588
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	2,173,444	(490,637)
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)	(1,554,325)	2,246,281
Changes in hedge and fair value reserves	(2,270,604)	2,174,376
Deferred taxes related with other components of comprehensive income	498,915	(440,149)
Other comprehensive income for the period	(1,152,570)	3,489,871
Items that were reclassified subsequently to profit or loss:	-	-
Items that won´t be reclassified subsequently to profit or loss:	-	-
Total comprehensive income for the period	34,522,955	90,547,459
Attributable to:		
Equity holders of Parent Company	26,458,799	83,876,995
Non controlling interests	8,064,156	6,670,464

The accompanying notes are part of these consolidated financial statements.

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

(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 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	-	-	-	-	-	-	-	-	-	-	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 Published	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
Restatement effect (Note 4)	-	-	-	-	-	-	-	-	-	-	(1,731,680)	(1,731,680)
Balance as at 31 December 2016 restated	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	83,289,108	790,452,853
Balance as at 1 January 2017	1,000,000,000	(320,000,000)	170,940,266	541,768	1,948,405	320,000,000	(546,738,326)	(224,248,153)	80,471,632	707,163,745	83,289,108	790,452,853
Total comprehensive income for the period	-	-	-	2,161,540	(1,780,509)	-	(1,554,325)	(1,173,294)	27,632,093	26,458,799	8,064,156	34,522,955
Appropriation of profit of 2016:												
Transfer to legal reserves and retained earnings	-	-	3,905,502	-	-	-	76,566,130	76,566,130	(80,471,632)	-	-	-
Dividends distributed	-	-	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)	(1,162,225)	(41,162,225)
Income distribution	-	-	-	-	-	-	-	-	-	-	(2,244,305)	(2,244,305)
Acquisitions of shares of affiliated undertakings	-	-	-	-	-	-	-	-	-	-	3,772,948	3,772,948
Constitution of affiliated companies	-	-	-	-	-	-	-	-	-	-	400,000	400,000
Variation in percentage of subsidiaries	-	-	-	-	-	-	(32,565)	(32,565)	-	(32,565)	(110,864)	(143,429)
Others	-	-	-	-	-	-	(44,468)	(44,468)	-	(44,468)	7,518	(36,950)
Balance as at 31 December 2017	1,000,000,000	(320,000,000)	174,845,768	2,703,308	167,896	320,000,000	(511,803,554)	(188,932,350)	27,632,093	693,545,511	92,016,336	785,561,847

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 31 DECEMBER 2017 AND 2016

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

(Amounts expressed in euro)	Notes	31 December 2017	31 December 2016
OPERATING ACTIVITIES			
Cash receipts from trade debtors		5,603,698,511	5,217,312,588
Cash paid to trade creditors		(4,500,977,597)	(4,346,697,289)
Cash paid to employees		(696,749,457)	(649,776,948)
Cash flow generated by operations		405,971,457	220,838,351
Income taxes (paid) / received		(23,205,539)	(9,346,435)
Other cash receipts and (payments) relating to operating activities		(10,934,409)	6,010,742
Net cash flow from operating activities (1)		371,831,509	217,502,658
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	46	21,553,039	3,916,954
Tangible assets		39,862,508	230,291,643
Intangible assets		130,463	411,785
Interests and similar income		1,035,684	1,446,885
Loans granted	33	651,118	-
Dividends		130,450	453,396
Others		9,258	1,653
		63,372,520	236,522,316
Cash Payments arising from:			
Investments	46	(11,124,773)	(72,748,580)
Tangible assets		(233,179,297)	(235,191,461)
Intangible assets		(46,871,036)	(32,266,725)
		(291,175,106)	(340,206,766)
Net cash flow used in investment activities (2)		(227,802,586)	(103,684,450)
FINANCING ACTIVITIES			
Cash receipts arising from:			
Investments	46	1,213,187	343,373
Loans obtained	33	5,527,621,977	5,916,228,568
Capital increases, shareholder's loans and share premiums		400,000	-
Others		2,287	-
		5,529,237,451	5,916,571,941
Cash Payments arising from:			
Investments	46	(1,504,253)	(28,688)
Loans obtained	33	(5,520,590,308)	(5,905,248,296)
Interests and similar charges		(49,794,134)	(57,382,527)
Dividends		(43,406,530)	(41,371,928)
Others		-	(878,129)
		(5,615,295,225)	(6,004,909,568)
Net cash flow used in financing activities (3)		(86,057,774)	(88,337,628)
Net increase/(decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		57,971,149	25,480,580
Effect of foreign exchange rate		404,557	(75,021)
Cash and cash equivalents at the beginning of the period	20	101,996,613	76,441,012
Cash and cash equivalents at the end of the period	20	159,563,205	101,996,613

The accompanying notes are part of these consolidated financial statements.

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2017

(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 50 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 the International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable to economic periods beginning on 1 January 2017. Issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS 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 investment properties, which are stated at fair value.

Additionally, for financial reporting purposes, fair value measurement is categorized in Level 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 in these consolidated financial statements:

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

With mandatory application during the year 2017:	Effective date (for financial years beginning on or after)
IAS 7 (amendment) - Statement of cash flows (introducing additional disclosures related to cash flows from financing activities)	01 Jan 2017
IAS 12 (amendment) - Income taxes (clarify the conditions for recognition and measurement of tax assets resulting from unrealized losses)	01 Jan 2017

The amendments to IAS 7 require disclosure of information that enables users of financial statements to evaluate changes in the obligations that are created by the entity's financing activities, whether or not such changes have an impact on cash flows, such as (i) changes in financing cash flows; ii) changes that result from obtaining or losing control in subsidiaries or other concentrations; iii) effect of changes in exchange rates, or iv) changes in fair value. The disclosure of this information is included in note 33.

These standards were first applied by the Group in 2017, however there were no significant impacts on these financial statements in addition to the above-mentioned disclosures.

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

With mandatory application after 2017:	Effective date (for financial years beginning on or after)
IFRS 9 - Financial instruments (establishes the new requirements regarding the classification and measurement of financial assets and liabilities, the methodology for calculating impairment and for the application of hedge accounting rules)	01 Jan 2018

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
IFRS 16 – Leases - (recognition and measurement principles)	01 Jan 2019
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 4 (amendment) - Insurance contracts (provides guidance on the application of IFRS 4 in together with IFRS 9)	01 Jan 2018
IFRS 2 (amendment) - Share-based payment (include a number of clarifications in the standard related to recording share-based payment transactions that are settled with cash, (ii) recording changes in share-based payment transactions (of cash settled for settlement with equity instruments), (iii) the classification of transactions with cleared liquidation characteristics)	01 Jan 2018
Annual Improvements to international financial reporting standards (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
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
IFRS 9 (amendment) – Prepayment features with negative compensation	01 Jan 2019

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 2017, since their application is not yet mandatory. There is no estimated significant impact on the accounts resulting from their application except for IFRS 16.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases, and supersedes IAS 17 - Leases and its associated interpretative guidance.

IFRS 16 distinguishes leases and service contracts considering control in identified asset. Distinctions in operational leases (off-balance sheet) and financial leases (included in the balance sheet) are eliminated at the level of the lessee. These ones are replaced by a model in which is accounted an identified asset with a right of use and a corresponding liability for all lease contracts, except for short-term (up to 12 months) and low value contracts.

The "right of use" is initially measured at cost and subsequently at the net cost of depreciation and impairment, adjusted by the remeasurement of the lease liability. The lease liability is initially measured based on the present value of the lease responsibilities at the date and subsequently is adjusted by the financial update of that amount, as well as the possible modifications of the lease contracts.

As at 31 December 2017, the Group had liabilities related to operating leases in the order of 1.2 billion euros, which is not discounted for the present moment. IAS 17 did not require the recognition of the right use as an asset nor future payments as liabilities, but only certain disclosures identified in note 35.

At the date of publication of these consolidated financial statements, Sonae Investimentos is carrying out the inventory of the existing leasing contracts, and performing its technical analysis and framework considering the provisions of IFRS 16.

In addition, it is currently on analysis the existing information systems to assess the necessity of adapting it to the requirements of this standard. At this stage, it is not possible to estimate the magnitude of the impacts inherent to its adoption.

The following standards, interpretations, amendments and revisions were not endorsed by the European Union:

With mandatory application after 2017:	Effective date (for financial years beginning on or after)
IFRS 17 – (Insurance contracts)	01 Jan 2021
IFRIC 23 – Uncertainly over income tax treatments (clarifies the accounting for uncertainties in income taxes)	01 Jan 2019
IAS 28 (amendment) – Long-term interests in associates and joint ventures	01 Jan 2019
Annual Improvements to international financial reporting standards (2015-2017 cycle)	01 Jan 2019
IAS 19 (amendment) - Amendments, reductions or liquidation of employee benefit plans	01 Jan 2019
Change the conceptual framework of IFRS	01 Jan 2020

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 31 December 2017 due to the fact that their application is not mandatory, lying in the process of analyzing expected effects of those standards.

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 a majority of a subsidiary voting rights, 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 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 Investimentos 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, income and expenses 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 2017 and 2016 the Group not held jointly controlled operations.

Financial investments in associated companies are investments where Sonae 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 Investimentos 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 Investimentos'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 associates undertakings".

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 Investimentos 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 Investimentos´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 Investimentos, 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 Investimentos'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 Investimentos'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 2017		31 December 2016	
	End of period	Average of period	End of period	Average of period
Brazilian Real	0.25171	0.27834	0.29150	0.26105
Turquish Lira	0.21995	0.24336	0.26975	0.29955
Mozambican Metical	0.01418	0.01399	0.01327	0.01489
Colombian Peso	0.00028	0.00030	0.00032	0.00030
Mexican Peso	0.04226	0.04696	0.04593	0.04846
Polish Zloty	0.23941	0.23494	0.22674	0.22924

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 39).

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 lesses

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

The accounting for leases where Sonae Investimentos is the 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 operation

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 held for sale

The non-current assets (or disposal group) 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 (or disposal group) 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 Investimentos 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 7.

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 7.

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 Investimentos company takes into consideration market information that indicates:

- significant financial difficulty of the issuer or counterparty;

- default or delinquency in interest or principal payments;

- 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 Investimentos’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 2.9. 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 Investimentos 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 Investimentos 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 allows in a very significant way, the reduction of the loan and receivable-payable exchange volatility, nominated in foreign currency.

Sonae Investimentos 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 Investimentos 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) Shared 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 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.

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, so, consequently, the income tax is included in the balance sheet caption Group companies.

Since 2017, the effect of tax losses is recorded by the Parent Company, without any cash out flow or assuming a liability to the group companies, considering tax losses generated within the group may only be used by the tax group. Up to 2016, the tax losses were paid to the generating company.

The value of taxes recognised in the financial statements correspond to the understanding of Sonae Investimentos 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 Investimentos, 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 Investimentos 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 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 Supplementary Income

Supplementary income mainly relates to commercial revenues, which includes amounts relating to supplier's agreements and other partners that have the objective of carrying out an in-store service (flyers, product placement, in store advertising, etc. ...) or contribution in promotional campaigns for partner´s products. Commercial revenues are to be formally agreed, with the identification of the dates of the service or for the promotional campaign and value agreement with the partner. These amounts are accounted as other operating income considering in particular the dates of execution of the campaigns, except when directly related to sales of specific products. In this case they are recorded as a deduction in the cost of goods sold. Commercial revenue agreements lead to the issuance of financial document(s) to suppliers, which are discounted in future invoice payments or through direct collection to partners. The amounts that have not yet been invoiced to the supplier are recorded under "Other current assets".

2.17 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)).

2.18 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.

2.19 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 Investimentos 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.

2.20 Segment information

Information regarding operating segments identified is included in Note 6.

2.21 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 2017 would decrease by approximately 6 million euro (5.5 million euro as at 31 December 2016), 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 2017 and 2016 the assets and liabilities denominated in a currency different from the subsidiary functional currency where the following:

	Assets		Liabilities	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Euro	38,440	18,307	17,686,897	6,630,543
Brazilian Real	-	-	2,166	4,213
British Pound	3,817	8,937	78,232	548,985
US Dollar	5,870,858	3,542,459	26,959,880	23,355,569
Other Currencies	227,759	663	107,749	136

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 2017, Sonae Investimentos´s average debt maturity was approximately 4.2 years (2016: 4.2 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 2017, the consolidated loan amount maturing in 2018 is of 180 million euro (186 million euro maturing in 2017) and in 31 December 2017 Sonae Investimentos had 94 million euro available in consolidated credit lines (53 million euro in 2016) with commitment less than or equal to one year and 243 million euro (348 million euro in 2016) with a commitment greater than one year. Additionally, Sonae Investimentos held, as at 31 December 2017, cash and cash equivalents and current investments amounting to 162 million euro (120 million euro as at 31 December 2016). 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

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

Following the acquisition of these companies, a preliminary assessment was made regarding the fair value of the assets acquired and the liabilities assumed. The fair value was determined through various valuation methodologies for each type of asset or liability, based on the best information available.

The main adjustments to fair value made under this process were:

(i) Wholesale customer portfolio amounting 35.5 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%), and considering an average retention rate of 9.4% for wholesale customers. These portfolios will be amortized on a straight-line basis based on the estimated average retention period of customers (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 in Salsa (15.8 million euro) were valued based on a preliminary external valuation of the mentioned assets, which had been obtained prior to the acquisition, the new evaluation process was completed in 31 May 2017, this evaluation resulting in reduction of the fair value calculated on 31 December 2016 in the amount of 4,384,000 euro; and

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

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 recognized component as goodwill and recorded under the caption Intangible Assets.

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

As this acquisition occurred at the end of June 30, 2016 only during the first half of 2017, was possible to complete the fair value calculation exercise and Goodwill calculation. The impact of this external evaluations in the consolidated financial statements as at 31 December 2016 was as follows:

	31 December 2016		
Amounts in thousands of euros	Before the restatement	Adjustments to fair value Salsa	After the restatement
Assets			
Tangible and Intangible assets	1,939,737	(4,384)	1,935,353
Goodwill	542,342	1,731	544,073
Investments	61,972	-	61,972
Deferred tax assets	49,862	-	49,862
Other non-current assets	15,316	-	15,316
Non-current assets	2,609,228	(2,653)	2,606,575
Inventories	696,013	-	696,013
Trade account receivables	74,652	-	74,652
Other debtors	224,766	-	224,766
Investments	4,208	-	4,208
Cash and cash equivalents	119,726	-	119,726
Current assets	1,119,365	-	1,119,365
Assets classified as held for sale	19,523	-	19,523
Total assets	**3,748,116**	**(2,653)**	**3,745,463**
Liabilities			
Loans and other non-current liabilities	623,571	-	623,571
Other non-current liabilities	420,960	-	420,960
Deferred tax liabilities	102,935	(921)	102,014
Provisions	16,006	-	16,006
Non-current liabilities	1,163,472	(921)	1,162,551
Loans	186,328	-	186,328
Other current liabilities, including non-current liabilities available for sale	1,606,131	-	1,606,131
Total current liabilities	1,792,459	-	1,792,459
Total liabilities	**2,955,931**	**(921)**	**2,955,010**
Shareholders' funds excluding non-controlling interests	707,164	-	707,164
Non-controlling interests	85,021	(1,732)	83,289
Total shareholders' funds	**792,185**	**(1,732)**	**790,453**
Total shareholders' funds and liabilities	**3,748,116**	**(2,653)**	**3,745,463**

5 CHANGES IN CONSOLIDATION PERIMETER

5.1 The major acquisitions of subsidiaries occurred in the period ended at 31 December 2017

The acquisitions of companies included in the full consolidation method can be analysed as follows:

		Percentage of share capital held	
		At acquisition date	
COMPANY	Head Office	Direct	Total
Sonae MC			
Brio - Produtos de Agricultura Biológica, SA	Matosinhos	100.00%	100.00%
Go Well - Promoção de Eventos, Catering e Consultoria, SA	Lisbon	51.00%	51.00%

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

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

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

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

	On the date of acquisition	31 December 2017
Net assets		
Tangible and intangible assets (Notes 8 and 9)	1,353,213	1,941,423
Inventories (Note 14)	586,950	651,287
Deferred tax assets (Note 19)	353,206	507,683
Other assets	1,297,583	1,137,493
Cash and cash equivalents	431,553	569,490
Loans	(306,265)	(109,974)
Other liabilities	(3,388,587)	(2,866,677)
Total net acquired assets	327,653	1,830,725
Goodwill (Note 10)	9,546,335	
Non-controlling interests (Note 23)	3,772,948	
Acquisition cost	6,101,040	
Effective cash payment	4,758,345	
Escrow Account	392,695	
Future cash paid	950,000	
	6,101,040	
Net cash-flow arising from acquisition		
Effective cash payment	5,151,040	
Cash and cash equivalents acquired	(431,553)	
	4,719,487	

	On the date of acquisition	12 months
Sales	7,946,162	12,649,155
Other income	131,051	437,674
Cost of goods sold and materials consumed	(3,842,855)	(6,577,456)
External supplies and services	(1,861,996)	(2,935,933)
Other expenses	(3,027,695)	(4,349,449)
Net financial expenses	(15,766)	(26,415)
Share of results of joint ventures and associated undertakings	37	(6,655)
Profit/(Loss) before taxation	(671,062)	(809,079)
Profit/(Loss) before taxation	186,191	186,858
Profit/(Loss) after taxation	(484,871)	(622,221)

At the date of presentation of these financial statements, it was not yet possible to finalize the analysis to assign, in accounting terms, the fair value of identified assets and liabilities acquired, a part of the acquisition cost, which is recognized as Goodwill and recorded under Intangible assets. However, the purchase price allocation will be made till the end of a one year period from the date of acquisition, as permitted by IFRS 3 - Business Combinations.

6 SEGMENT INFORMATION

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

- Sonae MC is our food retail unit, operating 41 Continente hypermarkets, 131 Continente Modelo supermarkets, 96 convenience stores Bom Dia, 25 restaurants Go Natural, 295 stores operated under franchise Meu Super and 222 parapharmacy Well´s;

- Worten that is included in the top 3 of Iberian electronic players, counting on a portfolio of 242 physical stores in Iberia;

- Sonae Sports & Fashion has a network of 392 own stores of sports and clothing products, combined with a franchise network of 143 stores;

- Sonae RP is dedicated to optimizing the management of Sonae's retail real estate portfolio, mainly by stores that operate under the Continente brand and under other brands of Sonae Investimentos;

- Maxmat operates in the DIY, construction, bathroom and garden market with a network of 31 stores;

- Sonae FS aims to boost retail financial services.

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 50. In view of the redefinition of the reportable segments, the values of 2016, detailed below, were restated.

6.1 Financial information by business segment

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

31 December 2017	Turnover	Depreciation and amortisation	Provisions and impairment losses	EBIT
Sonae MC	3,884,235,290	99,298,234	2,229,104	101,815,713
Worten	1,002,827,600	26,593,764	2,268,812	(2,792,306)
Sports & Fashion	588,982,641	34,026,087	1,900,326	(20,283,769)
Sonae RP	92,138,557	24,343,863	445,945	65,450,006
Maxmat	78,118,529	1,738,124	-	4,699,211
Sonae FS	24,327,569	523,143	25,337	2,018,577
Others, eliminations and adjustments	(81,073,169)	1,467,681	559,309	(13,595,927)
Total consolidado	5,589,557,017	187,990,896	7,428,833	137,311,504

31 December 2016 Restated	Turnover	Depreciation and amortisation	Provisions and impairment losses	EBIT
Sonae MC	3,686,808,069	90,891,781	1,485,654	110,649,903
Worten	910,303,455	25,294,846	2,815,681	(9,210,175)
Sports & Fashion	527,299,167	25,130,419	1,573,881	(25,711,177)
Sonae RP	91,962,156	23,739,373	6,536,987	119,994,145
Maxmat	71,502,114	1,925,699	36,571	2,806,705
Sonae FS	17,518,560	486,745	-	(474,342)
Others, eliminations and adjustments	(87,312,319)	2,870,476	292,861	(22,109,675)
Total consolidated	5,218,081,202	170,339,339	12,616,495	175,945,384

	31 December 2017		31 December 2016 Restated	
	Investment (CAPEX)	Invested capital	Investment (CAPEX)	Invested capital
Sonae MC	164,462,924	630,000,000	167,010,365	562,784,619
Worten	44,599,644	(90,641,251)	39,439,683	(53,491,326)
Sports & Fashion	40,198,483	355,988,594	112,943,591	370,772,496
Sonae RP	41,181,011	902,627,242	62,354,568	930,735,887
Maxmat	1,390,622	32,639,857	1,044,844	33,050,597
Sonae FS	1,641,218	(12,825,265)	612,298	3,503,912
Others, eliminations and adjustments	1,565,151	(3,526,036)	5,351,083	18,953,781
Total consolidated - Direct	295,039,053	1,814,263,141	388,756,432	1,866,309,966

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

Turnover	31 December 2017 Inter-group	31 December 2016 Inter-group
Sports & Fashion	(29,995,432)	(29,091,974)
Sonae RP	(83,876,500)	(81,586,962)
Total consolidated	(113,871,932)	(110,678,936)

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

	Turnover		EBIT	
	31 December 2017	31 December 2016 Restated	31 December 2017	31 December 2016 Restated
Inter-segment income	(113,871,932)	(110,678,936)	-	-
Equity method (Note 11)	-	-	(1,000,320)	(4,441,252)
Others	32,798,763	23,366,617	(12,595,607)	(17,668,423)
Others, eliminations and adjustments	(81,073,169)	(87,312,319)	(13,595,927)	(22,109,675)

	Investment		Invested capital	
	31 December 2017	31 December 2016 Restated	31 December 2017	31 December 2016 Restated
Inter-segment intra-groups and contributions of entities non-individualized entities as segments	1,565,151	(1,184,012)	(45,836,781)	(36,162,772)
Investments in joint ventures and associated companies	-	-	32,391,068	45,150,322
Other investments	-	-	9,919,677	9,966,231
Acquisition of investments	-	6,535,095	-	-
Eliminations and adjustments	1,565,151	5,351,083	(3,526,036)	18,953,781

All performance measures are reconciled to the financial statements in note 47.

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

	31 December 2017		31 December 2016 Restated	
Destination market	Non-current assets	Sales and services rendered	Non-current assets	Sales and services rendered
Portugal	2,479,238,074	5,067,239,697	2,408,776,384	4,750,883,333
Spain	106,200,844	389,782,060	111,064,671	343,408,481
France	-	39,394,610	-	55,350,594
United Kingdom	-	1,346,355	-	1,895,423
Germany	-	2,016,624	-	1,865,656
Italy	-	13,121,851	-	11,999,113
Brazil	14,230,060	1,732,764	11,326,815	1,322,555
Mexico	76,284	5,164,601	52,550	4,692,310
Rest of the world	75,219,586	69,758,456	75,355,290	46,663,738
	2,674,964,848	5,589,557,018	2,606,575,710	5,218,081,203

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 50;

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 2017							
Non-current assets							
Other investments	12	9,919,677	2,403,706	-	12,323,383	-	12,323,383
Other non-current assets	13	19,884,724	-	-	19,884,724	268,174	20,152,898
		29,804,401	2,403,706	-	32,208,107	268,174	32,476,281
Current assets							
Trade receivables	15	85,264,416	-	-	85,264,416	-	85,264,416
Other debtors	16	65,603,853	-	-	65,603,853	-	65,603,853
Investments	12	-	-	179,881	179,881	-	179,881
Cash and cash equivalents	20	162,378,843	-	-	162,378,843	-	162,378,843
		313,247,112	-	179,881	313,426,993	-	313,426,993
		343,051,513	2,403,706	179,881	345,635,100	268,174	345,903,273
As at 31 December 2016 Restated							
Non-current assets							
Other investments	12	9,966,231	944,416	-	10,910,647	-	10,910,648
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	26,226,482
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	340,586,481

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 2017						
Non-current liabilities						
Bank loans	24	337,457,361	-	337,457,361	-	337,457,361
Bonds	24	282,306,545	-	282,306,545	-	282,306,545
Obligations under finance leases	24 and 25	708,477	-	708,477	-	708,477
Other loans	24	12,030	-	12,030	-	12,030
Other non-current liabilities	27	402,889,842	-	402,889,842	12,899,923	415,789,765
		1,023,374,255	-	1,023,374,255	12,899,923	1,036,274,178
Current liabilities						
Bank loans	24	121,452,497	-	121,452,497	-	121,452,497
Bonds	24	57,970,806	-	57,970,806	-	57,970,806
Obligations under finance leases	24 and 25	491,416	-	491,416	-	491,416
Other loans	24	75,297	1,248,119	1,323,416	-	1,323,416
Trade creditors	29	1,177,803,570	-	1,177,803,570	-	1,177,803,570
Other creditors	30	133,989,680	-	133,989,680	10,967,712	144,957,392
		1,491,783,266	1,248,119	1,493,031,385	10,967,712	1,503,999,097
		2,515,157,521	1,248,119	2,516,405,640	23,867,635	2,540,273,275
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	147,354,345	-	147,354,345	8,484,447	155,838,792
		1,457,039,019	358,117	1,457,397,136	8,484,447	1,465,881,583
		2,481,655,983	358,117	2,482,014,100	28,398,435	2,510,412,535

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 2017			31 December 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Derivatives	-	179,881	-	-	4,207,972	-
	-	179,881	-	-	4,207,972	-
Financial liabilities measured at fair value		-	-	-	-	-
Derivatives	-	1,248,119	-	-	358,117	-
	-	1,248,119	-	-	358,117	-

8 TANGIBLES ASSETS

During the periods ended as at 31 December 2017 and 2016, 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 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	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	(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- Published	1,368,650,242	1,424,680,843	25,532,902	130,151,241	46,267,312	30,457,184	3,025,739,724
Fair value of assets acquired (Effect of restated- Note 4)	(4,384,000)	-	-	-	-	-	(4,384,000)
Opening balance as at 1 January 2017 Restated	1,364,266,242	1,424,680,843	25,532,902	130,151,241	46,267,312	30,457,184	3,021,355,724
Capital Expenditure	10,675,277	4,923,220	300,025	547,006	553,520	221,463,889	238,462,937
Acquisitions of subsidiaries (Note 5)	1,443,695	2,624,130	115,936	272,562	61,597	-	4,517,920
Disposals	(33,512,680)	(83,685,531)	(1,363,557)	(4,903,884)	(3,733,628)	(1,307,543)	(128,506,823)
Exchange rate effect	(9,741)	(2,067)	(9,037)	(104,841)	(3,627)	-	(129,313)
Transfers	24,614,675	162,297,952	2,234,762	14,475,160	3,968,151	(210,890,793)	(3,300,093)
Closing balance as at 31 December 2017	1,367,477,468	1,510,838,547	26,811,031	140,437,244	47,113,325	39,722,737	3,132,400,352
Accumulated depreciation and impairment losses							
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	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	(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)
Opening balance as at 1 January 2017	397,006,243	869,466,288	19,585,347	94,171,195	38,615,360	110,824	1,418,955,257
Depreciation	22,146,037	112,539,407	1,549,869	12,773,646	3,578,133	-	152,587,092
Impairment losses (Note 32)	507,782	297,594	-	10,991	15,066	22,164	853,597
Acquisitions of subsidiaries (Note 5)	1,173,261	1,542,374	62,161	245,035	208,206	-	3,231,037
Disposals	(7,517,315)	(73,220,963)	(1,297,747)	(4,593,733)	(3,680,413)	-	(90,310,171)
Exchange rate effect	(4,611)	-	(3,592)	(75,729)	(2,564)	-	(86,496)
Transfers	382,921	(231,994)	(230,077)	(430,708)	(252,510)	-	(762,368)
Closing balance as at 31 December 2017	413,694,318	910,392,706	19,665,961	102,100,697	38,481,278	132,988	1,484,467,948
Carrying amount							
As at 31 December 2016 Restated	967,259,999	555,214,555	5,947,555	35,980,046	7,651,952	30,346,360	1,602,400,467
As at 31 December 2017	953,783,150	600,445,841	7,145,070	38,336,547	8,632,047	39,589,749	1,647,932,404

The investment includes the acquisition of assets of approximately 221 million euro (238 million euro in 2016), associated with the opening and remodeling of stores.

Disposal in the years 2017 and 2016 can be analyzed as follow:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Other Tangible Assets	Tangible assets in progress	Tangible Assets
Gross assets:							
Disposals	(3,388,192)	(82,691,672)	(1,363,557)	(4,903,884)	(3,733,628)	(1,307,543)	(97,388,476)
Sale and Leaseback	(30,124,488)	(993,859)	-	-	-	-	(31,118,347)
Closing balance as at 31 December 2017	(33,512,680)	(83,685,531)	(1,363,557)	(4,903,884)	(3,733,628)	(1,307,543)	(128,506,823)
Accumulated depreciation and impairment losses							
Disposals	(2,118,643)	(72,348,866)	(1,297,747)	(4,593,733)	(3,680,413)	-	(84,039,402)
Sale and Leaseback	(5,398,672)	(872,097)	-	-	-	-	(6,270,769)
Closing balance as at 31 December 2017	(7,517,315)	(73,220,963)	(1,297,747)	(4,593,733)	(3,680,413)	-	(90,310,171)
Carrying amount							
Disposals	(1,269,549)	(10,342,806)	(65,810)	(310,151)	(53,215)	(1,307,543)	(13,349,074)
Sale and Leaseback	(24,725,816)	(121,762)	-	-	-	-	(24,847,578)

	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)

During the period ended at 31 December 2017 and 31 December 2016, several sale and leaseback transactions were accounted for by the Group. The accounting values of the disposed assets, approximately, 24.8 million euro (158 million euro as at 31 December 2016), corresponds to 5 real estate food retail assets located in Portugal (16 real estate food retail assets located in Portugal and 3 stores Worten in Spain in 2016). Assets disposed in 2016, were classified in the above movement in disposals in 2016, 27 million euros and the remaining assets were recorded as non-current assets held for sale. These operations resulted in a cash inflow of 36.9 million euro (230 million euro as at 31 December 2016) and generated a net capital gain of approximately, 10.8 million euro (62.7 million euro as at 31 December 2016) (Note 39).

Tangible assets held by Imoconti, a subsidiary disposed in 2016, were leased under similar conditions to the assets included in the Sale and Leaseback operations, these assets represented 16 million euro at the date of disposal, resulting an up-front cash payment of 21 million euro and a capital gain of of 6.5 million euro (Note 37).

The lease agreements for the assets in question, 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 assets have an initial period of 20 years, and the lease term can be extended, with market conditions, by four additional periods of 10 years, and it was considered by the Board of Directors that only the initial 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 type of 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 location.

In disposal also included about 9.6 million euro related to the restructuring process of the new store concepts, of Worten (around 3.9 million euro) and of the Sonae MC (around 6 million euro), resulting in the use of impairment losses in the amount of 2.8 million euro and 1.2 million euro respectively.

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).

Most real estate assets from Sonae RP (Note 6), as at 31 December 2017 and 2016, 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 % (6.75% and 9.00 % in 2016), 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 2017.

As at 31 December 2016, it was recorded 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 & Wakefieldn 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 2017	31 December 2016
Refurbishment and expansion of stores in Portugal	33,490,064	25,828,922
Refurbishment and expansion of stores in Spain	1,473,742	1,610,531
Projects "Continente" stores for which advance payments were made	1,296,000	1,693,500
Others	3,329,943	1,213,407
	39,589,749	30,346,360

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 (Note 32)	(15,988,827)	(7,289,344)	(601)	(131,103)	(18,939)	-	(23,428,814)
Acquisitions of subsidiaries	(197,627)	-	-	-	-	-	(197,627)
Opening balance as at 1 January 2017	90,802,912	28,067,641	37,906	371,617	145,914	110,824	119,536,814
Impairment losses (Note 32)	507,782	297,593	-	10,991	15,066	22,165	853,597
Disposals (Note 32)	(383,872)	(5,062,789)	(16,324)	(102,479)	(178,586)	-	(5,744,050)
Acquisitions of subsidiaries	-	-	-	-	169,243	-	169,243
Closing balance as at 31 December 2017 (Note 32)	90,926,822	23,302,445	21,582	280,129	151,637	132,989	114,815,604

9 INTANGIBLE ASSETS

In the years ended at 31 December 2017 and 2016, 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 2016	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	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)
Opening balance as at 1 January 2017	166,652,955	313,832,129	14,655,288	50,108,524	27,309,726	572,558,622
Capital expenditure	1,000	512,513	54,000	2,716	46,697,816	47,268,045
Acquisitions of subsidiaries (Note 5)	13,500	-	-	138,687	-	152,187
Disposals	(153,310)	(5,854,361)	(621,963)	-	(600,298)	(7,229,932)
Exchange rate effect	(64,257)	(90,014)	-	(17,557)	-	(171,828)
Transfers	332,808	44,257,488	-	6,982	(45,807,424)	(1,210,146)
Closing balance as at 31 December 2017	166,782,696	352,657,755	14,087,325	50,239,352	27,599,820	611,366,948
		-				
Accumulated depreciation and impairment losses						
Opening balance as at 1 January 2016	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	-	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)
Opening balance as at 1 January 2017	28,141,659	195,413,770	13,934,368	2,116,390	-	239,606,187
Depreciation of the period	2,012,177	29,633,448	35,492	3,722,745	-	35,403,862
Acquisitions of subsidiaries (Note 5)	6,222	-	-	79,637	-	85,859
Disposals	(108,769)	(5,950,918)	(338,254)	-	-	(6,397,941)
Exchange rate effect	(51,693)	(74,338)	-	(16,255)	-	(142,286)
Transfers	(1,051)	(103,984)	-	-	-	(105,035)
Closing balance as at 31 December 2017	29,998,545	218,917,978	13,631,606	5,902,517	-	268,450,646
Carrying amount						
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 2017	136,784,151	133,739,777	455,719	44,336,835	27,599,820	342,916,302

As at 31 December 2017 the Investment related to intangible assets in progress includes 47 million euro related to IT projects and development software (43 million euro at 31 December 2016). Within that amount it is included 15.3 million euro of capitalizations of personnel costs related to own work (about 12.3 million euro in 31 December 2016) (Note 39).

Additionally, the caption "Patents and other similar rights" include the acquisition cost of a group of brands with indefinite useful lives among which the "Continente" brand, acquired in previous years, amounting to 75 million euro, the Salsa brand amounting to 51 million euro and Losan brand amounting to 11.6 million euro, both valued in the acquisition process in 2016.

Sonae Investimentos performs annual impairment tests over the brands, and obtained for this purpose an independent assessment of Continente brand made by independent appraisers (Interbrand). As at 31 December 2017, the external evaluation performed at the beginning of 2016 was internally updated and the value more than supports the accounting value of the asset as at 31 December 2017, and no impairment was recorded in the year. Regarding the impairment analysis of the Salsa and Losan brands, these were performed through the tests described in note 10 regarding the recovery of non-current assets.

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 Worten, Sonae Sports & Fashion and Maxmat 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 2017 and 2016, the caption “Goodwill” was made up as follows by insignia and country:

	31 December 2017			
	Portugal	Spain	Other countries	Total
Sonae MC	444,654,444	-	-	444,654,444
Worten	53,422,018	-	-	53,422,018
Sports and fashion	52,358,112	341,311	-	52,699,423
Sonae RP	2,563,501	-	-	2,563,501
	552,998,075	341,311	-	553,339,386

	31 December 2016 Restated			
	Portugal	Spain	Other countries	Total
Sonae MC	435,108,109	-	-	435,108,109
Worten	53,422,018	-	-	53,422,018
Sports and fashion	52,358,112	95,495	-	52,453,607
Sonae RP	3,089,453	-	-	3,089,453
	543,977,692	95,495	-	544,073,187

During the year ended in 31 December 2017 and 2016, movements occurred in Goodwill as well as in the corresponding impairment losses, are as follows:

	31 December 2017	31 December 2016 Restated
Gross value:		
Opening balance	551,714,855	507,098,475
Re-allocation of Goodwill to fair value of assets acquired (note 4)	-	1,731,680
Goodwill generated in the period (Note 5)	9,546,335	43,364,414
Decreases	(525,952)	(579,714)
Others variations	245,816	100,000
Closing balance	560,981,054	551,714,855
Accumulated impairment losses:		
Opening balance	7,641,668	7,641,668
Increases	-	-
Closing balance	7,641,668	7,641,668
Carrying amount	553,339,386	544,073,187

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.

During the periods ended at 31 December 2017 and 2016, Sonae Investimentos performed analysis in order to test any impairment on goodwill, As a result of that analysis, the Group didn´t record impairment losses in 2017 and 2016.

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, Worten, Sonae Sports & Fashion and Maxmat 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 2017			31 December 2016		
	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%	-0.6%
Worten	9% to 11%	<= 1%	2.6%	9% to 11%	<= 1%	1.9%
Sonae Sports and fashion	9% to 11%	<= 1%	6.1%	9% to 11%	<= 1%	6.9%
Maxmat	9% to 11%	<= 1%	10.2%	9% to 11%	<= 1%	5.4%

In Sports business area, goodwill impairment analysis and non-current asset recovery analysis were made taking into account the valuation resulting from the loss of control operation that occurred in January 2018, this analysis did not result in impairment losses.

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 2017. 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 imaterial additional impairments.

11 JOINT VENTURES AND ASSOCIATED COMPANIES

11.1 Detail of book value of investment in joint ventures and associates

Joint ventures and associates, their head offices, percentage of share capital held and their value in the statement of financial position as at 31 December 2017 and 31 December 2016 are as follows:

			Percentage of capital held					
			31 December 2017		31 December 2016		Statment of financial position	
	Company	Head Office	Direct*	Total*	Direct*	Total*	31 December 2017	31 December 2016
1)	Sohi Meat Solutions - Distribuição de Carnes, SA	Santarém	50.00%	50.00%	100.00%	100.00%	2,361,045	-
2)	MDS SGPS, SA (consolidado)	Maia	50.00%	50.00%	47.53%	47.53%	32,100,593	-
	Investments in joint ventures						34,461,638	-
	APOR- Agência para a Modernização do Porto, SA	Porto	22.75%	22.75%	22.75%	22.75%	290,475	323,193
2)	MDS SGPS, SA (consolidado)	Maia	-	-	47.53%	47.53%	-	41,382,361
	MOVVO, SA	Porto	25.58%	25.58%	25.58%	25.58%	-	2,793,649
	S2 Mozambique, SA	Maputo	30.00%	30.00%	30.00%	30.00%	1,592,748	1,406,710
	Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	1,050,793	1,338,322
	Ulabox, S.L.	Barcelona	41.89%	41.89%	39.18%	39.18%	4,046,829	3,817,381
	Investment in associates companies						6,980,845	51,061,617
	Total						41,442,483	51,061,617

* 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) In 2016 results from the agreement signed on January 2017, since then, Sohimeat has been consolidated using the equity method due the loss of control (Note 21); and

2) Acquisition during the period of shares representing 2,47 % of the share capital of the MDS, SGPS to a related entity for 1,614,800 euro (Note 44), being considered as a joint venture.

Joint ventures and associated companies were included in the consolidation under the equity method.

11.2 Financial indicators of participations

11.2.1 Joint ventures

As at 31 December 2017 and 2016, summary financial information of joint ventures of the group can be analysed as follows:

	31 December 2017	
Joint Ventures	Sohi Meat	MDS SGPS, SA (Consolidated)
Assets		
Investment properties	-	857,259
Tangible assets	20,771,255	2,376,935
Intangible assets	309,299	9,605,565
Goodwill	-	29,202,474
Investments in joint ventures and associates	-	9,098,383
Other non-current assets	204,757	3,426,579
Non-current assets	21,285,311	54,567,195
Trade account receivables	26,859,097	4,916,146
Cash and cash equivalents	367,901	10,448,200
Other current assets	9,110,188	3,981,786
Current assets	36,337,186	19,346,132
Total assets	57,622,497	73,913,327
Liabilities		
Borrowings	-	15,575,000
Other non-current liabilities	-	9,357,967
Non-current liabilities	-	24,932,967
Borrowings	-	6,419,272
Trade creditors	50,874,796	2,590,507
Other current liabilities	2,642,558	13,197,002
Total current liabilities	53,517,354	22,206,781
Total liabilities	53,517,354	47,139,748
Shareholders' funds excluding non-controlling interests	4,105,143	24,734,144
Non-controlling interests	-	2,039,435
Total shareholders' funds	4,105,143	26,773,579
Total shareholders' funds and liabilities	57,622,497	73,913,327

	31 December 2016	
Joint Ventures	Sohi Meat	MDS SGPS, SA (Consolidated)
Total revenue	270,805,753	48,759,980
Other income	42,431,164	724,108
	313,236,917	49,484,088
Cost of goods sold and materials consumed	(253,593,835)	-
External supplies and services	(9,181,542)	(24,476,991)
Depreciation and amortisation	(2,099,216)	(3,815,644)
Other operating costs	(48,325,516)	(21,502,449)
	(313,200,109)	(49,795,084)
Financial results	(41)	(794,999)
Results of associated companies	-	12,112
Income taxation	5,323	158,077
Consolidated net income/(loss) for the year	42,090	(935,806)
Attributable to:		
Equity holders of the Parent Company	42,090	(876,353)
Non-controlling interests	-	(59,453)
	42,090	(935,806)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	42,090	(935,806)

The reconciliation of financial information with the joint ventures carrying amount can be analysed as follows:

	31 December 2017	
Joint ventures	MDS,SGPS,SA (consolidado)	Sohimeat, SA
Equity	24,734,144	4,105,143
Percentage of share capital held	50%	50%
Share of the net assets	12,367,072	2,052,572
Goodwill recognized in financial investments	17,160,451	-
Other effects	2,573,070	308,474
Financial investment	32,100,593	2,361,045

11.2.2 Associates

As at 31 December 2017 and 2016, summary financial information of associated companies of the Group can be analysed as follows:

	31 December 2017			
Associated Companies	Sempre a Postos	S2 Mozambique	Ulabox	Others
Non-current assets	725,966	5,677,724	5,677,724	678,593
Current assets	10,326,802	2,383,755	2,383,755	2,356,130
Non-current liabilities	-	-	-	1,955,112
Total current liabilities	6,849,597	2,959,516	2,959,516	831,108
Equity	4,203,171	5,101,963	5,101,963	248,503

	31 December 2016				
Associated Companies	MDS SGPS, SA (Consolidated)	Sempre a Postos	S2 Mozambique	Ulabox	Others
Non-current assets	61,968,120	1,205,266	3,517,781	1,176,547	986,708
Current assets	18,759,708	10,371,548	1,838,977	1,662,970	3,316,322
Non-current liabilities	24,013,978	-	-	-	2,240,946
Total current liabilities	25,520,031	6,223,527	667,722	531,941	977,842
Equity	31,193,819	5,353,287	4,689,036	2,307,576	1,084,242

	31 December 2017			
Associated Companies	Sempre a Postos	S2 Mozambique	Ulabox	Others
Turnover	55,921,357	5,663,675	9,245,815	669,254
Other operational income	3,200,459	272,509	477,435	15,294
Operational expenses	(56,167,963)	(8,839,842)	(13,542,972)	(2,381,661)
Net finantial expense	6,153	(286,954)	-	(1,194)
Taxation	(790,832)	(48,398)	-	(100)
Consolidated net income/(loss) for the year	2,169,174	(3,239,010)	(3,819,722)	(1,698,407)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	2,169,174	(3,239,010)	(3,819,722)	(1,698,407)

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

The reconciliation of financial information with the associates carrying amount can be analysed as follows:

Associates	31 December 2017 Sempre a Postos	S2 Mozambique	Ulabox	Outros
Equity	4,203,171	5,101,963	1,623,204	248,503
Percentage of share capital held	25.00%	30.00%	41.89%	25,58% e 22,75%
Share of the net assets	1,050,793	1,530,589	679,960	27,434
Goodwill recognized in financial investments	-	-	1,549,408	-
Other effects	-	62,159	1,817,461	263,041
Financial investment	1,050,793	1,592,748	4,046,829	290,475

Associates	31 December 2016 MDS,SGPS,SA (consolidado)	Sempre a Postos	Ulabox	S2 Mozambique	Outros
Equity	31,193,819	5,353,287	2,307,576	4,689,036	1,084,242
Percentage of share capital held	47.53%	25.00%	39.18%	30.00%	25,58% e 22,75%
Share of the net assets	14,826,422	1,338,322	904,108	1,406,710	237,145
Goodwill recognized in financial investments	25,217,477	-	1,245,985	-	2,149,921
Other effects	1,338,462	-	1,667,288	-	729,775
Financial investment	41,382,361	1,338,322	3,817,381	1,406,710	3,116,841

11.3 Movements occurred in the period

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

	31 December 2017			31 December 2016		
	Propotion on equity	Goodwill	Total investment	Propotion on equity	Goodwill	Total investment
Joint ventures						
Initial balance as at 1 January	-	-	-	-	-	-
Change of consolidation method	2,703,451	-	2,703,451	-	-	-
Transfer of "Investments in associates companies"	15,243,880	17,160,451	32,404,331			
Equity method:						
Effect in gain or losses in joint controlled and associated companies	12,444	-	12,444	-	-	-
Other effects on reserves	(658,588)	-	(658,588)	-	-	-
	17,301,187	17,160,451	34,461,638	-	-	-
Investments in associates companies						
Initial balance as at 1 January	22,403,095	28,658,523	51,061,618	21,073,725	26,508,602	47,582,327
Acquisitions during the period	768,143	846,657	1,614,800	1,607,217	-	1,607,217
Aquisitions, capital increase and	3,163,333	303,423	3,466,756	2,667,132	-	2,667,132
Transfer to "Joint ventures"	(15,243,880)	(17,160,451)	(32,404,331)	-	-	-
Transfer of "Other non-current investments"	-	-	-	1,102,139	2,149,921	3,252,060
Alienações durante o exercício	(11,464)	(2,492)	(13,956)	-	-	-
Equity method:						
Effect in gain/losses in associated companies	(3,566,587)	-	(3,566,587)	(5,940,454)	-	(5,940,454)
Distributed dividends	(829,823)	-	(829,823)	(352,945)	-	(352,945)
Change in group reserves	(895,737)	-	(895,737)	2,246,281	-	2,246,281
Accumulated impairment losses (Note 32 and 37)	(355,644)	(11,096,252)	(11,451,896)	-	-	-
	5,431,436	1,549,408	6,980,844	22,403,095	28,658,523	51,061,618
Total	22,732,623	18,709,859	41,442,482	22,403,095	28,658,523	51,061,618

The effect of Change in the group reserves is related to the effect of the currency translation of companies with a functional currency other than the euro amounting to -1.7 million euro (around -2.2 million euro as at 31 December 2016).

The value of change of consolidation method due to loss of control relates to Sohi Meat Solutions-Distribuição de Carnes, SA, following the agreement signed on January 3, 2017, the date on which a Joint Venture was formed between Sonae MC and Hilton Food Group PLC through a capital increase of this Group in Sohimeat. Since then, Sohimeat has been consolidated using the equity method.

The Transfer of Investments in associates companies results from the transfer of the participation in MDS for joint venture because of the increase of the holding percentage to 50%. This acquisition was based on internal valuation through annual planning methodologies, based on business plans where the respective cash flows for 5-year periods are projected, using a weighted average cost of capital of 12.24% and a perpetuity growth rate of 3%. This assessment implied an impairment loss in 2017 amounting to 8.6 million euro. In the movement of impairments related to associated companies, the impairment of the interest in MOVVO is also recorded (Note 37).

12 OTHER INVESTMENTS

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

		Percentage of capital held				Statment of financial position	
		31 December 2017		31 December 2016			
Company	Head Office	Direct	Total	Direct	Total	31 December 2017	31 December 2016
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	925,197
Other investments						11,388,210	9,975,475
						12,323,383	10,910,648

As at 31 December 2017 the caption "Other investments" includes, among others, 9,919,677 euro (9,966,231 euro in 31 December 2016) related to deposited amounts on an Escrow Account which is applied in investment funds with superior rating, which is a guarantee for contractual liabilities assumed in the disposal of a Brazil Retail business and for which provisions were recorded in the applicable situations (Note 32 and 34).

As at 31 December 2017, with the exception of Escrow Account, these amounts represent financial investments of immaterial value in unlisted companies and in which the Group does not hold significant influence, their cost of acquisition was considered to be a reasonable approximation to its fair value, adjusted, if applicable, by the identified impairments.

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

	31 December 2017		31 December 2016	
	Non Current	Current	Non Current	Current
Other investments:				
Opening balance as at 1 January	10,910,648	-	12,164,765	-
Increases in the period	1,459,291	-	1,001,244	-
Transfer to "Associated companies"	-	-	(1,963,874)	-
Decreases in the period	(46,556)	-	(291,487)	-
Closing balance as at 31 December	12,323,383	-	10,910,648	-
Derivative financial instruments				
Fair value as at 1 January	-	4,207,972	-	2,506,086
Acquisitions in the period	-	-	-	2,293,301
Increase/(Decrease) in fair value	-	(4,028,091)	-	(591,415)
Fair value as at 31 December (Note 26)	-	179,881	-	4,207,972
Total of Other Investments (Note 7)	12,323,383	179,881	10,910,648	4,207,972

13 OTHER NON-CURRENT ASSETS

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

	31 December 2017	31 December 2016
Loans granted to related parties	-	651,119
Trade accounts receivable and other debtors		
Bails (a)	5,120,591	5,043,273
Legal deposits (b)	3,916,334	762,246
Special regime for payment of tax and social security debts (c)	6,181,878	6,213,629
Amount receivable for selling the Modelo Cont.Seguros	1,000,000	2,450,000
Amount retained in the acquisition of the Salsa group	2,463,875	2,463,875
Admission rights	787,615	-
Others	414,431	45,864
	19,884,724	16,978,887
Accumulated impairment losses in other debtors (Note 32)	-	(2,450,000)
Total trade accounts receivable and other debtors	19,884,724	14,528,887
Total financial instruments (Note 7)	19,884,724	15,180,006
Other non-current assets	268,174	135,828
	20,152,898	15,315,834

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

a) Amounts related with guarantees of lease contracts in group stores located in Spain, which have not matured until this date;

b) Amounts related to legal deposits made by a Brazilian subsidiary, for which are recorded the correspondent liabilities in the caption "Other non-current liabilities" (Note 27), with no defined maturity;

c) The amount disclosed as Special Regime for Payment of Tax and Social Security Debts corresponds to taxes paid, voluntarily, related to settlements of income tax on corporate income, which were already in judicial process. The judicial processes are still in progress, however the guarantees provided for the said processes were cancelled. No impairment loss was recorded since it is the Board of Directors understanding that the claims presented will have a favorable end to Sonae Investimentos, reason why they were not object of provision.

14 INVENTORIES

As at 31 December 2017 and 2016, "Inventories" are detailed as follows:

	31 December 2017	31 December 2016
Raw materials and consumables	2,882,589	2,937,655
Goods for sale	731,894,928	713,619,609
Finished and intermediate goods	11,393,255	11,308,942
Work in progress	1,763,375	1,334,437
	747,934,147	729,200,643
Accumulated impairment losses on Inventories	(34,913,228)	(33,187,986)
	713,020,919	696,012,657

Cost of goods sold as at 31 December 2017 and 2016 amounted to 4,548,199,033 euro and 4,233,574,770 euro, respectively, and may be detailed as follows:

	31 December 2017	31 December 2016
Opening balance	716,557,264	664,849,449
Exchange rate effect	(51,540)	(99,142)
Changes in consolidation perimeter (Note 5)	586,950	9,054,531
Purchases	4,575,733,942	4,286,851,056
Adjustments	(11,569,552)	(11,711,143)
Closing balance	734,777,518	716,557,264
	4,546,479,546	4,232,387,487
Impairment losses	1,719,487	1,187,283
	4,548,199,033	4,233,574,770

As at 31 December 2017 and 2016, the caption Regularization of inventories refers essentially to regularizations resulting from offers to social solidarity institutions carried out by retail.

The Caption Increase/ decrease in Production, as at 31 December 2017 and 2016 amounted to 351,870 euro and 1,273,422 euro, respectively, and may be detailed as follows:

	31 December 2016	31 December 2015 Restated
Opening balance	12,643,378	578,100
Acquisitions of subsidiaries	-	11,714,221
Adjustments	(653,636)	(699,865)
Closing balance	13,156,629	12,643,378
	1,166,887	1,050,922
Adjustments in inventories	(815,017)	222,500
	351,870	1,273,422

15 TRADE ACCOUNTS RECEIVABLE

As at 31 December 2017 and 2016, “Trade accounts receivable” are detailed as follows:

	31 December 2017			31 December 2016		
Trade accounts receivable and doubtful	Gross Value	Impairment losses (Note 32)	Carrying Amount	Gross Value	Impairment losses (Note 32)	Carrying Amount
Sonae MC	38,664,335	(3,961,001)	34,703,334	33,090,239	(3,725,262)	29,364,977
Worten	10,484,034	(683,390)	9,800,644	6,727,541	(539,266)	6,188,275
Sports & Fashion	38,897,965	(3,583,372)	35,314,593	34,230,358	(3,204,853)	31,025,505
Sonae RP	523,594	(72,751)	450,843	182,547	(47,024)	135,523
Maxmat	33,566	(19,754)	13,812	31,665	(19,754)	11,911
Sonae FS	2,208,338	-	2,208,338	2,514,796	-	2,514,796
Others	2,779,726	(6,874)	2,772,852	5,418,515	(7,354)	5,411,162
	93,591,558	(8,327,142)	85,264,416	82,195,661	(7,543,512)	74,652,149

The caption Current Trade accounts receivable includes 17,696,359 euros (16,624,588 euros as at 31 December 2016), 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 Investimentos past experience and on the assessment of current economic conditions. It is Sonae 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 2017 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 2017 and 2016, the ageing of the trade receivables are as follows:

	Trade Receivables							
31 December 2017	Sonae MC	Worten	Sonae Sports & Fashion	Sonae RP	Maxmat	Sonae FS	Others	Total
Not due	7,490,344	3,557,380	14,029,267	381,550	-	2,208,338	2,749,007	30,415,886
Due but not impaired								
0 - 30 days	4,747,124	689,807	6,879,853	24,200	3,830	-	3,208	12,348,022
30 - 90 days	20,725,317	5,458,543	7,766,520	8,727	1,827	-	3,022	33,963,956
+ 90 days	1,740,549	103,479	6,638,953	36,365	8,155	-	9,052	8,536,553
Total	27,212,990	6,251,829	21,285,326	69,292	13,812	-	15,282	54,848,531
Due and impaired								
0 - 90 days	339,039	10,294	38,732	-	-	-	-	388,065
90 - 180 days	230,535	9,750	181,732	-	-	-	-	422,017
180 - 360 days	116,287	113,184	359,003	25,727	-	-	8,080	622,281
+ 360 days	3,275,139	541,597	3,003,905	47,024	19,754	-	7,360	6,894,779
Total	3,961,000	674,825	3,583,372	72,751	19,754	-	15,440	8,327,142
	38,664,334	10,484,034	38,897,965	523,593	33,566	2,208,338	2,779,729	93,591,559

	Trade Receivables							
31 December 2016	Sonae MC	Worten	Sonae Sports & Fashion	Sonae RP	Maxmat	Sonae FS	Others	Total
Not due	11,722,930	3,809,915	14,629,226	97,245	-	2,514,796	5,411,103	38,185,215
Due but not impaired	-	-	-	-	-	-	-	-
0 - 30 days	3,219,430	76,630	6,573,196	17,556	2,364	-	-	9,889,176
30 - 90 days	13,011,094	2,195,221	8,459,666	-	80	-	-	23,666,061
+ 90 days	1,411,522	106,510	1,363,418	20,722	9,468	-	57	2,911,697
Total	17,642,046	2,378,361	16,396,280	38,278	11,912	-	57	36,466,934
Due and impaired								
0 - 90 days	614	1,236	64,945	-	710	-	-	67,505
90 - 180 days	564	69,929	115,563	-	142	-	-	186,198
180 - 360 days	96,384	46,361	331,513	-	-	-	-	474,258
+ 360 days	3,627,700	421,740	2,692,832	47,024	18,902	-	7,353	6,815,551
Total	3,725,262	539,266	3,204,853	47,024	19,754	-	7,353	7,543,512
	33,090,238	6,727,542	34,230,359	182,547	31,666	2,514,796	5,418,513	82,195,661

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 2017 and 2016, Other debtors are detailed as follows:

	31 December 2017	31 December 2016
Granted loans and other receivables to related companies	4,409,042	35,310,075
Other debtors		
Trade creditors - debtor balances	37,998,176	41,190,501
Disposal of investments	-	21,585,746
VAT recoverable on real estate assets	6,248,946	3,723,869
Accounts receivable from the disposal of tangible fixed assets	2,141,299	2,303,985
Vouchers and gift cards	2,449,037	1,924,216
Other current assets	19,487,251	17,172,271
	68,324,709	87,900,588
Accumulated impairment losses in receivables (Note 32)	(7,129,898)	(7,436,976)
Total of other debtors	61,194,811	80,463,612
Total of Financial Instruments (Note 7)	65,603,853	115,773,687
Other non current assets	-	-
	65,603,853	115,773,687

The caption "Granted loans and other receivables to related companies" includes the amount of 4.4 million euro (35.3 million euro as at 31 December 2016) relating to the amount receivable from Sonae SGPS, SA resulting from inclusion of group companies in the special scheme for the taxation of groups of companies.

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, received in 2017 (Note 46).

As at 31 December 2017 and 2016, the ageing of "Other debtors" can be analysed as follows:

	Other Debtors	
	31 December 2017	31 December 2016
Not due	29,073,976	66,687,667
Due but not impaired		
0 - 90 days	35,202,195	48,132,422
+ 90 days	1,341,722	969,517
Total	36,543,917	49,101,939
Due and impaired		
0 - 180 days	156,807	122,240
180 - 360 days	352,425	599,462
+ 360 days	6,606,626	6,699,355
Total	7,115,858	7,421,057
	72,733,751	123,210,663

As at 31 December 2017 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 2017 and 2016, Taxes recoverable and taxes and contributions payable are made up as follows:

	31 December 2017	31 December 2016
Tax recoverable		
Income taxation	27,777,037	18,843,814
VAT	38,358,788	24,278,392
Other taxes	1,573,930	1,639,058
	67,709,755	44,761,264
Taxes and contributions payable		
Income taxation	4,046,746	4,426,895
VAT	61,983,481	48,669,600
Staff income taxes withheld	5,104,663	4,820,959
Social security contributions	13,519,326	12,142,278
Other taxes	373,150	285,663
	85,027,366	70,345,394

18 OTHER CURRENT ASSETS

As at 31 December 2017 and 2016, “Other current assets” is made as follows:

	31 December 2017	31 December 2016
Commercial discounts	25,214,880	35,631,051
Rents	8,802,076	7,220,792
Insurance premiums paid in advance	4,557,941	5,690,303
Software licenses	2,225,055	1,998,476
Commissions to be received	1,077,520	1,678,933
Interests to be received	514,994	558,540
Insurance indemnities	122,335	1,509,212
Condominium management fee's	115,382	738,978
Other current assets	11,621,783	9,204,854
	54,251,965	64,231,139

The caption "Commercial discounts" refers to promotional campaigns carried out in the retail operating segment stores and reimbursed by Sonae Investimentos suppliers (Note 39).

19 DEFERRED TAXES

Deferred tax assets and liabilities as at 31 December 2017 and 2016 are as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2017	31 December 2016 Restated	31 December 2017	31 December 2016 Restated
Difference between fair value and acquisition cost	4,933,142	4,524,608	33,865,461	34,967,052
Temporary differences in tangible and intangible assets	1,350,735	1,646,837	69,893,479	64,538,394
Provisions and impairment losses not accepted for tax purposes	20,751,517	21,189,836	-	-
Write off of tangible and intangible assets	28,517	25,524	-	44,232
Valuation of hedging derivatives	11,702	86,933	41,952	626,051
Amortisation of goodwill for tax purposes in Spain	-	-	17,457,039	-
Revaluation of tangible assets	-	-	916,509	1,040,637
Tax losses carried forward	25,703,398	18,565,479	-	-
Reinvested capital gains/(losses)	-	-	302,963	329,611
Tax Benefits	402,854	531,867	-	-
Others	3,676,127	3,290,438	329,080	468,538
	56,857,992	49,861,522	122,806,483	102,014,515

During the periods ended 31 December 2017 and 2016, movements in deferred tax assets and liabilities are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2017	31 December 2016 Restated	31 December 2017	31 December 2016 Restated
Opening balance	49,861,522	56,962,847	102,014,515	76,568,266
Effects in net income:				
Difference between fair value and acquisition cost	408,534	(2,279,107)	(1,101,591)	(11,836,547)
Temporary differences in tangible and intangible assets	(197,293)	(141,304)	5,577,496	3,484,535
Provisions and impairment losses not accepted for tax purposes	(392,123)	(2,613,508)	-	-
Provisions and impairment losses transfer	-	16,568,897	-	16,568,897
Write-off of tangible and intangible assets	(10,247)	25,317	(44,232)	-
Valuation of hedging derivatives	-	(30,786)	-	(63,682)
Revaluation of tangible assets	-	-	(116,394)	(109,284)
Tax losses carried forward	6,868,072	(20,807,988)	-	-
Amortisation of goodwill for tax purposes in Spain	-	-	17,457,039	-
Reinvested capital gains/(losses)	-	-	(26,647)	(217,608)
Changes in tax rates	(9,330)	(15,088)	(220,405)	(294,247)
Tax Benefits	(129,013)	(498,752)	-	-
Others	278,703	156,342	72,026	(1,594,516)
	6,817,303	(9,635,977)	21,597,292	5,937,548
Effects in equity:			-	
Valuation of hedging derivatives	(75,230)	(124,456)	(584,099)	324,909
Others	(18,245)	-	(8,291)	(9,216)
	(93,475)	(124,456)	(592,390)	315,693
Acquisitions of subsidiaries (Note 5)	353,206	2,958,597	-	20,496,392
Disposals of subsidiaries	-	-	-	(1,282,258)
Non-current assets held for sale (Note 21)	-	(166,792)	-	(284,632)
Others	(80,564)	(132,697)	(212,934)	263,506
Closing balance	56,857,992	49,861,522	122,806,483	102,014,515

As at 31 December 2017 and 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.

The Spanish Supreme Court decided in favour of Sonae considering that goodwill amortization for tax purposes in 2008 was applicable. For that reason, in 2017 the Group deducted tax on the amortization of goodwill generated in previous years for the years 2008, 2016 and 2017, having recognized 17.5 million euros in deferred tax liabilities.

Taking into account the tax proceedings pending before the court in Spain for the financial years 2009 to 2011, as well as for the fact that the Group was prevented from recognizing the tax depreciation of goodwill for the financial years 2012 to 2015, the right of the entity to deduct tax depreciation of goodwill amounting to 69.8 million euro might be given in the future.

As at 31 December 2017 and 2016, 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 2017			31 December 2016 Restated		
		Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use							
Generated in 2013	Portugal	622,068	130,634	2018	-	-	2018
Generated in 2014	Portugal	1,673,556	351,447	2026	1,194,236	250,790	2026
Generated in 2015	Portugal	69,902	14,680	2027	90,184	18,939	2027
Generated in 2016	Portugal	243,591	51,154	2028	242,980	51,025	2028
Generated in 2017	Portugal	5,638,684	1,184,124	2022	-	-	
		8,247,801	1,732,039		1,527,400	320,754	
Without limited time use							
	Spain	95,885,439	23,971,359		72,496,035	18,124,009	
	Malta	-	-		344,904	120,716	
		104,133,240	25,703,398		74,368,339	18,565,479	

As at 31 December 2017 and 2016, the deferred taxes to be recognized arising from tax losses were evaluated. Deferred tax assets have only been recorded to the extent that future taxable profits will arise which might be offset against available tax losses or against deductible temporary differences. This assessment was based on the business plans of Sonae Investimentos's companies, which are periodically reviewed and updated. The main assumptions used in those business plans are described in Note 10, with the exception of retail operations in Spain.

As at 31 December 2017, the Group had an amount of 20.0 million euros (14.1 million euros as at 31 December 2016) in the Retail segment of deferred tax assets related to tax losses for this and previous years of the Spanish Tax Group and which can be recovered by it in Spain. The Modelo Continente Hipermercados, SA branch in Spain was, on 31 December 2017 and 2016, the representative entity of the Tax Group in Spain, whose dominant entity is Sonae SGPS, S.A.

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 Investimentos 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 8.4% over a 10-year period (7.7% in 2016).

Although these tax losses do not expire, the analysis of their recoverability was limited to a 10-year term, also considering the deferred tax liabilities recognized.

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 which were reversed in previous years likely to be recoverable in a longer period than the 10 years of the business plan.

The amount of deferred tax assets also includes the amount of 4.6 million euros related to tax losses carried forward and deductible temporary differences which will be derecognised as a result of the loss of control of the Sport Zone operation described in Note 48.

As at 31 December 2017, there are reportable tax losses in the amount of 343.4 million euro (295.1 million euro as at 31 December 2016), whose deferred tax assets are not recorded for prudence purposes.

		31 December 2017			31 December 2016 Restated		
		Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use							
Generated in 2012	Portugal	-	-		2,099,873	440,973	2017
Generated in 2013	Portugal	-	-	2018	809,338	169,961	2018
Generated in 2016	Portugal	412	87	2028	412	87	2028
		412	87		2,909,623	611,021	
With a time limit different from the above mentioned							
	Holland	93,389	18,678	2022-2026	34,819	6,964	2022-2025
		93,389	18,678		34,819	6,964	
Without limited time use							
	Brazil	16,560,133	5,630,445		16,965,713	5,768,343	
	Malta	12,752	4,463		-	-	
	Spain	326,774,660	81,693,665		275,217,561	68,804,390	
		343,347,545	87,328,573		292,183,274	74,572,733	
		343,441,346	87,347,338		295,127,716	75,190,718	

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. In 2012 the Company interposed 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.

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, with reference to 2008, and the Group corrected the tax return for 2016, and it is its intention to also consider such amortization in the tax return for the year 2017. Consequently, it recognized the corresponding deferred tax liability for fiscal years 2008, 2016 and 2017.

20 CASH AND CASH EQUIVALENTS

As at 31 December 2017 and 2016, Cash and cash equivalents are as follows:

	31 December 2017	31 December 2016
Cash at hand	10,443,119	9,038,215
Bank deposits	151,925,814	110,676,690
Treasury applications	9,910	11,286
Cash and cash equivalents on the statement of financial position (Note 7)	162,378,843	119,726,191
Bank overdrafts (Note 24)	(2,815,638)	(17,729,578)
Cash and cash equivalents on the statement of cash flows	159,563,205	101,996,613

Bank overdrafts are disclosed in the statement of financial position under “Current 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 2016, we transferred the related assets and liabilities to the asset and liability items held for sale. The detail of these figures is as follows:

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

22 SHARE CAPITAL

As at 31 December 2017, 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.

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

Entity	31 December 2017	31 December 2016
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 2017 Efanor Investimentos, SGPS, SA and affiliated companies held 52.48% of Sonae's share capital. Sonae held directly or indirectly 100% of the company.

As at 31 December 2017 and 2016, 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., legal reserves of an amount equal to the cost of acquisition were made unavailable pursuant to article 324 of the Commercial Companies Code. This reserve may only be transacted after the extinction or sale of said shares.

23 NON – CONTROLLING INTERESTS

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

	31 December 2017				
	Equity (1)	Net Profit/ (Loss) (1)	Statment of financial position	Proportion in income attributable to non controlling interests	Dividends/ Income received
Sonae MC	3,666,888	766,953	4,592,402	212,251	-
Worten	2,756,310	751,757	1,102,522	300,702	-
Sonae Sports & Fashion	67,870,269	7,806,086	32,826,507	3,935,968	(1,050,475)
Sonae RP	265,873,142	22,529,841	30,837,270	1,682,150	(2,356,055)
Maxmat	44,229,227	4,151,006	22,114,613	2,075,503	-
Others	722,293	(556,908)	543,031	(163,130)	-
Total	385,118,129	35,448,735	92,016,345	8,043,444	(3,406,530)

	31 December 2016 Restated				
	Equity (1)	Net Profit/ (Loss) (1)	Statment of financial position	Proportion in income attributable to non controlling interests	Dividends/ Income received
Sonae MC	2,314,323	1,333,057	526,934	333,264	-
Worten	2,004,554	370,265	801,820	148,106	-
Sonae Sports & Fashion	61,824,414	6,797,721	29,570,669	3,277,641	-
Sonae RP	272,158,886	32,626,062	31,622,039	1,988,034	(1,350,487)
Maxmat	40,146,791	1,957,129	20,073,395	978,565	-
Others	1,238,565	(476,763)	694,258	(139,655)	-
Total	379,687,533	42,607,471	83,289,115	6,585,955	(1,350,487)

1) Contribution to the consolidated financial statements of the Group

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

	31 December 2017						
	Sonae MC	Worten	Sports & Fashion	Sonae RP	Maxmat	Others	Total
Balance as at 1 January	526,934	801,820	29,570,669	31,039,028	20,073,395	1,277,262	83,289,108
Dividends distributed	-	-	(1,050,475)	(111,750)	-	-	(1,162,225)
Income distribution from investment funds	-	-	-	(2,244,305)	-	-	(2,244,305)
Changes in shareholding interests	-	-	-	(110,864)	-	-	(110,864)
Exchange rate effect	-	-	-	-	-	11,904	11,904
Acquisition of subsidiaries (Note 5)	3,772,948	-	-	-	-	-	3,772,948
Constitution of affiliated companies	-	-	400,000	-	-	-	400,000
Changes in hedge and fair value reserves	78,909	-	(35,804)	-	(34,285)	-	8,820
Others	1,360	-	6,149	7	-	2	7,518
Profit for the period attributable to non-controlling interests	212,251	300,702	3,935,968	1,682,150	2,075,503	(163,142)	8,043,432
Balance as at 31 December	4,592,402	1,102,522	32,826,507	30,254,266	22,114,613	1,126,026	92,016,336

	31 December 2016 Restated						
	Sonae MC	Worten	Sports & Fashion	Sonae RP	Maxmat	Others	Total
Balance as at 1 January	165,412	653,714	762,979	30,390,421	19,063,088	1,257,271	52,292,885
Dividends distributed	-	-	-	(114,810)	-	-	(114,810)
Income distribution from investment funds	-	-	-	(1,235,677)	-	-	(1,235,677)
Changes in shareholdings interests	-	-	-	11,060	-	133,908	144,968
Exchange rate effect	-	-	-	-	-	25,735	25,735
Acquisition of subsidiaries	-	-	25,530,031	-	-	-	25,530,031
Changes in hedge and fair value reserves	27,027	-	-	-	31,744	-	58,771
Others	1,231	-	18	-	(2)	2	1,249
Profit for the period attributable to non-controlling interests	333,264	148,106	3,277,641	1,988,034	978,565	(139,654)	6,585,956
Balance as at 31 December	526,934	801,820	29,570,669	31,039,028	20,073,395	1,277,262	83,289,108

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 25.5 million euro.

As at 31 December 2017 and 2016, aggregate financial information of subsidiaries with non-controlling interests is as follows:

	31 December 2017						
	Sonae MC	Worten	Sports & Fashion	Sonae RP	Maxmat	Others	Total
Total Non-Current Assets	687,357	6,407,770	124,746,002	262,927,550	30,731,921	1,925,545	427,426,145
Total Current Assets	8,754,533	10,627,438	53,014,975	7,168,407	36,052,543	1,789,788	117,407,684
Total Non-Current Liabilities	23,405	6,835,930	69,880,218	814,576	846,731	695,782	79,096,642
Total Current Liabilities	5,751,597	7,442,968	40,010,490	3,408,239	21,708,506	2,297,258	80,619,058
Equity	3,666,888	2,756,310	67,870,269	265,873,142	44,229,227	722,293	385,118,129

	31 December 2016 Restated						
	Sonae MC	Worten	Sports & Fashion	Sonae RP	Maxmat	Others	Total
Total Non-Current Assets	47,772	6,665,482	124,872,671	268,325,676	31,094,347	1,906,126	432,912,074
Total Current Assets	5,333,708	8,353,427	48,267,439	8,628,598	30,382,238	2,441,666	103,407,076
Total Non-Current Liabilities	-	7,085,248	71,140,670	1,088,995	813,473	807,473	80,935,859
Total Current Liabilities	3,067,157	5,929,107	40,175,026	3,706,393	20,516,321	2,301,754	75,695,758
Equity	2,314,323	2,004,554	61,824,414	272,158,886	40,146,791	1,238,565	379,687,533

	31 December 2017						
	Sonae MC	Worten	Sports & Fashion	Sonae RP	Maxmat	Others	Total
Turnover	8,000,499	50,814,523	141,612,978	2,345,874	78,491,561	2,464,415	283,729,850
Other operating income	48,843,728	368,150	1,786,750	28,441,432	3,248,517	4,424,733	87,113,310
Operational expenses	(55,811,193)	(50,082,675)	(133,025,576)	(8,233,021)	(77,001,545)	(7,406,301)	(331,560,311)
Net financial expenses	(16,191)	(121,514)	(1,473,252)	(3)	(30,757)	(26,048)	(1,667,765)
Income or expense relating to investments	37	-	-	-	-	-	37
Taxation	(249,927)	(226,727)	(1,094,814)	(24,441)	(556,770)	(13,707)	(2,166,386)
Profit/(Loss) after taxation	766,953	751,757	7,806,086	22,529,841	4,151,006	(556,908)	35,448,735
Other comprehensive income for the period	80,269	-	(29,655)	7	(34,285)	2	16,338
Total comprehensive income for the period	847,222	751,757	7,776,431	22,529,848	4,116,721	(556,906)	35,465,073

	31 December 2016 Restated						
	Sonae MC	Worten	Sports & Fashion	Sonae RP	Maxmat	Others	Total
Turnover	1,038,745	41,700,974	85,580,148	2,189,579	71,509,727	1,729,427	203,748,600
Other operating income	30,989,669	368,274	609,276	39,781,855	2,628,823	5,012,268	79,390,165
Operational expenses	(30,101,313)	(41,633,007)	(75,409,976)	(8,034,110)	(71,716,000)	(7,077,714)	(233,972,120)
Net financial expenses	(338,327)	(147,696)	(939,641)	(26,140)	(150,204)	(401)	(1,602,409)
Income or expense relating to investments	-	-	59	-	-	-	59
Taxation	(255,717)	81,720	(2,632,754)	(1,285,122)	(315,217)	(140,343)	(4,547,433)
Profit/(Loss) after taxation	1,333,057	370,265	7,207,112	32,626,062	1,957,129	(476,763)	43,016,862
Profit/(Loss) of discontinued operations	-	-	(409,391)	-	-	-	(409,391)
Other comprehensive income for the period	28,258	-	18	-	31,742	2	60,020
Total comprehensive income for the period	1,361,315	370,265	6,797,739	32,626,062	1,988,871	(476,761)	42,667,491

24 LOANS

As at 31 December 2017 and 2016, loans are made up as follows:

	31 December 2017		31 December 2016	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae Investimentos, SGPS, S.A. - commercial paper	7,500,000	182,500,000	148,000,000	121,000,000
Subsidiary of Sonae Investimentos 2014/2020	-	50,000,000	-	50,000,000
Subsidiary of Sonae Investimentos 2015/2020	-	20,000,000	-	55,000,000
Subsidiary of Sonae Investimentos 2015/2019	5,000,000	30,000,000	5,000,000	35,000,000
Sonae Investimentos 2017/2022	-	31,000,000	-	-
Sonae Investimentos 2017/2018	100,000,000	-	-	-
Others	6,144,402	24,093,006	6,678,849	20,540,714
	118,644,402	337,593,006	159,678,849	281,540,714
Bank overdrafts (Note 20)	2,815,638	-	17,729,578	-
Up-front fees beared with the issuance of loans	(7,543)	(135,645)	-	(265,801)
Bank loans	121,452,497	337,457,361	177,408,427	281,274,913
Bonds				
Bonds Sonae Investimentos /June 2013/ 2018	50,000,000	-	-	50,000,000
Bonds Sonae Investimentos / December 2015/2020	-	50,000,000	-	50,000,000
Bonds Sonae Investimentos / May 2015/2020	-	75,000,000	-	75,000,000
Bonds Sonae Investimentos / December 2015/2020	-	30,000,000	-	30,000,000
Bonds Sonae Investimentos / June 2016/2021	-	95,000,000	-	95,000,000
Bonds Sonae Investimentos / September 2016/2021	3,000,000	9,000,000	3,000,000	12,000,000
Bonds IVN 2016/2023	5,000,000	25,000,000	5,000,000	30,000,000
Up-front fees beared with the issuance of loans	(29,194)	(1,693,455)	(1,483)	(1,993,142)
Bonds	57,970,806	282,306,545	7,998,517	340,006,858
Other loans	75,297	12,030	12,030	1,335,080
Derivative instruments (Note 26)	1,248,119	-	358,117	-
Other loans	1,323,416	12,030	370,147	1,335,080
Obligations under finance leases (Note 25)	491,416	708,477	550,624	953,990
	181,238,135	620,484,413	186,327,715	623,570,841

Bonds and bank loans bear an average interest rate of 1.32% (1.44% as at 31 December 2016). Most of the bonds and bank loans have variable interest rates indexed to Euribor.

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

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

	31 December 2017		31 December 2016	
	Capital	Interests	Capital	Interests
N+1	180,026,753	9,702,686	185,971,081	10,884,129
N+2	50,721,362	8,357,428	78,894,669	9,201,800
N+3	165,550,634	7,473,557	47,687,327	8,005,849
N+4	193,121,884	4,032,582	274,784,071	6,177,724
N+5	165,669,633	1,897,110	207,463,717	1,945,137
After N+5	47,250,000	772,760	17,000,000	379,708
	802,340,266	32,236,123	811,800,865	36,594,348

The maturities above were estimated in accordance with the contractual terms of the loans, and taking into account Sonae Investimentos best estimated regarding their reimbursement date.

As at 31 December 2017 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 2017, Sonae Investimentos has, as detailed below, cash and cash equivalents in the amount of 159,563,205 euro (101,996,616 euro in 2016) and available credit lines as follows:

	31 December 2017		31 December 2016	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities	94,443,125	242,750,000	52,769,017	348,000,000
Agreed credit facilities	105,760,000	537,500,000	218,260,000	511,000,000

25 OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2017 and 2016, 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 2017	31 December 2016	31 December 2017	31 December 2016
N+1	506,077	569,715	491,416	550,624
N+2	413,698	436,446	406,798	424,951
N+3	197,784	360,341	195,524	355,318
N+4	84,963	137,695	84,297	136,601
N+5	21,927	36,514	21,859	36,349
After N+5	-	771	-	771
	1,224,449	1,541,482	1,199,894	1,504,614
Interests	(24,555)	(36,868)		
	1,199,894	1,504,614		
Current obligations under finance leases			491,416	550,624
Non-current obligations under finance leases			708,477	953,990

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 2017 and 2016, 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 2017 and 2016, accounting net value of assets acquired under finance leases can be detailed as follows:

	31 December 2017	31 December 2016
Assets acquired under finance leases		
Lands and buildings	83,707	95,524
Plant and Machinery	831,141	902,146
Vehicles	666,754	709,262
Total tangible assets	1,581,602	1,706,932

As at 31 December 2017, the acquisition cost of tangible and intangible assets amounted to 2,394,135 euro (4,556,218 euro as at 31 December 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 Investimentos 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 1,248,119 euro as liabilities (358,117 euro as at 31 December 2016) and 179,881 euro as assets (4,207,972 euro as at 31 December 2016).

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”.

Interest rate derivatives

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

27 OTHER NON-CURRENT LIABILITIES

As at 31 December 2017 and 2016 “Other non-current liabilities” are made up as follows:

	31 December 2017	31 December 2016
Shareholders loans	400,003,610	400,001,807
Fixed assets suppliers	1,151,347	57,500
Other non-current liabilities	1,734,885	986,816
Total of financial instruments (Note 7)	402,889,842	401,046,123
Share based payments (Note 28)	2,949,568	1,759,823
Deferred of revenue from the sale of warranties extention (2.15)	7,551,397	15,051,644
Accruals and deferrals	2,398,958	3,102,521
Other non-current liabilities	415,789,765	420,960,111

The caption ' Shareholders loans' includes a subordinated debenture loan with a maturity of 10 years issued at market conditions by Sonae Investimentos SGPS, SA on 28 December 2010, amounting to 400,000,000 euros corresponding to 8,000 bonds with par value of 50,000 euro each, with fixed rate and repayment at the end of the loan period. The fair value of this loan as at 31 December 2017 is 52,315 euro (52,994 euro as at 31 December 2016) per bond and was determined based on the discounted cash flows method using the reference interest rate between Sonae SGPS, SA, Sonae Investments BV and Sontel BV. As at 31 December 2017, Sontel, BV had all of the obligations.

As at 31 December 2017, the caption 'Other non-current liabilities' includes 542,812 euro (628,119 euro in 2016) related to the estimated amounts to comply with the judicial and tax obligations of the Brazilian subsidiary, which are considered sufficient to cover possible losses of tax and judicial proceedings in progress and for which there were judicial deposits in the caption Other non-current assets (Note 13), and it has no defined maturity.

28 SHARE BASED PAYMENTS

In 2017 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 2017 and 2016, the number of attributed shares related to the assumed responsibilities arising from share based payments, which have not yet vested, can be detailed as follows:

				Number of shares		Fair Value	
	Grant year	Vesting year	Number of participants	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Shares							
	2014	2017	-	-	2,269,192	-	1,983,274
	2015	2018	72	1,737,573	1,717,914	1,956,507	1,501,457
	2016	2019	81	2,196,307	2,604,753	2,494,525	2,276,555
	2017	2020	86	3,427,809	-	3,859,715	-
Total				7,361,689	6,591,859	8,310,747	5,761,286

As at 31 December 2017 and 2016 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan:

	31 December 2017	31 December 2016
Staff costs	3,387,203	1,144,484
Recorded in previous years	1,504,078	2,598,612
	4,891,281	3,743,096
Other non-current liabilities (Note 27)	2,949,568	1,759,823
Other current liabilities (Note 31)	1,941,713	1,983,273
	4,891,281	3,743,096

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 2017 and 2016 Trade creditors are as follows:

		Payable to	
	31 December 2017	up to 90 days	more than 90 days
Trade creditors - current account			
Sonae MC	633,884,151	633,439,686	444,465
Worten	367,760,895	367,760,895	-
Sports & Fashion	75,958,364	75,238,367	719,997
Sonae RP	129,279	128,332	947
Maxmat	14,335,703	14,335,703	-
Sonae FS	564,154	564,154	-
Others	6,146,377	5,715,984	430,393
	1,098,778,923	1,097,183,121	1,595,802
Trade creditors - Invoice Accruals	79,024,647	79,024,647	-
	1,177,803,570	1,176,207,768	1,595,802

		Payable to	
	31 December 2016 Restated	up to 90 days	more than 90 days
Trade creditors - current account			
Sonae MC	620,363,642	620,363,642	-
Worten	324,337,041	324,326,397	10,644
Sports & Fashion	82,080,961	81,930,687	150,274
Sonae RP	99,686	76,044	23,642
Maxmat	13,726,746	13,726,746	-
Sonae FS	1,015,851	965,047	50,804
Others	4,969,844	4,701,426	268,418
	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

As at 31 December 2017 and 2016 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 2017 and 2016, the caption “Other creditors” is detailed as follows:

		Payable to		
	31 December 2017	Up to 90 days	90 to 180 days	More than 180 days
Fixed asset suppliers	69,345,980	68,278,019	709,290	358,671
Other debts	48,504,274	48,229,776	139,469	135,029
	117,850,254	116,507,795	848,759	493,700
Related undertakings	27,107,138			
	144,957,392			

		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			

The caption “Other debts” includes:

- 10,421,939 euro (8,344,127 euro as at 31 December 2016) of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente";

- 16,150,935 euro (15,042,306 euro as at 31 December 2016) related to vouchers, gift cards and discount tickets not yet redeemed;

- 3,447,882 euro (3,992,919 euro as at 31 December 2016) 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 2017, in the caption “Related undertakings” includes about 27.1 million euro (44.4 million euro as at 31 December 2016), the amount payable to Sonae SGPS, SA result of the inclusion companies in Special Regime of Taxing Groups of Companies.

As at 31 December 2017 and 2016, 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 2017 and 2016, "Other current liabilities" are made up as follows:

	31 December 2017	31 December 2016
Staff costs	116,998,013	109,219,524
Other external supplies and services	39,795,241	34,617,917
Deferred of revenue from the sale of warranties extention (Note 2.15)	57,862,718	45,073,283
Marketing expenses	15,347,936	11,619,869
Charges made on the sale of real estate (Note 2.5.c)	17,728,428	17,558,769
Accrued income - rents	6,914,805	7,953,466
Share based payments (Note 28)	1,941,713	1,983,273
Interests payable	1,632,754	1,688,638
Real estate municipality tax	2,097,284	2,154,473
Others	9,898,801	9,431,793
	270,217,693	241,301,005

32 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the period ended 31 December 2017 and 2016 are as follows:

Caption	Balance as at 1 January 2017	Increase	Decrease	Transfers and other movements	Balance as at 31 December 2017
Accumulated impairment losses on investments (Note 11.3)	-	11,451,896	-	-	11,451,896
Accumulated impairment losses on tangible assets (Note 8)	119,536,814	853,597	(5,744,050)	169,243	114,815,604
Accumulated impairment losses on intangible assets	1,497,024	-	-	22,925	1,519,949
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)	7,543,512	2,412,256	(1,628,626)	-	8,327,142
Accumulated impairment losses on other debtors (Note 16)	7,436,976	1,224,158	(1,531,236)	-	7,129,898
Non current provisions	16,006,272	88,421	(1,434,720)	-	14,659,973
Current provisions	3,204,001	4,172,357	(1,765,975)	-	5,610,383
	157,674,599	20,202,685	(14,554,607)	192,168	163,514,845

Caption	Balance as at 1 January 2016	Increase	Decrease	Transfers and other movements	Balance as at 31 December 2016 restated
Accumulated impairment losses on tangible assets (Note 8)	134,000,955	9,162,300	(23,428,814)	(197,627)	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 receivable (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	(32,848,853)	7,214,333	157,674,599

As at 31 December 2017 and 2016 increases in Provisions and impairment losses are as follows:

	31 December 2017	31 December 2016
Provisions and impairment losses in the income statement	8,773,550	12,757,903
Impairment in joint ventures (Note 11 and 37)	11,451,896	-
Exchange rate changes	-	1,935,597
Others	(22,761)	(274,180)
	20,202,685	14,419,320

As at 31 December 2017 and 2016 the value of decreases in provisions and impairment losses can be detailed as follows:

	31 December 2017	31 December 2016
Provisions and impairment losses reversal (Note 39)	(4,844,352)	(11,164,106)
Direct use of impairments to accounts receivable	(1,516,773)	(276,628)
Reversal of impairment of debtors by disposal of financial investments in MDS	(1,000,000)	-
Direct use and reversals recorded in fixed assets tangible	(5,744,010)	(7,664,810)
Direct use and reversals recorded in non-current assets held for sale (Note 21)	-	(13,949,808)
Exchange rate changes	(1,330,033)	-
Oher responsibilities	(119,439)	206,499
	(14,554,607)	(32,848,853)

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

- 7,358,151 euro (8,521,318 euro as at 31 December 2016), relating to non-current contingencies assumed by the Company, when selling its subsidiary Sonae Distribuição Brasil, S.A. in 2005. The evolution of the provision between years is associated with the evolution of the real against the euro. This provision is being used in the moment at the liabilities are materialized, being constituted based on the best estimate of the expenses to be incurred with such liabilities and that result from a significant set of processes of a civil and labour nature and of small value

- The estimated liabilities incurred by the Group on warranty programs on products traded by the Specialized Retail operating segment in the amount of 1,056,471 euro (1,449,195 euro as at 31 December 2016).

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

33 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at 31 December 2017 the reconciliation of liabilities arising from financing activities are as follows:

	Obligations under finance leases (Note 25)	Bank loans (Note 24)	Derivative financial instruments (Note 26)	Loans from related parties(Note 44)
Balance as at 1 January 2017	1,504,614	808,035,825	(3,849,855)	399,366,337
Cash flows:				
Receipts relating to financial debt	-	5,527,621,977	-	651,118
Payments relating to financial debt	-	(5,520,590,308)	-	(27,000)
Bank overdrafts	-	(14,913,940)	-	-
Capital Leasing Depreciation	(304,720)	-	-	-
Increase/(decrease) in fair value	-	-	4,918,093	-
Change in consolidation method	-	-	-	-
Interest and similar costs	-	394,589	-	-
Exchange rate	-	(1,273,608)	-	9,545
Balance as at 31 December 2017	1,199,894	799,274,535	1,068,238	400,000,000

34 CONTIGENT ASSETS AND LIABILITIES

As at 31 December 2017 and 2016, contingent liabilities to which Group is exposed can be detailed as follows:

- Guarantees and securities given

	31 December 2017	31 December 2016
Guarantees and securities given:		
on tax claims	957,564,770	980,164,471
on judicial claims	327,624	816,509
on municipal claims	9,126,363	8,048,110
for proper agrement fulfillment	13,078,087	22,339,055
other guarantees	5,911,363	10,525,488

a) Tax claims

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

- Some retail operating segment subsidiaries of the Company granted guarantees in favor of the Portuguese Tax Administration, associated with tax claims for additional VAT payment amounting to 531.7 million euro (556.7 million euro as at 31 December 2016) related to the period from 2004 to 2013, related to the segments Sonae MC and Worten, which the Company has presented, or has the intention of presenting, a tax appeal. Portuguese tax authorities claim that the Company should have invoiced VAT related to promotional discounts invoiced to suppliers which depend on the purchases made by the Group during the year, as it considers that the discounts correspond to services rendered by the company. Tax authorities also claim that the company should not have deducted VAT from discount vouchers used by its non-corporate clients.

- The caption guarantees given on tax claims include guarantees granted, in the amount of 146.6 million euro (142.9 million euro as at 31 December 2016), in favour of Tax authorities regarding 2007 up to 2014. 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, corresponding to a prior 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.

- Fiscal lawsuit related to rent tax, concerning a subsidiary of the Company in Brazil, in the amount of, approximately, 16.4 million euro (65.3 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 48 million euro (190.9 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, 22 million euro, having the respective guarantees been eliminated. The related tax appeals continue in courts, having the maximum contingencies been reduced through the elimination of fines and interests related with these tax assessments.

As permitted by law, the Group maintains the legal proceedings, in order to establish the recovery of those amounts, having recorded as an asset the amounts related with income taxes paid under those plans (Note 13).

c) Other contingent liabilities

- Contingent liabilities related to discontinued activities in subsidiaries in Brazil

a) Following the disposal of a subsidiary in Brazil, Sonae guaranteed to the buyer of the subsidiary all the losses incurred by that company arising on unfavorably decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euro. As at 31 December 2017, 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 million euro (32.4 million euro at 31 December 2016). Furthermore, there are other tax assessments totaling 56.1 million euro (60.8 million euro as at 31 December 2016) for which the Board of Directors, based on its lawyers' assessment, understands will not imply future losses to the former subsidiary.

- Procedure for contesting fines imposed by the Competition Authority

In 2016, the Competition Authority (AdC) notified Sonae Investimentos, Sonae MC and Modelo Continente, for the purpose of presenting a defense, in the context of a misconduct proceeding under the agreement entered into between Modelo Continente and EDP Comercial campaign known as the "EDP Continente Plan". It should be noted that the Edp / Continent Plan took place during 2012 and was extended in the first months of 2013 to allow the use of discounts that had been allocated to customers until 31 December 2012. The development of this type of business promotion agreement is a common practice in the Portuguese market. In 2017, the AdC imposed fines of 2.8 million euros on Sonae Investimentos and 6.8 million on Modelo Continente. AdC also condemned Sonae MC, but it did not impose any fine on it since that company does not present any turnover. These companies challenged the decision in court, and the Board of Directors expects, based on the opinion of their legal advisors, that there will be no liability for these companies in this proceeding.

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.

35 OPERATIONAL LEASE

As at 31 December 2017 was recognized as expense of the exercise the amount for 148,917,387 euro (129,232,244 euro as at 31 December 2016) 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 2017 and 2016, Sonae Investimentos had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	31 December 2017	31 December 2016
Due in:		
N+1 automatically renewal	36,200,457	31,295,656
N+1	109,867,974	99,074,273
N+2	103,927,315	92,353,586
N+3	99,401,000	88,722,989
N+4	92,302,227	84,812,386
N+5	83,333,700	77,863,977
After N+5	695,972,547	654,336,715
	1,221,005,220	1,128,459,582

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 2017, the amount of 10,481,220 euros (8,166,718 euros as at 31 December 2016) 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 2017 and 2016, Sonae Investimentos had operational lease contracts, as a lessor, whose minimum lease payments had the following payment schedule:

	31 December 2017	31 December 2016
Due in:		
N+1 automatically renewal	3,249,765	2,601,926
N+1	7,067,596	5,333,931
N+2	5,867,981	4,563,589
N+3	4,934,059	3,355,334
N+4	3,902,687	2,453,356
N+5	3,388,640	1,556,643
After N+5	13,710,831	5,179,130
	42,121,559	25,043,910

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

36 TURNOVER

As at 31 December 2017 and 2016, "Turnover" is made up as follows:

	31 December 2017	31 December 2016
Sale of goods	5,422,919,339	5,097,446,112
Sale of products	50,378,517	29,945,492
	5,473,297,856	5,127,391,604
Services rendered	116,259,162	90,689,599
	5,589,557,018	5,218,081,203

37 GAIN AND LOSSES ON INVESTMENTS

As at 31 December 2017 and 2016, Gain and losses Investment is made up as follows:

	31 December 2017	31 December 2016
Dividends	130,450	102,077
Sale of Imoconti	-	6,473,006
Acquisition cost correction	1,111,020	-
Others	(7,006)	(13,162)
Gains / (losses) on the sale of investments in subsidiaries	1,104,014	6,459,844
Gains / (losses) on the sale of investments on available for sale	-	-
Others	-	33,311
Impairment losses on investments in associated companies (Note 11.3)	(11,451,896)	-
Reversal of impairment of debtors by disposal of financial investments	1,000,000	
Impairment of reversal/(losses) on investments	(10,451,896)	-
Total income and (expenses) related to investments	(9,217,432)	6,595,232

As at 31 December 2017 the caption “Impairment losses on investments in associated companies” includes:

- Impairment of the equity interest in MOVVO in the amounted 2,843,436 euro as a result of the insolvency proceedings in which it is located;

- Impairment of the participation in MDS SGPS, in the amount of 8,608,460 euro.

As at 31 December 2016, the caption 'Gains and losses on the disposal of investments in subsidiaries' includes the sale of the subsidiary Imoconti to a related entity of the Sonae Sierra group

38 NET FINANCIAL EXPENSES

As at 31 December 2017 and 2016, Net financial expenses are as follows:

	31 December 2017	31 December 2016
Expenses:		
Interests payable		
related with bank loans and overdrafts	(5,247,086)	(5,458,637)
related with non convertible bonds	(5,983,003)	(9,344,504)
related with other loans	(32,444,444)	(32,533,333)
related with financial leases	(21,589)	(97,839)
others	(943,163)	(2,024,385)
	(44,639,285)	(49,458,698)
Exchange losses	(3,541,710)	(4,598,501)
Losses on fair value of hedge derivatives	-	(326,290)
Up front fees and commissions related to loans	(3,338,461)	(4,243,541)
Others	(2,545,273)	(1,832,851)
	(54,064,729)	(60,459,881)
Income:		
Interests receivable		
related with bank deposits	28,307	43,087
others	426,831	504,197
	455,138	547,284
Exchange gains	2,158,959	2,405,970
Other financial income	379,261	934,942
	2,993,358	3,888,196
Net financial expenses	(51,071,371)	(56,571,685)

39 OTHER INCOME

As at 31 December 2017 and 2016, the caption “Other Income” is made up as follow:

	31 December 2017	31 December 2016
Supplementary income	689,881,272	632,504,480
Gains on sales of assets	13,884,430	62,720,180
Exchange differences	28,005,604	19,858,504
Prompt payment discounts received	24,570,069	24,646,152
Own work capitalised (Note 9)	15,269,418	12,304,495
Benefits from contractual penalties	5,521,757	85,444
Impairment losses and provisions reversals (Note 32)	4,844,352	11,164,106
Insurance claims	955,475	202,159
Subsidies	483,599	683,686
Others	5,293,449	4,034,077
	788,709,425	768,203,283

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 10.8 million euro (62.7 million euro as at 31 de December 2016) (Note 8).

40 EXTERNAL SUPLLIES AND SERVICES

As at 31 December 2017 and 2016, “External supplies and services” are as follows:

	31 December 2017	31 December 2016
Advertising expenses	100,859,325	103,617,254
Rents	181,174,366	164,538,872
Transports	62,826,909	57,864,872
Electricity	65,359,546	57,186,931
Services	74,640,034	75,626,105
Maintenance	26,258,119	25,098,712
Costs with automatic payment terminals	13,228,694	11,873,307
Security	21,324,158	20,235,568
Cleaning up services	24,236,560	22,857,109
Communications	10,539,102	10,206,411
Travel expenses	13,769,607	12,282,115
Consumables	13,647,713	13,431,933
Insurances	6,818,549	6,531,694
Home delivery	7,154,844	6,479,543
Subcontracts	7,139,803	2,841,385
Others	77,854,718	74,697,942
	706,832,046	665,369,752

41 STAFF COSTS

As at 31 December 2017 and 2016, “Staff costs” are as follows:

	31 December 2017	31 December 2016
Salaries	554,167,083	515,228,164
Social security contributions	118,394,250	109,777,633
Insurance	11,455,837	9,843,767
Welfare	4,724,739	4,653,024
Other staff costs	17,613,001	19,742,318
	706,354,910	659,244,905

42 OTHER EXPENSES

As at 31 December 2017 and 2016, “Other expenses” are as follows:

	31 December 2017	31 December 2016
Exchange differences	26,955,888	19,682,434
Galp/Continente loyalty program	12,952,899	12,995,805
Losses on the disposal of assets	14,078,852	11,848,235
Other taxes	9,685,621	9,317,900
Donations	7,483,624	7,714,303
Municipal property tax	2,356,778	1,891,745
Others	8,204,638	8,458,714
	81,718,300	71,909,136

43 INCOME TAXES

As at 31 December 2017 and 2016, income tax is made up as follows:

	31 December 2017	31 December 2016
Current tax	24,451,060	15,404,691
Deferred tax (Note 19)	14,779,989	15,573,525
	39,231,049	30,978,216

The reconciliation between the profit before Income tax and the tax charge for the years ended 31 December 2017 and 2016 is as follows:

	31 December 2017	31 December 2016
Profit before income tax	74,906,574	118,445,194
Difference between capital (losses)/gains for accounting and tax purposes	(6,682,447)	(40,168,091)
Gains or losses in jointly controlled and associated companies (Note 11)	3,554,143	5,940,454
Donations unforeseen or beyond the legal limits	2,214,469	1,804,667
Provisions and impairment losses not accepted for tax purposes	10,451,896	-
Taxable Profit	84,444,635	86,022,224
Registration of tax losses / tax credits without the corresponding deferred tax asset (account receivable from parent company RETGS)	110,409,112	-
Use of tax losses that have not originated deferred tax assets	(2,680,090)	(1,676,961)
Recognition of tax losses that have not originated deferred tax assets	42,154,690	4,466,012
	234,328,347	88,811,275
Income tax rate in Portugal	21.00%	21.00%
	49,208,953	18,650,368
Effect of different income tax rates in other countries	(13,361,493)	(14,898,812)
Effect of the write-off of deferred taxes (Note 19)	-	28,306,619
Amortization of goodwill for tax pruposes in Spain (Note 19)	17,457,039	-
Effect of constitution or reversal of deferred taxes	(5,917,232)	-
Use of tax benefits	(3,707,409)	(1,869,269)
Under/(over) Income tax estimates	(13,316,631)	(11,326,861)
Autonomous taxes and tax benefits	3,514,653	3,553,912
Municipality surcharge	6,133,306	10,201,829
Others	(780,137)	(1,639,570)
Income tax	39,231,049	30,978,216

During the year the Group opted to assign tax losses to the parent company, therefore the company did not record the associated income (note 2.14).

44 RELATED PARTIES

Balances and transactions with related parties during the periods ended 31 December 2017 and 2016 are as follows:

	Sales and services rendered		Purchases and services obtained	
Transactions	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Parent company	1,420,209	1,522,423	1,572,539	2,015,763
Jointly controlled companies	15,452,390	-	268,214,124	-
Associated companies	35,722,849	39,503,679	36	385,396
Other related parties (1)	62,259,955	60,514,779	66,169,383	67,177,375
	114,855,403	101,540,881	335,956,082	69,578,534

	Interest income		Interest expenses	
Transactions	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Parent company	279	8,873	614,989	33,673,963
Jointly controlled companies	8,751	-	-	-
Associated companies	10,332	19,449	-	-
Other related parties (1)	-	-	32,491,891	537,828
	19,362	28,322	33,106,880	34,211,791

	Accounts receivable		Accounts payable	
Balances	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Parent company	4,705,299	35,783,208	28,449,648	46,399,686
Jointly controlled companies	7,907,193	-	27,360,753	-
Associated companies	1,618,834	5,663,219	1,843	621,579
Other related parties (1)	22,859,938	43,501,277	21,715,021	29,620,444
	37,091,264	84,947,704	77,527,265	76,641,709

	Loans			
	Obtained		Granted	
Balances	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Parent company	-	-	-	-
Jointly controlled companies	-	-	-	-
Associated companies	-	-	-	660,663
Other related parties (Note 27) (1)	400,000,000	400,027,000	-	-
	400,000,000	400,027,000	-	660,663

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

In 2017, the Group acquired 2.47% of MDS, SGPS, SA to a related party of Sonae Group, for the amount of 1,614,800 euro (Note 11.3).

As at 31 December 2016, granted loans to associated companies, refer to loans granted to associate MDS, SGPS, SA (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 6.5 million euro (Note 37).

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 Investimentos companies for the years ended at 31 December 2017 and 2016, is composed as follows:

	31 December 2017		31 December 2016	
	Board of Directors	Strategic direction (a)	Board of Directors	Strategic direction (a)
Short-term employee benefits	1,587,634	6,076,590	1,481,884	5,126,674
Share-based payments	581,800	1,762,700	497,000	1,525,200
	2,169,434	7,839,290	1,978,884	6,651,874

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

45 EARNINGS PER SHARE

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

	31 December 2017	31 December 2016	
	Continuing Operations	Continuing Operations	Discontinuing Operations
Net profit			
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	27,632,093	80,676,328	(204,696)
Net profit taken into consideration to calculate diluted earnings per share	27,632,093	80,676,328	(204,696)
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	0.030702	0.089640	(0.000227)
Diluted	0.030702	0.089640	(0.000227)

As at 31 December 2017 and 2016 there are no dilutive effects on the number of outstanding shares.

46 CASH RECEIPTS AND CASH PAYMENTS OF INVESTMENTS

As at 31 December 2017 and 2016, cash receipts and cash payments related to investments can be detailed as follows:

- Investment Activities

Receipts	31 December 2017	31 December 2016
Receipt of disposal of Imoconti, in 2016 (Note 16)	21,009,032	-
Receipt relating to the sale of Raso SGPS	537,500	2,500,000
Receipt relating to the sale of MDS SGPS	6,507	-
Price adjustment of Losan Group	-	1,416,954
	21,553,039	3,916,954

Payments	31 December 2017	31 December 2016
Acquisition of Gowell- Promoção Eventos, Catering e Consultoria, SA (Note 5)	3,788,464	-
Capital increase in Ulabox	2,007,819	2,667,132
Acquisition of participation on MDS SGPS, SA	1,614,800	-
Compensation Fund Work	1,323,730	-
Additional paid in capital in S2 Mozambique SA	1,078,154	-
Acquisition of Brio- Prod. Agricultura Biológica, SA (Note 5)	931,023	-
Capital increase in Movvo	380,783	2,260,746
Acquisition of Salsa Group	-	65,588,931
Capital increase in S2 Mozambique, SA	-	1,607,217
Price adjustment of Elergone	-	600,562
Others	-	23,992
	11,124,773	72,748,580

- Financing Activities

Receipts	31 December 2017	31 December 2016
Disposal of Imosonae II fund units	1,124,447	173,261
Others	88,740	170,112
	1,213,187	343,373

Payments	31 December 2017	31 December 2016
Acquisition of Imosonae II fund units	1,267,876	-
Others	236,377	28,688
	1,504,253	28,688

47 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) bad goodwill; (iv) provisions (net of tax) for possible future liabilities, and impairments related to non-core investments, businesses and discontinued assets (or to be discontinued / repositioned), (v) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (vi) other irrelevant issues.

The value of EBITDA, Underlying EBITDA and EBIT 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 2017 and 2016 can be summarized as follows:

	31 December 2017			31 December 2016		
	Consolidated accounts	Indirect income	Direct income	Consolidated accounts	Indirect income	Direct income
Turnover	5,589,557,018	-	5,589,557,018	5,218,081,203	-	5,218,081,203
Investment income						
Dividends and other adjustments	130,450	-	130,450	102,077	-	102,077
Impairment losses	(11,451,897)	(11,451,897)	-	-	-	-
Others	2,104,015	1,111,020	992,995	6,493,155	-	6,493,155
Other income						
Impairment losses reversal	3,122,219	-	3,122,219	9,138,889	-	9,138,889
Reversal of provisions for warranty extensions	1,737,441	-	1,737,441	-	-	-
Others	769,924,615	-	769,924,615	687,511,135	-	687,511,135
Total income	6,355,123,861	(10,340,877)	6,365,464,738	5,921,326,459	-	5,921,326,459
Total expenses	(6,020,444,410)	(1,123,135)	(6,019,321,275)	(5,599,990,670)	(1,030,583)	(5,598,960,087)
Depreciation and amortisation	(187,990,954)	-	(187,990,954)	(170,339,340)	-	(170,339,340)
Gains and Losses on tangible and intangible assets	(10,561,923)	-	(10,561,923)	(12,330,245)	-	(12,330,245)
Provisions and impairment						
Provisions for warranty extensions	(1,344,717)	-	(1,344,717)	1,914,139	-	1,914,139
Others	(7,428,833)	-	(7,428,833)	(12,616,495)	-	(12,616,495)
Profit before financial results and share of results in joint ventures and associated companies	127,353,024	(11,464,012)	138,817,036	127,963,848	(1,030,583)	128,994,431
Non recorrent items	2,179,064	-	2,179,064	52,993,486	-	52,993,486
Financial profit/(loss)	(51,071,371)	-	(51,071,371)	(56,571,685)	-	(56,571,685)
Share of results in joint ventures and associated undertakings						
MDS	(636,607)	-	(636,607)	(3,932,887)	-	(3,932,887)
Ulabox	(1,778,372)	-	(1,778,372)	(1,763,445)	-	(1,763,445)
Others	(1,139,164)	-	(1,139,164)	(244,122)	-	(244,122)
Profit before taxation	74,906,574	(11,464,012)	86,370,586	118,445,195	(1,030,583)	119,475,778
Income tax	(39,231,049)	-	(39,231,049)	(30,978,216)	-	(30,978,216)
Profit/(Loss) after taxation from continuing operation	35,675,525	(11,464,012)	47,139,537	87,466,979	(1,030,583)	88,497,562
Profit/(Loss) after taxation from descontinued operations	-	-	-	(409,391)	(409,391)	-
Profit/(Loss) after taxation	35,675,525	(11,464,012)	47,139,537	87,057,588	(1,439,974)	88,497,562
Attributable to equity holders of Sonae	27,632,093	(11,464,012)	39,096,105	80,471,632	(1,439,974)	81,911,606
Non-controlling interests	8,043,432	-	8,043,432	6,585,956	-	6,585,956
"Underlying" EBITDA (b)			341,546,077			315,039,545
EBITDA (a)			340,170,998			362,092,577
Direct EBIT (c)			137,311,507			175,945,386

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

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

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

(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 2017	31 December 2016
Impairment of financial investments and loans granted to associates	(11,451,897)	-
Discontinued Operations	-	(409,391)
Others	(12,115)	(1,030,583)
Total	(11,464,012)	(1,439,974)

“Underlying Direct EBITDA” could be analysed as follows:

	31 December 2017	31 December 2016
Direct EBITDA	340,170,998	362,092,577
Share of results of joint ventures and associated companies accounted by Equity Method and others (Note 11)	3,554,143	5,940,454
Unusual results		
Profit on disposal of fixed assets	(10,760,430)	(63,144,813)
Profit on disposal of Imoconti (Note 37)	-	(6,473,006)
Other expenses considered non-recurring	8,581,366	16,624,333
"Underlying" Direct EBITDA	341,546,077	315,039,545

48 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 2010 (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.

As at 14 September 2017, Sonae MC Modelo Continente SGPS, SA entered into an agreement with JD Sports Fashion Plc, Balaico Firaja Invest SL and JD Sprinter Holdings 2010, SL (JD Sprinter) which provides for the combination of JD Sprinter and Sport Zone under the terms described above. However, the execution of this transaction was subject to the fulfilment of suspensive conditions dependent on third parties, namely approval by the European Commission Competition Authority, the authorization of the shareholder change by the owners of the leased stores of the Sport Zone business as well as of bank guarantees.

The approval by the Competition Authority occurred on 18 January 2018 and compliance with the remaining conditions precedent occurred until 31 January 2018, the date on which the Group considered that the transaction and the respective loss of control took place.

Taking into consideration the above mentioned suspensive conditions Sonae considered that the 31 December 2017 the conditions are not to consider the Sport Zone as an asset held for sale and consider the respective activity as discontinued.

In 2018, and considering the loss of control in Sport Zone, Sport Zone and its subsidiaries are no longer included in the consolidation method in Sonae's consolidated financial statements, and we will now include the participation in the new partnership under the equity method.

The main estimated impacts of this transaction can be analysed as follows:

- In the statement of financial position:

	Sport Zone and subsidiaries	
Amounts in euro	31 January 2018	31 December 2017
Net assets disposals		
Tangible and intangible assets	54,333,770	54,659,282
Goodwill	5,722,037	5,722,037
Deferred tax assets	6,878,552	6,593,675
Inventories	53,757,633	54,408,789
Trade account receivables and other assets	8,162,466	9,836,456
Cash and cash equivalents	6,062,386	6,679,540
Bank loans long terme	(6,445,557)	(45,948,953)
Deferred tax liabilities	(973,004)	(963,072)
Bank loans short terme	(2,236,375)	(21,619,782)
Suppliers and other liabilities	(49,235,829)	(52,809,981)
Shareholder's loans	-	60,883,601
Total of net assets disposals	76,026,079	77,441,592
Price adjustment	(5,037,587)	
Fair value of future estimated receivables	5,000,000	
Gain in operation	7,453,921	
Fair value of participation	83,442,413	

- In the consolidated statement of operations, the following amounts will be transferred to results of discontinued operations:

	Sport Zone and subsidiaries	
Amounts in euro	31 January 2018	31 December 2017
Sales and services	16,510,977	225,204,616
Other income	409,024	2,841,993
Cost of sales	(9,566,671)	(131,701,289)
External supplies and services	(4,787,791)	(64,999,689)
Other expenses and losses	(4,224,728)	(48,798,968)
Net financial income	(25,380)	(1,208,847)
Profit/loss before taxation	(1,684,569)	(18,662,184)
Taxation	269,048	167,312
Net Income	(1,415,521)	(18,494,872)

49 APPROVAL OF FINANCIAL STATMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 23 April 2018. Nevertheless, they are still subject to approval at the Shareholders Annual General Meeting.

50 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 Investimentos as at 31 December 2017 and 31 December 2016 are as follows:

				Percentage of capital held			
				31 December 2017		31 December 2016	
	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)	Brio – Produtos de Agricultura Biológica, 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%
1)	Go Well – Promoção de Eventos, Catering e Consultoria, SA	a)	Lisbon	51.00%	51.00%	-	-
	MCCARE – Serviços de Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
2)	Make Notes Design, Lda	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modelo Continente Hipermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Marcas MC, zRT	a)	Budapest (Hungary)	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%
3)	SK Skin Health Cosmetics, SA	a)	Matosinhos	100.00%	100.00%	-	-
4)	Sohi Meat Solutions- Distribuição de Carnes, SA	a)	Santarém	50.00%	50.00%	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%
	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 Sports & Fashion						
5)	Aduanas Caspe, S.L.U.	a)	Zaragoza (Spain)	-	-	100.00%	100.00%
3)	Bright Brands Sports Goods, SA	a)	Matosinhos	100.00%	100.00%	-	-
	Comercial Losan Polonia SP. Z.O.O.	a)	Warsaw (Poland)	100.00%	100.00%	100.00%	100.00%
	Comercial Losan, S.L.U.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
6)	Discovery Sports, SA	a)	Matosinhos	-	-	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%
5)	Global Usebti, S.L.	a)	Zaragoza (Spain)	-	-	100.00%	100.00%
	Irmãos Vila Nova, SA	b)	Vila Nova de Famalicão	100.00%	50.00%	100.00%	50.00%
	Irmãos Vila Nova III - Imobiliária, SA	b)	Vila Nova de Famalicão	100.00%	50.00%	100.00%	50.00%
	IVN – Serviços Partilhados, SA	b)	Vila Nova de Famalicão	50.00%	50.00%	100.00%	50.00%
	IVN Asia Limited	b)	Hong Kong (China)	100.00%	50.00%	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%
1)	Losan Russia	a)	Moscow (Russia)	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%
3)	Salsa Canarias SL	b)	Tenerife (Spain)	60.00%	30.00%	-	-
	Salsa DE Gmbh	b)	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Salsa Distribution USA LLC	b)	New York (USA)	100.00%	50.00%	100.00%	50.00%

	Salsa France, S.A.R.L.	b)	Paris (France)	100.00%	50.00%	99.99%	50.00%
	Salsa Luxembourg, Sàrl	b)	Luxembourg	100.00%	50.00%	100.00%	50.00%
	SDSR – Sports Division SR, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	SLS Salsa – Comércio e Difusão de Vestuário, S.A.	b)	Vila Nova de Famalicão	100.00%	50.00%	100.00%	50.00%
	SLS Salsa España – Comercio y Difusión de Vestuario, S.A.U.	b)	Pontevedra (Spain)	100.00%	50.00%	100.00%	50.00%
	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%
	Sonae RP						
	Arat Inmuebles, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
3)	Asprela – Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	-	-
	Azulino Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Canasta - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Chão Verde - Sociedade de Gestão Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Citorres - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
	Cumulativa - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Fozimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Fundo de Investimento Imobiliário Fechado Imosede	a)	Maia	80.40%	80.40%	80.40%	80.40%

Fundo de Investimento Imobiliário Imosonae Dois	a)	Maia	98.00%	98.00%	97.91%	97.91%
Igimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Iginha - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoestrutura - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoresultado - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imosistema - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
MJLF - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Ponto de Chegada – Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Predicomercial - Promoção Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Predilugar - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Selifa - Empreendimentos Imobiliários 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%
Sonaegest- Sociedade Gestora de Fundos de Investimento, SA	a)	Maia	60.00%	60.00%	60.00%	60.00%
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%
Maxmat						
Modelo - Distribuição de Materiais de Construção, SA	b)	Maia	50.00%	50.00%	50.00%	50.00%
Sonae FS						
SFS – Serviços de Gestão e Marketing, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sonae Financial Services, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Others						
Modelo Continente International Trade, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%

7)	SCBrasil Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
	SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
	Soflorin, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sonae MC – Modelo Continente, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae MC S2 Africa Limited	a)	La Valletta (Malta)	100.00%	100.00%	100.00%	100.00%
	Sonae SR Malta Holding Limited	a)	La Valletta (Malta)	100.00%	100.00%	100.00%	100.00%
	Sonae SR – Serviços e Logística, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonaecenter Serviços II, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sonvecap, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
	Tlantic BV	a)	Amsterdam (Netherlands)	70.71%	70.71%	70.71%	70.71%
	Tlantic Portugal - Sistemas de Informação, SA	a)	Matosinhos	100.00%	70.71%	100.00%	70.71%
	Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	100.00%	70.71%	100.00%	70.71%

*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) Company acquired during the period;

2) Ex- MJB Design, Lda;

3) Company created during the period;

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

5) Company incorporated by merger in Comercial Losan, SL;

6) Company incorporated by merger in SDSR – Sports Division SR, SA;

7) Ex – Sonae Capital Brasil, Lda.

These entities were consolidated using the full consolidation method.

Approved at the Board of Directors meeting on 23 April 2018.

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 2017 AND 2016

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

(Amounts expressed in euro)	Notes	31.December.2017	31.December.2016
ASSETS			
NON-CURRENT ASSETS:			
Intangible assets	7	86	215
Investments	6	1,636,342,459	1,625,691,885
Deferred tax assets		3,042	-
Other non-current assets	5, 8	1,444,692,956	1,149,120,000
Total non-current assets		3,081,038,543	2,774,812,100
CURRENT ASSETS:			
Other debtors	5, 9	1,215,249,146	1,605,728,621
Taxes recoverable	10	5,619,332	8,362,600
Other current assets	5, 11	3,234,157	4,542,059
Cash and cash equivalents	5, 12	475,958	215,967
Total current assets		1,224,578,593	1,618,849,247
TOTAL ASSETS		4,305,617,136	4,393,661,347
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	13	1,000,000,000	1,000,000,000
Legal reserves	14	174,845,768	170,940,266
Hedging reserve, fair value reserve and other reserves	15	1,621,939,314	1,587,734,790
Profit for the period		843,784	78,110,026
TOTAL EQUITY		2,797,628,866	2,836,785,082
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bonds	5, 16	257,306,545	310,006,858
Bank loans	5, 16	213,500,000	121,000,000
Other non-current liabilities	5, 17	400,000,000	400,000,000
Total non-current liabilities		870,806,545	831,006,858
CURRENT LIABILITIES:			
Bonds	5, 16	52,970,806	2,998,517
Bank loans	5, 16	110,012,621	150,557,707
Trade accounts payable	5, 18	168,320	41,122
Other creditors	5, 19	469,514,996	567,053,117
Taxes and contributions payable	10	1,893,882	1,893,948
Other current liabilities	5, 20	2,621,100	3,324,996
Total current liabilities		637,181,725	725,869,407
TOTAL EQUITY AND LIABILITIES		4,305,617,136	4,393,661,347

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 2017 AND 2016

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

(Amounts expressed in euro)	Notes	31.December.2017	31.December.2016
Gains or losses on investments	24	19,996,081	79,934,094
Financial income	25	30,705,118	60,316,585
Other income	26	628,244	383,256
External supplies and services	27	(2,941,642)	(3,225,009)
Staff costs		(44,307)	(54,603)
Depreciation and amortisation	7	(129)	(219)
Provisions and impairment losses		(13,522)	-
Financial expenses	25	(47,756,635)	(63,656,913)
Other expenses	28	(115,540)	(58,270)
Profit/(Loss) before taxation		457,668	73,638,921
Taxation	29	386,116	4,471,105
Profit/(Loss) after taxation		843,784	78,110,026
Profit/(Loss) per share	30	0.0009	0.0868

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 2017 AND 2016

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

(Amounts expressed in euro)	31.December.2017	31.December.2016
Net Profit / (Loss) for the period	843,784	78,110,026
Total comprehensive income for the period	843,784	78,110,026

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 2017 AND 2016

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

(Amounts expressed in euro)	Notes	Share capital	Legal reserve	Other reserves and retained earnings: Legal 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 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 reserves	13, 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
Balance as at 1 January 2017		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
Total comprehensive income for the year		-	-	-	-	-	-	843,784	843,784
Appropriation of profit of 2016:									
Transfer to reserves	14, 15	-	3,905,502	-	34,204,524	-	34,204,524	(38,110,026)	-
Dividends distributed	13	-	-	-	-	-	-	(40,000,000)	(40,000,000)
Balance as at 31 december 2017		1,000,000,000	174,845,768	320,000,000	1,301,939,314	-	1,621,939,314	843,784	2,797,628,866

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 2017 AND 2016

(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.2017	31.December.2016
OPERATING ACTIVITIES			
Cash paid to trade creditors		(3,168,438)	(3,117,801)
Cash paid to employees		(44,349)	(54,553)
Cash flow generated by operations		(3,212,787)	(3,172,354)
Income tax (paid) / received		3,147,927	2,939,637
Other cash receipts and (payments) relating to operating activities		477,432	(1,563,166)
Net cash flow from operating activities (1)		412,572	(1,795,883)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	31	39,288,084	135,237,870
Interest and similar income		42,805,004	54,570,072
Dividends		1,611,750	114,810
Others		9,857,867	8,719,151
Loans granted		5,526,563,482	6,936,590,903
		5,620,126,187	7,135,232,806
Cash payments arising from:			
Investments	31	(42,029,068)	(17,058,361)
Loans granted		(5,444,946,246)	(6,388,511,366)
		(5,486,975,314)	(6,405,569,727)
Net cash used in investment activities (2)		133,150,873	729,663,079
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained	32	7,394,553,858	8,063,721,260
		7,394,553,858	8,063,721,260
Cash payments arising from:			
Loans obtained	32	(7,439,953,213)	(8,674,915,564)
Interest and similar charges		(47,859,012)	(66,692,586)
Dividends	13	(40,000,000)	(40,000,000)
		(7,527,812,225)	(8,781,608,150)
Net cash used in financing activities (3)		(133,258,367)	(717,886,890)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		305,078	9,980,306
Cash and cash equivalents at the beginning of the period	12	(2,341,740)	(12,322,046)
Cash and cash equivalents at the end of the period	12	(2,036,662)	(2,341,740)

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 2017

(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 separate financial statements are presented as required by Commercial Companies Code. According to Decree-Law 158/2009 of 13 July, the company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS – EU).

Consolidated financial statements are also presented in accordance with applicable legislation.

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. These 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.

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 2017. These changes are presented in note 2 of the notes to the consolidated financial statements. The adoption, during 2017, of the mentioned standards did not produce relevant impacts on the Company financial statements, since they aren't applicable to the separate financial statements of the Company.

The amendment to IAS 7 Statement of Cash Flows was applied for the first time this year. The objective of the amendment is for entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, independently of the impact in cash flows. The liabilities related to financing activity include loans (note 16) and loans obtained from group companies (note 17 and note 19). The movement during the year of these captions is disclosed in note 32.

Additionally, there are standards that have been approved for adoption in the periods started on or after 1 January 2018, and standards not yet approved by the European Union. The company did not early adopt any of the mentioned standards and do not expect significant impacts in the separate financial statements of the company from the application of those standards. The company is still reviewing the impacts of IFRS 9. The description of these standards is presented in note 2 of the notes to the consolidated financial statements.

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

Current income tax is determined on taxable income of Company, in accordance with the tax rules approved, and considers deferred taxation when existing.

Sonae Investimentos is included in the group of companies dominated by Sonae, SGPS, SA, and it is taxed in accordance with the Special Regime of Taxing Groups of Companies since 1 January 2014. The balance of the income tax to be receive or pay by Company is included in the balance sheet caption Other debts/Other creditors respectively.

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.

The tax losses generated by the companies taxed in accordance with Special Regime of Taxing Groups of Companies determine their allocation to the tax losses of the parent company, so only the parent company can deduct the amounts corresponding to such tax losses, without any cash out flow rise to the group companies. Up to 2016, the tax losses were paid to the generating companies.

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 2017 would increase by approximately 13 million euro (12.5 million euro as at 31 December 2016), 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 2017 Sonae Investimentos debt average maturity was of 4.0 years (4.0 years as at 31 December 2016).

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 2017, the amount of loans with maturity in 2018 is of 163 million euro (154 million with maturity in 2017) and as at 31 December 2017, the Company had a total of 94 million euro committed credit facilities for a period of one year (52 million euro as at 31 December 2016), and 150 million euro (335 million euro as at 31 December 2016) committed for periods over than one year. Furthermore, Sonae Investimentos maintains as at 31 December 2017 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 2017, have been applied to the line items below:

Financial Assets	31.December.2017				
	Notes	Loans and accounts receivable	Sub Total	Assets not within scope of IFRS 7	Total
Non-current assets					
Other non-current assets	8	1,444,692,956	1,444,692,956	-	1,444,692,956
		1,444,692,956	1,444,692,956	-	1,444,692,956
Current assets					
Other debtors	9	1,215,249,146	1,215,249,146	-	1,215,249,146
Other current assets	11	1,640,954	1,640,954	1,593,203	3,234,157
Cash and cash equivalents	12	475,958	475,958	-	475,958
		1,217,366,058	1,217,366,058	1,593,203	1,218,959,261
		2,662,059,014	2,662,059,014	1,593,203	2,663,652,217

Financial Liabilities	31.December.2017				
	Notes	Loans and financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total
Non-current liabilities					
Bonds	16	257,306,545	257,306,545	-	257,306,545
Bank loans	16	213,500,000	213,500,000	-	213,500,000
Other non-current liabilities	17	400,000,000	400,000,000	-	400,000,000
		870,806,545	870,806,545	-	870,806,545
Current liabilities					
Bonds	16	52,970,806	52,970,806	-	52,970,806
Bank loans	16	110,012,621	110,012,621	-	110,012,621
Trade accounts payable	18	168,320	168,320	-	168,320
Other payables accounts	19	469,514,996	469,514,996	-	469,514,996
Other current liabilities	20	2,621,100	2,621,100	-	2,621,100
		635,287,843	635,287,843	-	635,287,843
		1,506,094,388	1,506,094,388	-	1,506,094,388

The accounting policies disclosed in note 3.5 as at 31 December 2016, have been applied to the items below classified as follows:

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 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 payables 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

6 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES COMPANIES

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

Companies	31.December.2017						
		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
Chão Verde - Sociedade de Gestão Imobiliária, SA	-	2,394,591	-	2,394,591 (5)	-	-	-
Elergone Energia, Lda	75.00%	1,118,737	78,125 (1)	-	1,196,862	-	1,196,862
Fundo de Investimento Imobiliário Fechado Imosede	80.40%	103,497,607	-	-	103,497,607	-	103,497,607
Fundo de Investimento Imobiliário Imosonae Dois	-	-	1,267,876 (1)	1,124,447 (6)	143,429	-	143,429
MCCARE, Serviços de Saúde, SA	100.00%	50,000	2,000,000 (3)	-	2,050,000	-	2,050,000
MDS, SGPS, SA	-	59,766,920	-	59,766,920 (5) (6)	-	-	-
Modelo - Distribuição de Materiais de Construção, SA	50.00%	24,790,614	-	-	24,790,614	-	24,790,614
MOVVO, SA	25.58%	3,252,061	380,782 (2)	-	3,632,843	3,632,843	-
Ponto de Chegada - Promoção Imobiliária, SA	-	2,100,000	87,910 (2)	2,187,910 (5)	-	-	-
Selifa - Sociedade de Empreendimentos Imobiliários, SA	-	1,513,379	-	1,513,379 (5)	-	-	-
SFS - Serviços de Gestão e Marketing, SA	99.99%	50,000	30,930,000 (2) (3)	-	30,980,000	-	30,980,000
Sk - Skin Health Cosmetics, S.A	100.00%	-	2,050,000 (3) (4)		2,050,000	-	2,050,000
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	2,000,000 (3)	-	60,032,319	-	60,032,319
Sonae MC - Modelo Continente, SGPS, SA	100.00%	1,438,804,276	-	-	1,438,804,276	48,217,000	1,390,587,276
Sonae Financial Services, SA	100.00%	17,330,000	3,000,000 (2) (3)	-	20,330,000	-	20,330,000
Sonae SR Malta Holding Limited	-	1	-	-	1	-	1
Sonaegest - Soc. Gest. de Fundos de Investimentos, SA	40.00%	384,351	-	-	384,351	-	384,351
Total		1,732,985,162	41,794,693	66,987,246	1,707,792,610	71,450,151	1,636,342,459

(1) Acquisition to unrelated entities;
(2) Cover losses;
(3) Capital increase;
(4) Created in the period;
(5) Disposal to related entities;
(6) Disposal to unrelated entities;

During 2017 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.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	-		498,026	(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 Sáude, 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 Imobiliários, 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	(5)	-	-	-
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 related companies;
(6) Disposal to unrelated companies;

During 2016 the company recorded impairments on investments as described on notes 21 and 24.

7 INTANGIBLE ASSETS

As at 31 December 2017 and 2016 the caption intangible assets can be described as follows:

Gross cost	Patents and other similar rights	Total intangible assets
Opening balance as at 1 January 2016	1,414,091	1,414,091
Opening balance as at 1 January 2017	1,414,091	1,414,091
Closing balance as at 31 December 2017	1,414,091	1,414,091
Accumulated depreciation		
Opening balance as at 1 January 2016	1,413,657	1,413,657
Increase	219	219
Opening balance as at 1 January 2017	1,413,876	1,413,876
Increase	129	129
Closing balance as at 31 December 2017	1,414,005	1,414,005
Carrying amount		
As at 31 December 2016	215	215
As at 31 December 2017	86	86

8 OTHER NON-CURRENT ASSETS

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

	31.December.2017	31.December.2016
Loans granted (note 34)	1,443,692,956	1,149,080,000
Other debtors	1,000,000	40,000
	1,444,692,956	1,149,120,000

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.

As at 31 December 2017, the Company has recorded an impairment loss in the amount of 3,241,916 euro on loans granted to Sonae Capital Brasil, Ltda (3,241,916 euro in 2016 on loans granted to Sonae Capital Brasil, Ltda) (note 21).

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

The caption Other debtors includes a receivable amount of 1.000.000 euro related to the sale of a subsidiary, to be received from MDS, SGPS, SA.

9 OTHER DEBTORS

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

	31.December.2017	31.December.2016
Short term loans (note 34)	1,188,643,000	1,564,872,949
Interests charged but not received	19,560,207	30,448,655
Taxes - Special Regime for taxation of groups of companies	2,255,524	5,149,159
Adicionnal tax payment	17,721	17,721
Special program of debt reduction to the state (DL 67/2016, 3 November)	1,002,114	1,002,114
Special regime for payment of tax and social security debts (DL 248-A/2002, 14 November)	2,763,268	2,795,019
Special regime for payment of tax and social security debts (DL 151-A/2013, 31 October)	788,298	788,298
Receivables on the sale of investements	-	575,714
Others	232,536	78,992
	1,215,262,668	1,605,728,621
Accumulated impairment losses (note 21)	(13,522)	-
	1,215,249,146	1,605,728,621

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 2,255,524 euros (3,608,665 euros as of December 31, 2016), recorded in the caption Taxes – Special Regime for taxation of groups companies, corresponds to the amount receivable related to advance payments and withholding tax, that were transfer, in accordance with the special tax regime for groups of companies, to Sonae, SGPS, SA is the dominant company.

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 fair value of loans granted is similar to its carrying amount.

There were no past due assets thus no impairment loss was recognized as at 31 December 2017 and 2016.

10 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2017 and 2016, taxes recoverable and taxes and contributions payable are made up as follows:

	31.December.2017	31.December.2016
Income tax	5,619,212	8,362,480
Others	120	120
Assets	5,619,332	8,362,600

	31.December.2017	31.December.2016
Income tax	1,893,202	1,893,202
Value added tax	-	24
Social security	677	719
Withholding tax	3	3
Liabilities	1,893,882	1,893,948

The amount recorded under the caption Assets is related to income tax receivables, still not reimbursed.

11 OTHER CURRENT ASSETS

As at 31 December 2017 and 2016, the caption Other current assets can be detailed as follows:

	31.December.2017	31.December.2016
Interests receivable	1,163,639	2,377,105
Indemnity interests	187,030	187,030
Guarantees	245,285	338,179
Others	45,000	45,000
Accrued income	1,640,954	2,947,314
Insurances	120,334	171,091
Costs with credit facilities	1,472,869	1,418,335
Others	-	5,319
Prepayments	1,593,203	1,594,745
	3,234,157	4,542,059

12 Cash and cash equivalents

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

	31.December.2017	31.December.2016
Bank deposits	475,958	215,967
Cash and cash equivalents on the financial position	475,958	215,967
Bank overdrafts	(2,512,621)	(2,557,707)
Cash and cash equivalents on the cash flow statement	(2,036,662)	(2,341,740)

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

13 Share capital

As at 31 December 2017 and 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 2016), with a nominal value of 1 euro each.

As at 31 December 2017 and 2016 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 28th April 2017, the net profit for the year ended 31st December 2016, in the amount of 78.110.026 euro, was transferred the amount of 3,905,502 euro to legal reserves, the amount of 34,204,524 euro to other reserves and distributed dividends amounting 40,000,000 euro.

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

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

As at 31 December 2017 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 OTHER RESERVES AND RETAINED EARNINGS

As at 31 December 2017 and 2016, the other reserves detail is as follows:

	31.December.2017	31.December.2016
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	929,939,314	895,734,790
	1,621,939,314	1,587,734,790

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 2017 and 2016, this caption included the following loans:

	31.December.2017	31.December.2016
Bonds Sonae Investimentos / June 2013/2018	-	50,000,000
Bonds Sonae Investimentos / December 2015/2022	50,000,000	50,000,000
Bonds Sonae Investimentos / May 2015/2020	75,000,000	75,000,000
Bonds Sonae Investimentos / December 2015/2020	30,000,000	30,000,000
Bonds Sonae Investimentos / June 2016/2021	95,000,000	95,000,000
Bonds Sonae Investimentos / September 2016/2021	9,000,000	12,000,000
Up-front fees not yet charged to income statement	(1,693,455)	(1,993,142)
Bond loans	257,306,545	310,006,858
Commercial paper	182,500,000	121,000,000
Other bank loans	31,000,000	-
Bank loans	213,500,000	121,000,000
Non-current loans	470,806,545	431,006,858
Bonds Sonae Investimentos / June 2013/2018	50,000,000	-
Bonds Sonae Investimentos / 2016/2021	3,000,000	3,000,000
Up-front fees not yet charged to income statement	(29,194)	(1,483)
Bond loans	52,970,806	2,998,517
Commercial paper	7,500,000	148,000,000
Other bank loans	100,000,000	-
Bank overdrafts (note 12)	2,512,621	2,557,707
Bank loans	110,012,621	150,557,707
Current loans	162,983,427	153,556,224

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.2017		31.December.2016	
	Capital	Interests	Capital	Interests
N	-	-	153,557,707	7,884,057
N+1	163,012,621	6,952,560	60,500,000	6,468,024
N+2	10,500,000	5,983,847	10,500,000	5,522,376
N+3	88,000,000	5,892,725	163,000,000	4,741,014
N+4	184,200,000	3,411,126	199,000,000	1,560,751
N+5	159,800,000	1,520,543	-	-
after N+5	30,000,000	583,000	-	-
	635,512,621	24,343,801	586,557,707	26,176,222

The aforementioned maturities were estimated according to the loans contractual clauses and taking into account Sonae Investimentos' expectation of its amortization date.

As at 31 December 2017 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 2017 and 2016 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.2017		31.December.2016	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Agreed credit facilities amounts	105,500,000	432,500,000	203,000,000	456,000,000
Available credit facilities amounts	94,183,125	150,000,000	52,442,293	335,000,000

The interest rate as at 31 December 2017 of the bonds and bank loans was, on average, 1,26% (1,43% as at 31 December 2016).

17 OTHER NON-CURRENTS LIABILITIES

As at 31 December 2017 and 2016 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 2017 the fair value of this bond loan is 52,315 euro (52.994 euro as at 31 December 2016) 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 and Sontel, BV in 2016.

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

18 TRADE ACCOUNTS PAYABLE

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

	31.December.2017	31.December.2016
Group companies:		
Short term loans (note 34)	467,819,727	562,219,082
Taxes - Special Regime for taxation of groups of companies	1,660,038	4,532,087
Payables on the acquisitions of investements	33,800	268,175
Others	1,431	33,773
	469,514,996	567,053,117

The amount of 1.660.038 euro recorded in the caption Taxes-special regime for taxation of groups of companies, (4,532,087 euro as at 31 December 2016), relates to the tax of previous periods from its subsidiaries, in which the Company was dominant until 2013.

20 OTHER CURRENT LIABILITIES

As at 31 December 2017 and 2016 other current liabilities were made up as follows:

	31.December.2017	31.December.2016
Accrued interests	1,438,230	1,618,268
Guarantees	966,463	1,372,154
Others	216,407	334,574
Accruals	2,621,100	3,324,996

21 ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses for the year ended as at 31 December 2017 are as follows:

	Opening balance	Increases	Decreases	Used	Closing balance
Investments impairment (notes 6 and 24)	107,293,277	14,696,583	50,539,709	-	71,450,151
Other non-current assets impairment (notes 8 and 24)	5,691,916	-	1,000,000	(1,450,000)	3,241,916
Other current assets impairment (note 9)	-	13,522	-	-	13,522

The increases and decreases in the caption Investments and other non-current assets were recorded in the income statement in the caption Investments income / losses.

22 CONTINGENT ASSETS AND LIABILITIES

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

	31.December.2017	31.December.2016
Guarantees rendered:		
related to tax claims awaiting outcome		
Guarantees provided by financial institutions	91,997,043	86,763,780
Guarantees provided by parent company	245,298,495	255,152,531
others	1,770,000	12,403,113
Guarantees given in favour of subsidiaries (a)	62,888,849	62,888,849

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

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

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

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), in previous years the Company made tax payments. As at 31 December 2017 the outstanding amount is 6,754,000 euro (6,785,751 euro as at 31 December 2016), 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 2017 and 2016 are detailed as follows:

Balance:	31.December.2017	31.December.2016
Shareolders	2,300,467	3,671,763
Subsidiaries	21,083,764	34,701,540
Jointly controlled companies	1,000,000	-
Associated companies	27,794	9,545
Accounts receivable	24,412,025	38,382,848
Shareolders	966,463	1,372,154
Subsidiaries	2,048,451	5,165,471
Jointly controlled companies	19,704	-
Other related parties	355,746	355,747
Accounts payable	3,390,364	6,893,372
Subsidiaries	2,635,577,872	2,716,543,747
Associated companies	-	651,119
Loans granted	2,635,577,872	2,717,194,865
Subsidiaries	467,819,727	562,219,082
Other related parties	400,000,000	400,000,000
Loans obtained	867,819,727	962,219,082

Transactions:	31.December.2017	31.December.2016
Shareolders	1,025,537	1,426,728
Subsidiaries	4,201	-
Jointly controlled companies	13,217	-
Associated companies	-	25,494
Other related parties	143	139
Purchases and services obtained	1,043,098	1,452,361
Shareolders	47,302	64,684
Subsidiaries	298,805	300,162
Other income	346,108	364,847
Subsidiaries	30,639,035	59,506,501
Jointly controlled companies	8,751	-
Associated companies	-	89,745
Interest income	30,647,786	59,596,245
Shareolders	613,322	33,673,053
Subsidiaries	2,912,917	13,346,715
Other related parties	32,487,993	467,448
Interest expenses	36,014,232	47,487,216
Subsidiaries (note 24)	1,611,750	114,810
Dividend income	1,611,750	114,810
Subsidiaries (note 24)	9,857,867	8,719,151
Income from Investment Fund Participation Units	9,857,867	8,719,151
Subsidiaries	37,539,630	132,697,871
Sale financial investments	37,539,630	132,697,871
Subsidiaries	-	50,000
Acquisition financial investments	-	50,000

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 2,378,443,000 euro (2,274,217,272 euro as at 31 December 2016) having been repaid 22,378,443,000 euro during the year (2,274,217,272 euro as at 31 December 2016).

In 2017 and 2016 did not occur any transactions including granted loans with the Company's Directors.

During 2017 and 2016 no remuneration was attributed to Board of Directors by the company.

As at 31 December 2017 and 2016 there were no balances with Company's Directors.

24 INVESTMENT INCOME / LOSSES

As at 31 December 2017 and 2016 investment income or losses are as follows:

	31.December.2017	31.December.2016
Dividends:		
Chão Verde - Sociedade de Gestão Imobiliária, SA	1,500,000	-
Sonaegest - Soc. Gest. de Fundos de Investimentos, SA	111,750	114,810
	1,611,750	114,810
Income of financial investments:		
Fundo de Investimento Imobiliário Fechado Imosede	9,840,439	3,239,706
Fundo de Investimento Imobiliário Imosonae Dois	17,428	5,479,445
	9,857,867	8,719,151
Impairment reverse /(losses):		
Bertimóvel - Sociedade Imobiliária, SA	-	700,000
Canasta - Empreendimentos Imobiliários, SA	-	1,557,375
Chão Verde - Sociedade de Gestão Imobiliária, SA	2,394,591	-
Cumulativa - Sociedade Imobiliária, SA	-	945,191
Imomuro - Sociedade Imobiliária, SA	-	7,436,055
Modelo - Distribuição de Materiais de Construção, SA	3,280,000	-
MDS, SGPS, SA	17,770,000	(8,200,000)
Modelo Hiper Imobiliária, SA	-	642,516
MOVVO, SA	(3,632,843)	-
MJLF - Empreendimentos Imobiliários, SA	-	1,619,397
Selifa - Sociedade de Empreendimentos Imobililiários, SA	948,379	-
Sonae MC - Modelo Continente, SGPS, SA	15,083,000	-
	35,843,127	4,700,534
Impairment reversal other non-currents assets (note 21)	1,000,000	-
	1,000,000	-
Investments disposal income / (losses):		
Azulino - Imobiliária, SA	-	1,048,253
Bertimóvel - Sociedade Imobiliária, SA	-	11,139,405
Canasta - Empreendimentos Imobiliários, SA	-	4,068,995
Chão Verde - Sociedade de Gestão Imobiliária, SA	(1,850,319)	-
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
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
MDS, SGPS, SA	(28,841,210)	-
MJLF - Empreendimentos Imobiliários, SA	-	2,104,317
Modelo Hiper Imobiliária, SA	-	1,077,836
Ponto de Chegada - Promoção Imobiliária, SA	(219,377)	-
Predicomercial - Promoção Imobiliária, SA	-	10,899,005
Predilugar - Sociedade Imobiliária, SA	-	1,617,925
Selifa - Sociedade de Empreendimentos Imobililiários, SA	2,594,243	-
Socijofra - Sociedade Imobiliária, SA	-	10,489,116
Soliférias - Operadores Turísticos, SA	-	(13,162)
Valor N, SA	-	1,609,345
	(28,316,663)	66,399,599
	19,996,081	79,934,094

25 FINANCIAL INCOME / EXPENSES

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

	31.December.2017	31.December.2016
Interest receivable		
related to bank deposits	20,721	11,479
related to loans granted	30,647,786	59,596,245
Others	1,786	26,024
Others financial income	34,825	682,837
Financial income	30,705,118	60,316,585
Interest payable		
related to bank loans	(2,343,598)	(2,568,943)
related to non convertible bonds	(5,983,003)	(9,344,504)
related to loans obtained	(36,014,232)	(47,487,216)
Others financial expenses		
Up front fees on the issuance of debt	(3,403,975)	(4,246,824)
Others	(11,827)	(9,426)
Financial expenses	(47,756,635)	(63,656,913)

26 OTHER INCOME

As at 31 December 2017 and 2016, other income is as follows:

	31.December.2017	31.December.2016
Recovery of charges	93,155	21,535
Guarantees	258,718	352,009
Others income	276,371	9,712
	628,244	383,256

27 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2017 and 2016, external supplies and services are as follows:

	31.December.2017	31.December.2016
Specialized services	243,679	153,880
Bank services	1,182,143	1,106,600
Insurance	483,988	504,897
Legal support	5,645	31,270
Guarantees	1,025,537	1,426,728
Others services	650	1,634
	2,941,642	3,225,009

28 OTHER EXPENSES

As at 31 December 2017 and 2016 the amount disclosed as Other expenses, was essentially related to indirect taxes.

29 INCOME TAX

Income tax charge for the year ended 31 December 2017 and 2016 is made up as follows:

	31.December.2017	31.December.2016
Current tax	(383,074)	(3,668,390)
Deferred tax	(3,042)	(802,715)
Total	(386,116)	(4,471,105)

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2017 and 2016 is as follows:

	31.December.2017	31.December.2016
Profit before income tax	457,668	73,638,921
Income tax rate	21.00%	21.00%
	96,110	15,464,173
Tax losses for which deferred tax assets were not recognized	2,059,362	-
Impairment losses not accepted for tax purposes	3,089,122	1,722,000
Reversal of impairment losses not accepted for tax purposes	(10,823,339)	(2,709,112)
Under/(over) taxation estimates	(383,074)	(3,668,390)
Difference between capital (losses)/gains for accounting and tax	5,911,347	(15,262,767)
Effect of non-tributable dividends	(338,468)	(24,110)
Other	2,824	7,101
Income tax	(386,116)	(4,471,105)

During the year, the Sonae Group allocated the tax loss to the parent company, so the Company did not record the respective income (note 3.10). The effect of this change is presented in the line tax losses for which deferred tax assets were not recognized.

30 EARNINGS PER SHARE

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

	31.December.2017	31.December.2016
Net Profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit foor the period)	843,784	78,110,026
Net profit taken into consideration to calculate diluted earnings per share	843,784	78,110,026
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)	0.0009	0.0868

31 CASH RECEIPTS / PAYMENTS ARISING FROM INVESTMENTS

During 2017 and 2016, the following receipts and payments occurred:

	31.December.2017		
Companies	Investments / (Divestments)	Amount received	Amount paid
Chão Verde - Sociedade de Gestão Imobiliária, SA	(544,272)	544,272	-
Elergone - Energia Lda	78,125	-	312,500
Fundo de Investimento Imobiliário Imosonae Dois	1,267,876	-	1,267,876
Fundo de Investimento Imobiliário Imosonae Dois	(1,124,447)	1,124,447	-
MCCARE, Serviços de Saúde, SA	2,000,000	-	2,000,000
MDS, SGPS, SA	(30,925,710)	30,925,710	-
MOVVO, SA	380,782	-	380,782
Ponto de Chegada - Promoção Imobiliária, SA	87,910	-	87,910
Ponto de Chegada - Promoção Imobiliária, SA	(1,968,533)	1,968,533	-
Raso, SGPS, SA	-	537,500	-
Selifa - Sociedade de Empreendimentos Imobiliários, SA	(4,107,622)	4,107,622	-
SFS - Serviços de Gestão e Marketing, SA	30,930,000	-	30,930,000
Sk - Skin Health Cosmetics, S.A	2,050,000	-	2,050,000
Soliférias - Operadores Turísticos, SA	-	80,000	-
Sonae Center Serviços II, SA	2,000,000	-	2,000,000
Sonae Financial Services, SA	3,000,000	-	3,000,000
	3,124,109	39,288,084	42,029,068

	31.December.2016		
Companies	Investments / (Divestments)	Amount received	Amount paid
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	-
Elergone - Energia Lda	-	-	600,561
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	-
MOVVO, SA	550,001	-	2,260,746
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	-
Soliférias - Operadores Turísticos, SA	(120,000)	40,000	-
Sonae Financial Services, SA	5,000,000	-	5,000,000
Valor N, SA	(3,696,660)	3,696,660	-
	(118,070,817)	135,237,870	17,058,361

32 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation of liabilities arising from financing activities during 2017 is as follows:

	Borrowings (nota 16)	Group companies (notas 17 e 19)
Openning balance as at 1 January 2017	584,563,082	962,219,082
Receipts/(payments) arising from bank loans	52,000,000	-
Receipts/(payments) arising from bond loans	(3,000,000)	-
Bank overdrafts	(45,086)	-
Receipts/(payments) arising from group companies	-	(94,399,355)
Expenses on bond loans	271,976	-
Closing balance as at 31 december 2017	633,789,972	867,819,727

33 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 23 April 2018. These financial statements will be presented to the Shareholders' General Meeting for final approval.

34 INFORMATION REQUIRED BY LAW

Decree-Law nr 318/94 art 5 nr 4

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

Sonae Capital Brasil, Ltda

Sonae MC - Modelo Continente, SGPS, SA

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

Asprela - Sociedade Imobiliária, SA

Azulino - Imobiliária, SA

BB Food Service, SA

Bertimóvel - Sociedade Imobiliária, SA

Bom Momento - Restauração, SA

BRIO - Produtos de Agricultura Biológica, SA

Bright Brands SportsGoods, 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

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

Make Notes Design, Lda

MCCARE, Serviços de Saúde, SA

MDS, SGPS, SA

Modelo Continente Hipermercados, SA

Modelo Hiper Imobiliária, SA

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 – Sports Division SR, SA

Selifa - Sociedade de Empreendimentos Imobiliários, SA

Sesagest - Projectos e Gestão Imobiliária, SA

Sempre à Mão - Sociedade Imobiliária, SA

SFS - Serviços de Gestão e Marketing, SA

SK Skin Health Cosmetics, SA

Socijofra - Sociedade Imobiliária, SA

Sociloures - Sociedade Imobiliária, 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 2017 amounts owed by subsidiaries can be detailed as follows:

Company	31.December.2017
Asprela - Sociedade Imobiliária, SA	3,091,000
Azulino - Imobiliária, SA	231,000
Bright Brands SportsGoods, SA	1,136,000
Canasta - Empreendimentos Imobiliários, SA	171,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	642,000
Fashion Division, SA	2,562,000
Igimo – Sociedade Imobiliária, SA	450,000
Iginha – Sociedade Imobiliária, SA	44,000
Imomuro - Sociedade Imobiliária, SA	11,000
Imosistema - Sociedade Imobiliária, SA	19,000
Infofield - Informática, SA	993,000
MCCARE, Serviços de Saúde, SA	82,000
Modalfa - Comércio e Serviços, SA	128,000
Modalloop - Vestuário e Calçado, SA	514,000
Modelo Continente Hipermercados, SA	635,769,000
Ponto de Chegada - Promoção Imobiliária, SA	75,000
Predilugar - Sociedade Imobiliária, SA	326,000
Sempre à Mão - Sociedade Imobiliária, SA	217,000
Sociloures - Sociedade Imobiliária, SA	938,000
Sonae Capital Brasil, Ltda	11,975,872
Sonae Center Serviços II, SA	34,619,000
Sonae MC - Modelo Continente, SGPS, SA	1,897,924,000
Sonaerp - Retail Properties, SA	37,745,000
Sondis Imobiliária, SA	3,163,000
Zippy - Comércio e Distribuição, SA	2,752,000
	2,635,577,872

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

Company	31.December.2017
BB Food Service, SA	1,520,000
BRIO - Produtos de Agricultura Biológica, SA	115,000
Bertimóvel - Sociedade Imobiliária, SA	7,427,000
Bom Momento - Comercio Retalhista, SA	1,339,000
Citorres - Sociedade Imobiliária, SA	1,164,000
Continente Hipermercados, SA	145,344,727
Contimobe - Imobiliária do Castelo de Paiva, SA	11,250,000
Cumulativa - Sociedade Imobiliária, SA	2,104,000
Elergone Energias, Lda	314,000
Farmácia Selecção, SA	2,659,000
Fozimo – Sociedade Imobiliária, SA	1,305,000
Imoestrutura - Sociedade Imobiliária, SA	1,755,000
Imoresultado – Sociedade Imobiliária, SA	1,476,000
MJLF - Empreendimentos Imobiliários, SA	507,000
Make Notes Design, Lda	729,000
Modelo Hiper Imobiliária, SA	6,859,000
Pharmaconcept - Actividades em Saúde, SA	9,000
Pharmacontinente - Saúde e Higiene, SA	9,134,000
Predicomercial - Promoção Imobiliária, SA	12,919,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	7,099,000
Sesagest - Projectos e Gestão Imobiliária, SA	42,713,000
SFS - Serviços de Gestão e Marketing, SA	9,268,000
SK Skin Health Cosmetics, SA	1,701,000
Socijofra - Sociedade Imobiliária, SA	6,440,000
SonaeSR - Serviços e Logística, SA	7,087,000
Têxtil do Marco, SA	940,000
Tlantic Portugal - Sistemas de Informação, SA	56,000
Valor N, SA	213,000
Worten - Equipamentos para o Lar, SA	184,280,000
Zyevolution Investigacao e Desenvolvimento, SA	93,000
	467,819,727

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 23 April 2018.

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

(Free translation of a report originally issued in Portuguese language: in case of doubt the Portuguese version will always prevail)

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 2017 (that presents consolidated and separate total assets of Euro 3,824,157,020 and Euro 4,305,617,136, respectively; consolidated and separate equity of Euro 785,561,847 and Euro 2,797,628,866, respectively, including a net profit attributable to the Entity's shareholders of Euro 27,632,093 and an Entity's net profit of Euro 943,784), 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 2017 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 technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (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 accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

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 financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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, 8 to 10 and 32 to the consolidated financial statements)	
As at 31 December 2017, the carrying amount of goodwill amounts to 553 million Euro, tangible assets to 1,648 million Euro and intangible assets to 343 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. 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 hasn't recognized significant impairment losses regarding Goodwill, tangible or intangible assets (Note 32).	Our audit procedures included 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. 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; • analysis of the procedures performed by the significant component auditors in relation of which the matter is applicable on the basis referred to in the following Key Audit Matter. 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.
Recoverability of non-current assets and deferred tax assets of operations in Spain (Notes 6.1 and 19 to the consolidated financial statements)	
As at 31 December 2017 the Group maintains recognized, approximately, 20 million Euro of deferred tax assets related with its retail operations in Spain, having recognized deferred tax liabilities amounting to 17.5 million Euro in relation with the same country (Note 19). The group maintains, approximately, 106 million Euro of non-current assets in that country (Note 6.1). The recoverability of the above-mentioned assets depends on the accomplishment of the established business plans forecast by the entities taxed in Spain within the same tax group. 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.	We obtained management documentation supporting the recoverability of deferred tax assets arising on tax losses carried forward of 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 the corresponding tax effects, 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.

Description of the most significant risks of material misstatement identified	**Summary of the auditor's responses to the assessed risks of material misstatement**
	We evaluated the adequacy of disclosures made in relation with this matter.

Commercial income from suppliers
(Notes 2.10, 2.16, 14, 18 and 39 to the consolidated financial statements)

As described in Notes 2.10 and 2.16 to the consolidated financial statements, the Group, through its operations, signs a significant number of agreements with suppliers from which obtains commercial income. Commercial income from suppliers is an area of focus due to the quantum, complexity and the number of transactions recorded. Generically, commercial income has two main natures: (i) volume based discounts being recorded as a deduction to cost of sales, whenever not directly related with specific promotions. 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" (Notes 2.16 and 39). 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 automated 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 not being dully formalized or the accounting of such agreements not to be aligned with group accounting policies. Hence, we consider this area as a key audit matter.	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, when considered adequate. 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 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 sample, 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 2017, Sonae Investimentos Group presents, approximately, 713 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 1,300 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	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;

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
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.	• 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 performed test regarding 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 34 to consolidated financial statements)	

As described in Note 34, the Group maintains uncertain tax positions being disputed in tax courts, in Portugal for which the Group granted warranties amounting to more than 950 million Euro (which considers tax amounts as well as other related expenses), part of which (532 million Euro) relates to disputes of value 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.
	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 and its evaluation of probability of loss;
	• 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;
	  ○ reviewed correspondence with tax authorities, reviewed the tax claims and appeals made by the Group to courts;
	  ○ discussed with the company the support and arguments used by the Tax Group department and that are the base of the positioning of management;
	  ○ 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.

<u>Applicable to separate financial statements</u>

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 and associates (Notes 3.1. 3.5.k) and 6 to the separate financial statements)	
As at 31 December 2017, in its separate financial statements, the Entity had financial investments measured at acquisition cost net of impairment losses, amounting to 1,636 million euro. 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.	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 2017, is based on the procedures performed regarding impairment test of Goodwill for consolidated purposes, as well as on the analysis of the 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 give a true and fair view of the Group's and Entity's financial position, financial performance and cash flows in accordance accordance with IFRS as adopted by the European Union;
- the preparation of a management report, including a corporate governance report, in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting principles and criteria appropriate in the circumstances; and
- assessing the Group's and Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's and Entity's ability to continue as a going concern.

The Statutory Audit Board is responsible for overseeing the Group's and Entity's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our responsibility is to obtain reasonable assurance about 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 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 or Entity'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 or Entity'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;
- communicate with those charged with governance, including the supervisory body, 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;
- determine, from the matters communicated with those charged with governance, including the supervisory body, 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;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the consolidated financial statements and the verification of the requirements as provided in numbers 4 and 5 of article 451.º of the Portuguese Companies' Code.

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 Corporate Governance 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 non-financial information disclosed in accordance with article 508 G of the Portuguese Companies' Code

In compliance with article 451, number 6 of the Portuguese Commercial Code, we inform that the Group referred in its Managemetn Report that its parent company Sonae SGPS, S.A. included the non-financial information required by article 508 G of the Portuguese Companies' Code, in its "Sustainability report" already published in its internet site.

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 until 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 30 April 2018.
- 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, 30 April, 2018

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 Sonae Investimentos, SGPS, S.A. Statutory Audit Board

(Translation of a Report and Opinion originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)

To the Shareholders

1 – Report

1.1 - Introduction

In compliance with the applicable legislation and statutory regulations, as well 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 2017, which are the responsibility of the Board of Directors.

1.2 – Supervision

During the year under analysis, the Statutory Audit Board, in accordance with its competence, accompanied the management of the Company and its affiliated companies, and has oversaw, with the required scope, the evolution of the operations, the adequacy of the accounting records, the quality and appropriateness regarding the process of preparation and disclosure of financial information, corresponding accounting policies, valuation criteria used as well as the compliance with legal and regulatory requirements.

In the exercise of its competences and mandate, the Statutory Audit Board had six meetings during the year, five of which in person, with the presence of, depending on the matters in the agenda, the officers in charge of Planning and Control department, Administrative and Accounting department, Treasury and Finance department, Tax department, Internal Audit department, Risk Management department, the Statutory Auditor and External Auditor and Sonae’s ombudsman.

The Statutory Audit Board verified the effectiveness of the risk management and internal control, analysed the planning and the results of external and internal auditors’ activity, accompanied the system involving the reception and follow up of reported irregularities and oversaw the reports issued by Sonae’s ombudsman. The Statutory Audit Board has also assessed the process of preparing the individual and consolidated statements, communicated to the Board of Directors information regarding the conclusion and quality of the financial statements audit and its intervention in the process, has pronounced itself in favour of the rendering of non-audit services by the Statutory and External Auditor, having exercised its mandate in what concerns the evaluation of the competence and independence of external auditors, as well as to the supervision of the establishment of the Statutory and External Auditor remuneration.

In compliance with the law and its policy, the Statutory Audit Board fulfilled what is established in al. f), nº 3 of Artº 3º of External Audit Supervision Law n. º 148/2015 and Artº 16.º of EU Regulation n. º 537/2014, having organized an enlarged selection bid, independent of any external influence and free of any contractual clause of the type mentioned in n. º 6 of that law, that concluded in a proposal for election to the Shareholders´ General Meeting.

During the year, the Statutory Audit Board accompanied, with special care, the accounting treatment of transactions that had had material impact on the evolution of operations and on the individual and consolidated financial position of Sonae Investimentos, SGPS, S.A., and highlights the positive evolution of the business segments and main joint ventures which effects are visible in the economic and financial development of the Group.

In compliance with CMVM's Recommendation V.2., the Statutory Audit Board take in consideration the criteria established by CMVM's Regulation for description of businesses with significant relevance between the company and shareholders of qualifying holdings or related entities, in accordance with the number 1 of article 20 of the Portuguese Securities Market Code, neither having identified relevant transactions that complied with that criteria nor identified any conflict of interests.

The Statutory Audit Board complied with CMVM's Recommendations II.2.1, II.2.2, II.2.3, II.2.4 and II.2.5, regarding Corporate Governance. Being all members of the Statutory Audit Board independent considering the legal criteria and professionally able to perform its duties, the Statutory Audit Board exercised its competences and its relations with the other statutory bodies and Company's services, in accordance with the principles and conduct recommended in the referred Recommendations.

The Statutory Audit Board reviewed the Corporate Governance Report, enclosed to the Report of the Board of Directors, in accordance with nº 5 of article 420º of Commercial Companies Code, having verified that the it includes the elements referred to in article 245º-A of the Portuguese Securities Market Code.

Still, in the fulfilment of its duties, the Statutory Audit Board reviewed the Report of the Board of Directors, including the Corporate Governance Report, and remaining individual and consolidated documents of account prepared by the Board of Directors, concluding that these information was prepared in accordance with the applicable legislation and that it is appropriate to the understanding of the financial position and results of the Company and the consolidation perimeter, and has reviewed the Statutory Audit and Auditors' Report issued by the Statutory Auditor and agreed with its content.

2 – Opinion

Considering the above, in the opinion of the Statutory Audit Board, that all the necessary conditions are fulfilled in order the Shareholders' General Meeting to approve:

a) the Report of the Board of Directors;
b) the individual and consolidated statements of financial position, profit and loss by natures, comprehensive income, changes in equity and of cash flows and related notes for the year ended 31 December 2017;

c) the proposal of net profit appropriation presented by the Board of Directors.

3 – Responsibility Statement

In accordance with paragraph a), number 1 of article 8º of the Regulation of CMVM nº 5/2008 and 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 individual and consolidated financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of the Sonae Investimentos, SGPS, 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. It is also declared that the Corporate Governance Report complies with article 245º A of the Portuguese Securities Market Code.

Matosinhos, 30 April 2018

The Statutory Audit Board

Armando Luís Vieira de Magalhães

António Augusto Almeida Trabulo

Maria José Martins Lourenço da Fonseca