

SONAE MC, SGPS, SA

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

Share Capital 1,000,000,000 Euro

Porto Commercial Registry and Fiscal Number 501 532 927

REPORT AND ACCOUNTS

30 June 2018

Management Report
Sonae MC, SGPS, S.A.

In accordance with Portuguese Law and the company's articles of association, we hereby present the management report of Sonae MC - SGPS, S.A. for the six months of 2018.

Activity evolution for the period

During the first half of 2018, the consolidated turnover of Sonae MC totalled 2,608 million euros, which corresponds to an increase of 6.4% when compared to the same period of the previous year. Performance benefited from the increased contributions of every businesses, with highlights for Sonae MC and Worten, increasing sales by 7% in both cases, Sonae Financial Services (+28%) and Maxmat (+12%).

The Company's operating cash-flow (EBITDA) reached 122 million euros, representing an increase of 13 million euros versus last year. This evolution reflects the EBITDA increase of every businesses, once again with Sonae MC registering the highest growth. The second quarter of 2018 benefitted, for the first time, from the contribution of ISRG, which consolidated performance through the equity method result.

Overall, EBITDA margin stood at 4.7% of turnover, increasing +0.2p.p. comparing to 6M17. Operating results (EBIT) amounted to 25 million euros in the period, increasing ca. +4 million euros when compared to the first six months of 2017, which is mainly driven by the increase of operational cash-flow.

Sonae MC consolidated net result in the first six months of 2018 totalled -13 million euros, behind last year comparable period.

By the end of June, Sonae MC operated in an overall portfolio of 1,688 stores, corresponding to a sales area of 1,132 thousand sqm. During this period, Sonae MC, Worten and Sonae Sports & Fashion continued to consolidate its store network with +33 stores versus December 2017, which excludes Sport Zone stores since February 2018.

Outlook

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

Methodological note

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

Maia, 21 of August 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 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.

Appendix

Statement under the terms of Article 246, 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 and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of the issuer and that the Management Report faithfully describes the progress of the business and position of the issuer and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Maia, 21 of August 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

Appendix required by articles 9 nr. 1, a) and 14, nr. 7 of CMVM Regulation nr.05/2008

	Additions			Reductions		Position on 30.06.2018	Balance on 30.06.2018
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €		
Duarte Paulo Teixeira de Azevedo (*) (**) (***) (****)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Migracom, SA (9)						Dominant	
Sonae - SGPS, SA (3)							805,730
Ângelo Gabriel Ribeirinho dos Santos Paupério (*) (**)							
Sonae - SGPS, SA (3)							0
Sale	24-05-2018			212,987	1.152		
Enxomil - Consultoria e Gestão, SA (11)						Dominant	
Enxomil - Sociedade Imobiliária, SA (12)						Dominant	

	Additions			Reductions		Position on 30.06.2018	Balance on 30.06.2018
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €		
(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 MC, SGPS, SA (a) (4)							250,286,683
Sonaecenter, Serviços, SA (5)						Dominant	
(4) Sonae MC, SGPS, SA (a)							
Modelo Continente, SGPS, SA (b) (8)						Dominant	
(5) Sonaecenter, Serviços, SA							
Sonae MC, SGPS, SA (a) (4)							518,269,127
(6) Sonae Investments BV							
Sonae MC, SGPS, SA (a) (4)							131,419,190
Libra Serviços, Sociedade Unipessoal, Lda (7)						Dominant	
(7) Libra Serviços, Sociedade Unipessoal, Lda							
Sonae MC, SGPS, SA (a) (4)							25,000
(8) Modelo Continente, SGPS, SA (b)							
Sonae MC, SGPS, SA (a) (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 MC, 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)

a) Ex Sonae Investimentos, SGPS, SA

b) Ex Sonae MC - Modelo Continente, SGPS, SA

Qualified holdings

Shares held and voting rights attributable to shareholders owning 2% or more of the share capital of the Sonae MC, SGPS, SA (Ex Sonae Investimentos, SGPS, SA), calculated according to article 20 of the Portuguese Securities Code, as required by article 9 paragraph 1, subparagraph bc, of the Portuguese Securities Market Commission (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 Investimentos, 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 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 30 June 2018

* 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 Modelo Continente, SGPS, SA (Ex Sonae MC - Modelo Continente, SGPS, SA) is directly owned by Sonae MC, SGPS, SA (Ex Sonae Investimentos, SGPS, SA)

**Condensed consolidated
financial statements**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018 AND 2017 AND 31 DECEMBER 2017

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

ASSETS	Notes	30 Jun 2018	30 Jun 2017	31 Dec 2017
NON-CURRENT ASSETS:				
Tangible assets	6	1,624,950,830	1,611,346,919	1,647,932,404
Intangible assets	7	340,642,381	337,128,274	342,916,302
Goodwill	8	548,467,437	548,079,578	553,339,386
Investments in joint ventures and associates	9	115,852,545	42,126,184	41,442,483
Other investments	10	12,612,940	10,894,226	12,323,383
Deferred tax assets	13	49,310,550	50,560,802	56,857,992
Other non-current assets	11	18,850,924	17,697,428	20,152,898
Total Non-Current Assets		2,710,687,607	2,617,833,411	2,674,964,848
CURRENT ASSETS:				
Inventories		643,422,938	682,582,620	713,020,919
Trade account receivable and other current assets	12	339,089,182	344,848,062	272,829,989
Investments	10	1,596,429	485,192	179,881
Cash and cash equivalents	14	100,702,871	86,796,620	162,378,843
Total Current Assets		1,084,811,420	1,114,712,494	1,148,409,632
Non current assets held for sale		-	-	782,540
TOTAL ASSETS		3,795,499,027	3,732,545,905	3,824,157,020
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	15	1,000,000,000	1,000,000,000	1,000,000,000
Own shares		(320,000,000)	(320,000,000)	(320,000,000)
Reserves and retained earnings		15,409,775	(16,341,293)	(14,086,582)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		3,418,362	(2,634,198)	27,632,093
Equity attributable to the equity holders of the Parent Company		698,828,137	661,024,509	693,545,511
Equity attributable to non-controlling interests	16	90,725,379	83,574,836	92,016,336
TOTAL EQUITY		789,553,516	744,599,345	785,561,847
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	17	784,557,026	714,430,823	620,484,413
Other non-current liabilities	19	414,858,421	421,772,677	415,789,765
Deferred tax liabilities	13	127,962,532	104,378,444	122,806,483
Provisions	21	13,689,559	15,156,948	14,659,973
Total Non-Current Liabilities		1,341,067,538	1,255,738,892	1,173,740,634
CURRENT LIABILITIES:				
Loans	17	140,156,496	244,769,242	181,238,135
Trade creditors and other current liabilities	20	1,519,593,889	1,484,261,165	1,678,006,021
Provisions	21	5,127,588	3,177,261	5,610,383
Total Current Liabilities		1,664,877,973	1,732,207,668	1,864,854,539
TOTAL LIABILITIES		3,005,945,511	2,987,946,560	3,038,595,173
TOTAL EQUITY AND LIABILITIES		3,795,499,027	3,732,545,905	3,824,157,020

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

The Board of Directors

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018 AND 2017

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

(Amounts expressed in euro)	Notes	2 nd Quarter 2018	2 nd Quarter 2017	30 Jun 2018	30 Jun 2017 Restated (Note 3)
Sales	5	1,260,498,544	1,213,684,400	2,535,556,456	2,386,737,192
Services rendered	5	37,853,701	34,623,982	72,783,010	65,048,664
Investment income investments recorded at fair value through profit		97,514	(7,485,503)	97,522	(7,485,503)
Financial income		988,369	320,210	2,478,531	1,865,875
Other income	22	21,531,126	22,367,737	45,552,986	44,151,266
Cost of goods sold and materials consumed		(875,815,256)	(862,868,381)	(1,792,561,572)	(1,699,289,360)
Changes in stocks of finished goods and work in progress		2,399,578	1,395,159	1,282,172	1,363,797
External supplies and services		(172,793,078)	(156,530,225)	(337,078,495)	(312,275,053)
Staff costs		(183,159,076)	(170,249,215)	(362,391,444)	(334,276,288)
Depreciation and amortisation	6 and 7	(48,284,244)	(43,517,798)	(95,404,657)	(86,614,202)
Provisions and impairment losses		(3,793,359)	(925,091)	(5,515,098)	(1,520,179)
Financial expense		(13,480,135)	(13,757,307)	(26,747,980)	(26,721,034)
Other expenses		(20,784,942)	(15,258,642)	(37,170,051)	(30,753,796)
Share of results of joint ventures and associated companies	9.3	(1,233,505)	(799,940)	(1,953,288)	(2,395,913)
Profit/(Loss) before taxation from continuing operations		4,025,237	999,386	(1,071,908)	(2,164,534)
Taxation	23	10,454,972	11,481,975	(1,688,167)	12,335,440
Profit/(Loss) before taxation from continuing operations		14,480,209	12,481,361	(2,760,075)	10,170,906
Profit/(Loss) from discontinued operations after taxation	3 and 4.1	-	(6,268,669)	7,280,231	(10,536,558)
Consolidated profit/(Loss) for the period		14,480,209	6,212,692	4,520,156	(365,652)
Attributable to equity holders of the Parent Company:		-	-	-	-
Continuing operations		14,310,867	11,105,271	(3,783,289)	8,008,049
Discontinued operations		-	(6,375,641)	7,201,651	(10,642,247)
		14,310,867	4,729,630	3,418,362	(2,634,198)
Attributable to non-controlling interests		-	-	-	-
Continuing operations		169,342	1,376,090	1,023,214	2,162,857
Discontinued operations		-	106,972	78,580	105,689
	16	169,342	1,483,062	1,101,794	2,268,546
Profit/(Loss) per share					
From continuing operations					
Basic	25	0.015901	0.012339	(0.004204)	0.008898
Diluted	25	0.015901	0.012339	(0.004204)	0.008898
From discontinued operations					
Basic	25	-	(0.007084)	0.008002	(0.011825)
Diluted	25	-	(0.007084)	0.008002	(0.011825)

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

The Board of Directors

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 JUNE 2018 AND 2017

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

<i>(Amounts expressed in euro)</i>	2 nd Quarter 2018	2 nd Quarter 2017 Restated	30 Jun 2018	30 Jun 2017
Net Profit / (Loss) for the period	14,480,209	6,212,692	4,520,156	(365,652)
Items that maybe reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	1,437,803	730,667	2,229,112	863,786
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method (Note 9.3)	(867,904)	(1,117,208)	(1,298,857)	(985,436)
Changes in hedge and fair value reserves	1,322,001	(2,691,393)	1,339,997	(5,603,318)
Deferred taxes related with other components of comprehensive income	40,023	606,523	(918)	1,215,891
Others	(117,740)	143,211	(117,740)	143,211
Other comprehensive income for the period	1,814,183	(2,328,200)	2,151,594	(4,365,866)
Total comprehensive income for the period	16,294,392	3,884,492	6,671,750	(4,731,518)
Attributable to:				
Equity holders of parent company	15,860,884	2,408,957	5,282,626	(6,941,059)
Non controlling interests	433,508	1,475,535	1,389,124	2,209,541

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

The Board of Directors

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 30 JUNE 2018 AND 2017

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

	Reserves and Retained Earnings								Net Profit/ (Loss)	Total	Non controlling Controlling Interests (Note 16)	Total Equity
	Share Capital	Own Shares	Legal Reserve	Currency translation Reserve	Hedging Reserve	Legal Reserves in accordance with article 342º CSC	Other Reserves and Retained Earnings	Total				
<i>(Amounts expressed in euro)</i>	Attributable to Equity Holders of Parent Company											
Balance as at 1 January 2017 Published	1,000,000,000	(320,000,000)	170,940,266	541,768	1,948,405	320,000,000	(546,738,326)	(53,307,887)	80,471,632	707,163,745	85,020,788	792,184,533
Restatement effect	-	-	-	-	-	-	-	-	-	-	(1,731,680)	(1,731,680)
Balance as at 1 January 2017 Restated	1,000,000,000	(320,000,000)	170,940,266	541,768	1,948,405	320,000,000	(546,738,326)	(53,307,887)	80,471,632	707,163,745	83,289,108	790,452,853
Total comprehensive income for the period	-	-	-	1,090,902	(4,387,427)	-	(1,010,336)	(4,306,861)	(2,634,198)	(6,941,059)	2,209,541	(4,731,518)
Appropriation of profit of 2016												
Transfer to legal reserves and retained earnings	-	-	3,905,502	-	-	-	76,566,130	80,471,632	(80,471,632)	-	-	-
Dividends distributed	-	-	-	-	-	-	(40,034,760)	(40,034,760)	-	(40,034,760)	(1,162,225)	(41,196,985)
Income distribution	-	-	-	-	-	-	-	-	-	-	(1,243,144)	(1,243,144)
Partial disposal or acquisitions of affiliated companies	-	-	-	-	-	-	836,584	836,584	-	836,584	(980,013)	(143,429)
Others	-	-	-	-	-	-	-	-	-	-	1,461,569	1,461,569
Balance as at 30 June 2017 Restated	1,000,000,000	(320,000,000)	174,845,768	1,632,670	(2,439,022)	320,000,000	(510,380,709)	(16,341,293)	(2,634,198)	661,024,509	83,574,836	744,599,345
Balance as at 1 January 2018	1,000,000,000	(320,000,000)	174,845,768	2,703,308	167,896	320,000,000	(511,803,554)	(14,086,582)	27,632,093	693,545,511	92,016,336	785,561,847
Total comprehensive income for the period	-	-	-	2,206,342	1,019,140	-	(1,361,218)	1,864,264	3,418,362	5,282,626	1,389,124	6,671,750
Appropriation of profit of 2017												
Transfer to legal reserves and retained earnings	-	-	42,190	-	-	-	27,589,903	27,632,093	(27,632,093)	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-	(1,393,908)	(1,393,908)
Income distribution	-	-	-	-	-	-	-	-	-	-	(155,134)	(155,134)
Creation of affiliated companies	-	-	-	-	-	-	-	-	-	-	80,000	80,000
Change in consolidation method	-	-	-	-	-	-	-	-	-	-	(1,211,039)	(1,211,039)
Balance as at 30 June 2018	1,000,000,000	(320,000,000)	174,887,958	4,909,650	1,187,036	320,000,000	(485,574,869)	15,409,775	3,418,362	698,828,137	90,725,379	789,553,516

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

The Board of Directors

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018 AND 2017

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

(Amounts expressed in euro)	Notes	2 nd Quarter 2018	2 nd Quarter 2017	30 Jun 2018	30 Jun 2017 Restated (Note 3)
OPERATING ACTIVITIES					
Net cash flow from operating activities (1)		31,981,017	67,135,647	(32,813,068)	(43,013,067)
INVESTMENT ACTIVITIES					
Cash receipts arising from:					
Investments	26	1,812,918	-	30,455,407	21,009,032
Tangible assets and investment properties		513,796	482,558	1,448,300	1,848,950
Interests and similar income		222,197	7,656	258,535	445,855
Loans granted		127	651,118	659	651,118
Dividends		642,744	130,000	642,744	130,000
		3,191,782	1,271,332	32,805,645	24,084,955
Cash Payments arising from:					
Investments	26	(674,173)	(2,033,150)	(27,764,403)	(2,135,671)
Tangible assets and investment properties		(65,894,648)	(55,527,071)	(153,280,200)	(142,024,368)
Loans granted		-	(1,496,188)	-	(1,500,000)
		(66,568,821)	(59,056,409)	(181,044,603)	(145,660,039)
Net cash used in investment activities (2)		(63,377,038)	(57,785,076)	(148,238,958)	(121,575,084)
FINANCING ACTIVITIES					
Cash receipts arising from:					
Investments		-	46,507	-	584,007
Loans obtained		1,387,313,947	1,639,961,225	2,535,467,807	2,956,554,094
Capital increases, additional paid in capital and share premiums		-	-	80,000	-
		1,387,313,947	1,640,007,732	2,535,547,807	2,957,138,101
Cash Payments arising from:					
Investments		271,570	(1,192,368)	-	(2,460,244)
Loans obtained		(1,402,860,564)	(1,626,600,524)	(2,405,304,487)	(2,815,478,025)
Interests and similar charges		(4,361,528)	(5,464,296)	(7,814,855)	(8,210,548)
Dividends		(102,255)	(2,440,129)	(222,359)	(2,440,129)
Others		4,457	-	-	-
		(1,407,048,320)	(1,635,697,317)	(2,413,341,701)	(2,828,588,946)
Net cash used in financing activities (3)		(19,734,373)	4,310,415	122,206,106	128,549,155
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(51,130,394)	13,660,986	(58,845,920)	(36,038,996)
Effect of foreign exchange rate		37,082	170,967	39,471	136,093
Effect of discontinued operations	4	-	-	(6,062,386)	-
Cash and cash equivalents at the beginning of the period	14	145,782,904	52,331,505	159,563,205	101,996,613
Cash and cash equivalents at the end of the period	14	94,615,428	65,821,524	94,615,428	65,821,524

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

The Board of Directors

SONAE MC, SGPS, SA (SONAE INVESTIMENTOS, SGPS, SA)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in euro)

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

1 INTRODUCTION

Sonae MC, SGPS, SA (ex- Sonae Investimentos, SGPS, SA), has its head-office at Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Portugal, and is the parent company of a group of companies, as detailed in Notes 9 and 29 the Sonae MC Group ("Sonae MC"). Sonae MC's operations and operating segments are described in Note 5.

2 PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those used in the preparation of the consolidated financial statements for the period ended as at 31 December 2017.

Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable to economic period beginning on 1 January 2018, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Standards Interpretations Committee ("IFRS - IC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as at the consolidated financial statements issuance date.

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

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

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

Up to the date of approval of these consolidated financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions some of which become mandatory during the year 2018:

With mandatory application during the year 2018		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 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

These standards were applied by the Group in 2018, however there were no significant impacts on these financial statements.

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

With mandatory application during the year 2018		Effective date (for financial years beginning on or after)
IFRS 9 (amendment)	Prepayment features with negative compensation	01 Jan 2019
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 2019
IFRS 16	Leases - (recognition and measurement principles)	01 Jan 2019
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 2019

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 taking into account whether an identified asset that is controlled or not. Distinctions off-balance sheet and finance leases (included in the balance sheet) are eliminated at the level of the lessee and are replaced by a model in which an asset identified 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.

At the date of publication of these consolidated financial statements, Sonae 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 Group did not proceed to earlier adoption of any of these standards on the financial statements for the period ended on the 30 June 2018, since their application is not yet mandatory. The impacts of the above-mentioned standards are being analysed by the Group.

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

With mandatory application after the year 2018		Effective date (for financial years beginning on or after)
IFRS 17	(Insurance contracts)	01 Jan 2021
IAS 19 (amendment)	Amendments, reductions or liquidation of employee benefit plans	01 Jan 2019
IFRIC 23	Uncertainty 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 (cycle 2015-2017)	01 Jan 2019

The Group did not proceed to earlier adoption of any of these standards on the financial statements for the period ended on the 30 June 2018, since their application is not mandatory, lying in the process of analysing expected effects of those standards that, are not expected to reflect significant impacts.

3 RESTATEMENT OF FINANCIAL STATEMENTS

Impact of combination of Sport Zone with JD Sports Holdings as a discontinued activity

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

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 fulfillment of suspensive conditions dependent on third parties, namely approval by the General Directorate of Competition of the European Commission, the authorization of the shareholder alteration by the owners of the leased stores of the Sport Zone business as well as of bank guarantees.

The approval by the General Directorate of Competition 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.

According to predicted by IFRS 5, changes were made in the Consolidated Statements of Income by nature for the years ended at 30 June 2017 and 30 June 2018 to reflect in a single line (Net income for discontinued operations), in the face of Statement of profit or loss, after-tax profit or loss from discontinued operations.

The impact in the consolidated statement of income, the reclassification of the activity of Sport Zone for discontinued operations, as at 30 June 2017 can be analysed as follows:

Amounts in thousands of euros	Before the restatement	Discontinued operations	After the restatement
Sales	2,487,070,165	(100,332,973)	2,386,737,192
Services rendered	52,480,519	12,568,145	65,048,664
Investment income investments recorded at fair value through profit	(7,485,503)	-	(7,485,503)
Financial income	1,169,152	696,723	1,865,875
Other income	44,760,009	(608,743)	44,151,266
Cost of goods sold and materials consumed	(1,759,613,090)	60,323,730	(1,699,289,360)
Changes in stocks of finished goods and work in progress	1,363,797	-	1,363,797
External supplies and services	(330,297,705)	18,022,652	(312,275,053)
Staff costs	(350,949,367)	16,673,079	(334,276,288)
Depreciation and amortisation	(91,481,788)	4,867,586	(86,614,202)
Provisions and impairment losses	(1,553,894)	33,714	(1,520,180)
Financial expense	(26,768,594)	47,560	(26,721,034)
Other expenses	(31,311,869)	558,073	(30,753,796)
Share of results of joint ventures and associated companies	(2,395,913)	-	(2,395,913)
Profit/(Loss) before taxation from continuing operations	(15,014,081)	12,849,546	(2,164,534)
Taxation	14,648,429	(2,312,989)	12,335,440
Profit/(Loss) before taxation from continuing operations	(365,652)	10,536,557	10,170,906
Profit/(Loss) from discontinued operations after taxation	-	(10,536,558)	(10,536,558)
Consolidated profit/(Loss) for the period	(365,652)	-	(365,652)
Attributable to equity holders of the Parent Company:			
Continuing operations	(2,634,198)	10,642,247	8,008,049
Discontinued operations	-	(10,642,247)	(10,642,247)
	(2,634,198)	-	(2,634,198)
Attributable to non-controlling interests			
Continuing operations	2,268,546	(105,689)	2,162,857
Discontinued operations	-	105,689	105,689
	2,268,546	-	2,268,546

4 CHANGES IN CONSOLIDATION PERIMETER

4.1 Completion of the agreement for the combination of Sport Zone with JD Sprinter Holdings

In 2018, considering the loss of control in the Sport Zone, Sport Zone and its subsidiaries are no longer included by the full consolidation method in the Sonae MC' consolidated financial statements, and Iberian Sports Retail Group will be equity consolidated. Following the completion of the combination between Sport Zone and JD Sprinter Holdings as at 30 June 2018, Sonae MC derecognised all assets related to Sport Zone's operation, accounting subsequently a financial investment in associates totalling 78.1 million euro which

presents the fair value of the interest at the date of the transaction. This transaction had generated a capital gain amounting 9 million euro.

Discontinued operations include the following companies:

COMPANY	Head Office	Direct	Total
Sonae S&F			
SDSR – Sports Division SR, SA	Matosinhos (Portugal)	100.00%	100.00%
Sport Zone Canarias, SL	Tenerife (Spain)	60.00%	60.00%
Sport Zone España - Comércio de Articulos de Deporte, SA	Madrid (Spain)	100.00%	100.00%

The effects of this transaction in the consolidated financial statements can be analysed as follows:

Amounts in euro	Sport Zone and subsidiaries	
	31 jan 2018 Loss control date	31 Dec 2017
Net assets disposals		
Tangible and intangible assets (Notes 6 e 7)	54,333,772	54,659,282
Goodwill (Note 8)	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	(49,075,680)	(52,809,981)
Shareholder's loans	-	60,883,601
Total of net assets disposals	76,186,230	77,441,592
Price adjustment	(5,039,083)	
Fair value of future estimated receivables	5,000,000	
Gain in operation	9,005,702	
Financial investment retained at fair value	85,152,849	
	30 Jun 2018	
Financial Investment in ISRG (Note 9.3)	78,085,756	
Amounts Receivable	5,000,000	
Amounts Received	2,067,093	
	85,152,849	
	31 Jan 2018	
Amounts in euro	Loss control date	
Sales and services	19,075,708	
Other income	409,025	
Cost of sales	(11,911,628)	
External supplies and services	(4,966,459)	
Other expenses and losses	(4,536,678)	
Net financial income	(58,079)	
Profit/loss before taxation	(1,988,111)	
Taxation	262,640	
Net Income	(1,725,471)	
Income or expenses related to loss control	9,005,702	
Profit/(Loss) from discontinued operations after taxation	7,280,231	

Details of discontinued operations in the statement of cash flows can be analysed as follows:

Cash flows for the period from discounting operations	31 Jan 2018
Net cash flow from operating activities	5,680,921
Net cash used in investment activities	(1,616,467)
Net cash used in financing activities	1,309,488
Net increase in cash and cash equivalents	5,373,942

4.2 The major acquisitions of subsidiaries occurred in the period ended at 30 June 2018 were as follows:

COMPANY	Head Office	Direct	Total
Sonae MC			
Amor Bio, Mercado Biológico, Lda	Lisbon (Portugal)	100.00%	100.00%
	On the date of acquisition	30 Jun18	
Net assets			
Tangible and intangible assets (Note 6 and 7)	323,987	323,987	
Inventories	134,878	134,878	
Other assets	55,936	46,849	
Cash and cash equivalents	6,266	13,845	
Loans	(206,821)	(255,438)	
Other liabilities	(364,334)	(358,428)	
	(50,088)	(94,307)	
Goodwill (Note 8)	850,088		
Acquisition cost	800,000		
Effective cash payment	544,000		
Consideration to be paid	256,000		
	800,000		
Net cash-flow arising from acquisition			
Effective cash payment	(544,000)		
Cash and cash equivalents acquired	6,266		
	(537,734)		
	On the date of acquisition	6 months	
Sales	381,111	982,941	
Other income	-	11,869	
Cost of goods sold and materials consumed	(322,327)	(815,052)	
External supplies and services	(60,597)	(137,777)	
Other expenses	(41,292)	(100,072)	
Net financial expenses	(1,110)	(2,784)	
Profit/(Loss) before taxation	(44,215)	(60,875)	
Profit/(Loss) before taxation	-	-	
Profit/(Loss) after taxation	(44,215)	(60,875)	

5 SEGMENT INFORMATION

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

- Sonae MC is the food retail unit, operating 41 Continente hypermarkets, 123 Continente Modelo supermarkets, 101 convenience stores Bom Dia, 27 restaurants Go Natural, 293 stores operated under franchise Meu Super and 228 parapharmacy Well's;
- Worten that is included in the top 3 of Iberian electronic players, counting on a portfolio of 248 physical stores in Iberia;
- Sonae Sports & Fashion directly operating 267 own stores sports and clothing products, combined with a franchise network of 114 stores;
- Sonae RP is the retail real estate unit which actively manages properties of Sonae, composed mainly of stores operating under the brand Continente and under other brands of Sonae;
- Maxmat 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 29.

The main operating segment information as at 30 June 2018 and 2017 can be detailed as follows:

30 Jun 2018	Turnover	Depreciation and amortisation	Provisions and impairment losses	EBIT direct
Sonae MC	1,905,576,183	53,661,226	261,162	27,421,656
Worten	474,180,447	14,013,538	677,249	(9,842,006)
Sonae Sports & Fashion	168,484,972	10,955,759	431,746	(20,284,276)
Sonae RP	47,133,234	12,803,938	20,111	27,981,465
Maxmat	40,172,618	867,402	977	1,955,977
Sonae FS	14,160,949	418,024	109,091	1,449,950
Others, eliminations and adjustments	(41,368,938)	2,684,770	157,882	(3,742,744)
Total consolidated direct	2,608,339,466	95,404,657	1,658,217	24,940,022

30 Jun 2017 Restated	Turnover	Depreciation and amortisation	Provisions and impairment losses	EBIT direct
Sonae MC	1,777,063,443	47,907,162	232,099	26,495,529
Worten	442,808,382	13,087,323	752,191	(9,284,221)
Sonae Sports & Fashion	166,973,121	10,007,365	449,234	(20,894,835)
Sonae RP	45,800,649	12,148,826	-	27,841,175
Maxmat	36,007,305	899,582	-	1,400,788
Sonae FS	11,105,593	247,309	-	2,427,384
Others, eliminations and adjustments	(27,972,638)	2,316,636	86,655	(6,985,183)
Total consolidated direct	2,451,785,856	86,614,202	1,520,179	21,000,638

	Investment (CAPEX)		Invested capital	
	30 Jun 2018	30 Jun 2017 Restated	30 Jun 2018	31 Dec 2017
Sonae MC	83,162,777	67,200,415	682,555,973	630,000,000
Worten	15,169,874	13,121,331	5,184,589	(90,641,251)
Sports & Fashion	12,992,159	8,000,166	344,697,280	355,988,594
Sonae RP	19,459,927	16,294,499	908,253,995	902,627,242
Maxmat	1,571,176	519,809	33,444,437	32,639,857
Sonae FS	457,839	234,566	21,026,433	(12,825,265)
Others, eliminations and adjustments	4,355,449	9,158,310	(9,496,140)	(3,526,036)
Total consolidated	137,169,201	114,529,096	1,985,666,566	1,814,263,141

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

Turnover	30 Jun 2018 Inter-segment	30 Jun 2017 Inter-segment
Sonae Sports & Fashion	(9,560,309)	(14,722,017)
Sonae RP	(41,505,858)	(41,399,492)
Total consolidated	(51,066,167)	(56,121,509)

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

	Turnover		EBIT direct	
	30 Jun 2018	30 Jun 2017 Restated	30 Jun 2018	30 Jun 2017 Restated
Inter-segment income	(51,066,167)	(56,121,509)	-	-
Equity method (Note 9.3)	-	-	(277,752)	(28,210)
Others	9,697,230	28,148,872	(3,464,992)	(6,956,973)
Others, eliminations and adjustments	(41,368,938)	(27,972,638)	(3,742,744)	(6,985,183)

	Investment		Invested capital	
	30 Jun 2018	30 Jun 2017 Restated	30 Jun 2018	31 Dec 2017
Inter-segment intra-groups and contributions of entities non-individualized entities as segments	4,355,449	9,158,310	(50,605,828)	(45,836,781)
Investments in joint ventures and associated companies	-	-	31,214,255	32,391,068
Other investments	-	-	9,895,433	9,919,677
Eliminations and adjustments	4,355,449	9,158,310	(9,496,140)	(3,526,036)

All performance measures are reconciled to the financial statements in note 27.

Glossary:

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

Net debt = Bonds + bank loans + other 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 MC SGPS companies identified as "Other" in Note 29;

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

6 TANGIBLE ASSETS

During the six-month period ended at 30 June 2018 and 2017, the movements in tangible assets as well as accumulated depreciation and impairment losses are made up as follows:

	Tangible assets				
	Land and buildings	Plant and machinery	Other tangible assets	Tangible assets in progress	Total tangible assets
Gross assets:					
Opening balance as at 1 January 2018	1,367,477,468	1,510,838,547	214,361,600	39,722,737	3,132,400,352
Transfers to "Discontinued operations" (Note 4.1)	-	(110,473,385)	(8,013,217)	(712,317)	(119,198,919)
Acquisitions	9,108,725	2,796,509	720,861	101,128,575	113,754,670
Acquisitions of subsidiaries (Note 4.2)	77,981	155,399	153,918	-	387,298
Disposals of subsidiaries	-	-	(3,901)	-	(3,901)
Disposals	(571,026)	(19,284,393)	(2,484,527)	(776,240)	(23,116,186)
Exchange rate effect	(6,361)	778	(65,596)	-	(71,179)
Transfers	8,624,963	77,386,869	9,552,664	(103,309,287)	(7,744,791)
Closing balance as at 30 June 2018	1,384,711,750	1,461,420,324	214,221,802	36,053,468	3,096,407,344
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2018	413,694,318	910,392,706	160,247,936	132,988	1,484,467,948
Transfers to "Discontinued operations" (Note 4.1)	-	(63,819,917)	(5,968,478)	-	(69,788,395)
Depreciation of the period	11,603,448	55,871,243	9,254,736	-	76,729,427
Acquisitions of subsidiaries (Note 4.2)	9,928	45,430	31,854	-	87,212
Disposals of subsidiaries	-	-	(81)	-	(81)
Disposals	(442,785)	(16,811,348)	(2,311,213)	-	(19,565,346)
Exchange rate effect	(3,800)	30	(51,845)	-	(55,615)
Transfers	(67,916)	(170,105)	(180,614)	-	(418,636)
Closing balance as at 30 June 2018	424,793,193	885,508,039	161,022,295	132,988	1,471,456,514
Carrying amount as at 30 June 2018	959,918,557	575,912,285	53,199,507	35,920,480	1,624,950,830
Gross assets:					
Opening balance as at 1 January 2017	1,368,650,242	1,424,680,843	201,951,455	30,457,184	3,025,739,724
Effect of fair value adjustment of assets acquired	(4,384,000)	-	-	-	(4,384,000)
Opening balance as at 1 January 2017 Restated	1,364,266,242	1,424,680,843	201,951,455	30,457,184	3,021,355,724
Acquisitions	4,641,739	1,393,673	897,418	81,179,456	88,112,286
Acquisitions of subsidiaries	1,443,695	2,624,130	450,095	-	4,517,920
Disposals	(588,589)	(29,238,703)	(4,102,226)	(1,201,564)	(35,131,082)
Exchange rate effect	(6,209)	1,294	(47,533)	-	(52,448)
Transfers	7,329,471	61,130,260	7,292,171	(78,239,795)	(2,487,893)
Closing balance as at 30 June 2017	1,377,086,349	1,460,591,497	206,441,380	32,195,281	3,076,314,507
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2017	397,006,243	869,466,288	152,371,902	110,824	1,418,955,257
Depreciation of the period	11,006,006	54,842,100	8,669,740	-	74,517,846
Acquisitions of subsidiaries	1,163,331	1,526,940	507,758	-	3,198,029
Disposals	(553,374)	(26,346,008)	(3,838,975)	-	(30,738,357)
Exchange rate effect	(3,357)	-	(33,382)	-	(36,739)
Transfers	(324,979)	(40,508)	(562,961)	-	(928,448)
Closing balance as at 30 June 2017	408,293,870	899,448,812	157,114,082	110,824	1,464,967,588
Carrying amount as at 30 June 2017	968,792,479	561,142,685	49,327,298	32,084,457	1,611,346,919

The investment includes the acquisition of assets of approximately 101 million euro (81 million euro as at 30 June 2017), associated with the opening and remodelling of stores.

The caption depreciation of the period includes 876,206 euro in 2018 (4,867,586 euro as at 30 June 2017) relating to the depreciation of discontinued operations.

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

	30 Jun 2018	30 Jun 2017
Refurbishment and expansion of stores located in Portugal	29,306,411	24,878,161
Refurbishment and expansion of stores located in Spain	1,519,587	1,131,165
Projects of stores for which advance payments were made	1,296,000	1,196,000
Others	3,798,482	1,340,047
	35,920,480	32,084,457

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

	Land and Buildings	Plant and Machinery	Other tangible assets	Tangible assets in progress	Total tangible assets
Impairment losses					
Opening balance as at 1 January 2018	90,926,822	23,302,445	453,348	132,989	114,815,604
Transfers to "Discontinued operations" (Note 4.1)	-	(4,451,474)	(58,701)	-	(4,510,175)
Disposals	(87,564)	(915,518)	(41,523)	-	(1,044,605)
Closing balance as at 30 June 2018 (Note 21)	90,839,258	17,935,453	353,124	132,989	109,260,824
Impairment losses					
Opening balance as at 1 January 2017	90,802,912	28,067,641	555,437	110,824	119,536,814
Acquisitions of subsidiaries	-	-	169,244	-	169,244
Disposals	-	(3,130,418)	(50,633)	-	(3,181,051)
Transfers	3,945	144,075	(208,448)	-	(60,428)
Closing balance as at 30 June 2017 (Note 21)	90,806,857	25,081,298	465,600	110,824	116,464,579

7 INTANGIBLE ASSETS

During the six-month period ended at 30 June 2018 and 2017, the movements in intangible assets as well as accumulated depreciation and impairment losses are made up as follows:

	Intangible assets			
	Patents and other similar rights	Other intangible assets	Intangible assets in progress	Total intangible assets
Gross assets				
Opening balance as at 1 January 2018	166,782,696	416,984,432	27,599,820	611,366,948
Discontinued operations (Note 4.1)	(2,312,244)	(9,046,812)	(49,775)	(11,408,831)
Acquisitions	30,610	758,394	21,818,945	22,607,949
Acquisitions of subsidiaries (Note 4.2)	-	43,441	-	43,441
Disposals	(375)	(1,037,763)	(443,643)	(1,481,781)
Exchange rate effect	(42,117)	(76,811)	-	(118,928)
Transfers	87,492	19,613,095	(19,544,249)	156,338
Closing balance as at 30 June 2018	164,546,062	427,237,976	29,381,098	621,165,136
Accumulated depreciation and impairment losses				
Opening balance as at 1 January 2018	29,998,545	238,452,101	-	268,450,646
Discontinued operations (Note 4.1)	(2,230,423)	(4,255,160)	-	(6,485,583)
Depreciation of the period	938,545	18,612,971	-	19,551,516
Acquisitions of subsidiaries (Note 4.2)	-	19,540	-	19,540
Disposals	(256)	(908,017)	-	(908,273)
Exchange rate effect	(35,581)	(69,284)	-	(104,865)
Transfers	-	(226)	-	(226)
Closing balance as at 30 June 2018	28,670,830	251,851,925	-	280,522,755
Carrying amount as at 30 June 2018	135,875,232	175,386,051	29,381,098	340,642,381
Intangible assets				
	Patents and other similar rights	Other intangible assets	Intangible assets in progress	Total intangible assets
Gross assets				
Opening balance as at 1 January 2017	166,652,955	378,595,941	27,309,726	572,558,622
Acquisitions	1,000	256,518	21,574,593	21,832,111
Acquisitions of subsidiaries	13,500	138,687	-	152,187
Disposals	(108,975)	(309,610)	(379,309)	(797,894)
Exchange rate effect	(26,601)	(65,020)	-	(91,621)
Transfers	138,414	10,414,862	(10,983,983)	(430,707)
Closing balance as at 30 June 2017	166,670,293	389,031,378	37,521,027	593,222,698
Accumulated depreciation and impairment losses				
Opening balance as at 1 January 2017	28,141,659	211,464,528	-	239,606,187
Depreciation of the period	1,012,875	15,951,067	-	16,963,942
Acquisitions of subsidiaries	6,222	79,636	-	85,858
Disposals	(64,434)	(304,719)	-	(369,153)
Exchange rate effect	(20,698)	(53,178)	-	(73,876)
Transfers	(38)	(118,496)	-	(118,534)
Closing balance as at 30 June 2017	29,075,586	227,018,838	-	256,094,424
Carrying amount as at 30 June 2017	137,594,707	162,012,540	37,521,027	337,128,274

8 GOODWILL

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

Goodwill is allocated to each operating business segment, Sonae MC, Worten, 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.

On 30 June 2018 and 31 December 2017, the caption "Goodwill" was made up as follows by insignia and country:

	30 Jun 2018		
	Portugal	Spain	Total
Sonae MC	445,504,532	-	445,504,532
Worten	53,422,018	-	53,422,018
Sports & Fashion	46,636,075	341,311	46,977,386
Sonae RP	2,563,501	-	2,563,501
	548,126,126	341,311	548,467,437

	31 Dec 2017		
	Portugal	Spain	Total
Sonae MC	444,654,444	-	444,654,444
Worten	53,422,018	-	53,422,018
Sports & 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

On 30 June 2018 and 2017, the movements in the caption goodwill as well as in the corresponding impairment losses, are as follows:

	30 Jun 2018	30 Jun 2017
Gross value:		
Opening balance	560,981,054	549,983,175
Re-allocation of Goodwill to fair value of assets acquired	-	1,731,680
Opening balance restated	560,981,054	551,714,855
Discontinued operations (Note 4.1)	(6,160,487)	-
Goodwill generated in the period (Note 4.2)	850,088	3,760,574
Other variations	-	245,817
Closing balance	555,670,655	555,721,246
Accumulated impairment losses:		
Opening balance	7,641,668	7,641,668
Transfers to "Discontinued operations" (Note 4.1)	(438,450)	-
Closing balance	7,203,218	7,641,668
Carrying amount	548,467,437	548,079,578

9 INVESTMENTS IN JOINT VENTURES AND ASSOCIATE COMPANIES

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

The Joint Venture and Associates, their head offices, percentage of share capital held and the value of the statement of financial position as at 30 June 2018 and 31 December 2017 are as follows:

Company	Head Office	Percentage of capital held				Statement of financial position	
		30 Jun 2018		31 Dec 2017		30 Jun 2018	31 Dec 2017
		Total*	Direct*	Total*	Total*		
MDS SGPS, SA (consolidated)	Maia	50.00%	50.00%	50.00%	50.00%	30,951,990	32,100,593
Sohi Meat Solutions - Distribuição de Carnes, SA	Santarém	50.00%	50.00%	50.00%	50.00%	3,176,005	2,361,045
Investments in joint ventures						34,127,995	34,461,638
APOR- Agência para a Modernização do Porto, SA	Porto	22.75%	22.75%	22.75%	22.75%	262,265	290,475
1) ISRG Iberian Sports Retail Group, SL	Alicante	30.00%	30.00%	-	-	76,708,226	-
MOVVO, SA	Porto	25.58%	25.58%	25.58%	25.58%	-	-
S2 Mozambique, SA	Maputo	30.00%	30.00%	30.00%	30.00%	923,183	1,592,748
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	691,320	1,050,793
Ulabox, S.L.	Barcelona	41.89%	41.89%	41.89%	41.89%	3,139,556	4,046,829
Investments in associated companies						81,724,550	6,980,845
Total						115,852,545	41,442,483

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

1) In 2017 results from the agreement completion on January 2018, the date on which a Joint Venture has been consolidated using the equity method due the loss of control (Notes 3 and 4.1);

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

9.2 Summary financial information of financial investments

9.2.1 Joint ventures

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

Joint Ventures	MDS,SGPS,SA (consolidated)		Sohi Meat	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Assets				
Investments Properties	846,257	857,259	-	-
Tangible and Intangible assets	2,544,198	2,376,935	20,683,636	20,771,255
Intangible assets	7,636,678	9,605,565	424,350	309,299
Goodwill	29,455,708	29,202,474	-	-
Investments in joint ventures and associates	10,325,395	9,098,383	-	-
Other non-current assets	2,126,485	3,426,579	7,263	204,757
Non-current assets	52,934,722	54,567,195	21,115,249	21,285,311
Trade account receivables	-	4,916,146	33,364,419	26,859,097
Cash and cash equivalents	11,399,368	10,448,200	858,954	367,901
Other current assets	9,535,314	3,981,786	6,317,093	9,110,188
Current assets	20,934,683	19,346,132	40,540,466	36,337,186
Total assets	73,869,405	73,913,327	61,655,715	57,622,497
Liabilities				
Borrowings	11,291,667	15,575,000	-	-
Other non-current liabilities	8,702,272	9,357,967	-	-
Non-current liabilities	19,993,939	24,932,967	-	-
Borrowings	9,051,244	6,419,272	-	-
Other current liabilities	17,535,154	15,787,509	56,254,705	53,517,354
Total current liabilities	26,586,397	24,797,288	56,254,705	53,517,354
Shareholders' funds excluding non-controlling interests	23,760,135	22,143,637	5,401,010	4,105,143
Non-controlling interests	3,528,934	2,039,435	-	-
Total Equity	27,289,069	24,183,072	5,401,010	4,105,143
Total equity and liabilities	73,869,405	73,913,327	61,655,715	57,622,497

Joint Ventures	MDS,SGPS,SA (consolidated)		Sohi Meat	
	30 Jun 2018	31 Jun 2017	30 Jun 2018	31 Jun 2017
Turnover	27,423,119	23,560,265	133,524,373	126,259,554
Other operating income	383,813	287,616	8,358,356	18,835,878
	27,806,932	23,847,881	141,882,729	145,095,432
Cost of goods sold and materials consumed	-	-	(128,047,206)	(117,830,608)
External supplies and services	(13,075,833)	(11,939,188)	(5,265,621)	(4,151,223)
Depreciation and amortisation	(1,531,697)	(1,942,514)	(1,889,439)	(938,902)
Operational expenses	(11,597,956)	(10,830,087)	(5,137,903)	(22,210,539)
	(26,205,486)	(24,711,789)	(140,340,169)	(145,131,272)
Financial expense	(232,355)	(459,930)	(17,196)	25
Results of joint ventures and associated companies	47,432	30,263	-	-
Income taxation	(50,608)	103,874	(229,497)	(365)
Consolidated net income/(loss) for the year	1,365,915	(1,189,701)	1,295,867	(36,180)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,365,915	(1,189,701)	1,295,867	(36,180)

9.2.2 Associated companies

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

Associated Companies	30 Jun 2018			
	APOR	Sempre a Postos	S2 Mozambique	Ulabox
Non-current assets	13,671	526,099	6,110,559	1,815,734
Current assets	1,172,883	8,463,404	2,557,561	2,578,165
Non-current liabilities	-	-	-	-
Total current liabilities	33,741	6,224,228	5,115,997	1,693,397
Shareholders' funds and non-controlling interests	1,152,813	2,765,275	3,552,123	2,700,502

Associated Companies	31 Dec 2017			
	APOR	Sempre a Postos	S2 Mozambique	Ulabox
Non-current assets	678,593	725,966	5,677,724	1,654,169
Current assets	2,356,130	10,326,802	2,383,755	1,253,456
Non-current liabilities	-	-	-	-
Total current liabilities	1,955,112	-	-	-
Shareholders' funds and non-controlling interests	831,108	6,849,597	2,959,516	1,284,421

Associated Companies	30 Jun 2018			
	APOR	Sempre a Postos	S2 Mozambique	Ulabox
Turnover	179,594	26,658,928	3,583,716	2,522,473
Other operational income	-	1,419,778	133,649	101,945
Cost of sales	-	(21,222,599)	(2,681,374)	(1,880,260)
External supplies and services	(162,969)	(5,423,018)	(1,438,956)	(774,795)
Depreciation and amortisation	(1,095)	(204,258)	(271,494)	(128,928)
Operational expenses	(112,952)	(284,115)	(984,727)	(734,112)
Financial expense	986	1,825	(225,809)	-
Taxation	(29)	(215,263)	-	-
Consolidated net income/(loss) for the period	(96,465)	731,278	(1,884,995)	(893,677)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(96,465)	731,278	(1,884,995)	(893,677)

Associated Companies	30 Jun 2017			
	APOR	Sempre a Postos	S2 Mozambique	Ulabox
Turnover	364,710	26,547,125	977,768	4,758,931
Other operational income	14,877	1,728,996	24,112	192,553
Cost of sales	(24,161)	(21,058,574)	(641,311)	(3,555,492)
External supplies and services	(209,267)	(5,375,347)	(490,141)	(2,101,406)
Depreciation and amortisation	(167,923)	(206,322)	(28,108)	-
Operational expenses	(1,168,309)	(225,740)	(265,919)	(874,127)
Financial expense	(4,542)	3,082	106,545	-
Taxation	(1,253)	(319,171)	(24,199)	-
Consolidated net income/(loss) for the period	(1,195,868)	1,094,049	(341,253)	(1,579,541)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(1,195,868)	1,094,049	(341,253)	(1,579,541)

9.3 Movements occurred in the period

During the period ended at 30 June 2018 and 2017, movements in investments in joint ventures and associates are as follows:

	30 Jun 2018			30 Jun 2017		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Joint ventures						
Initial balance as at January,1	17,301,187	17,160,451	34,461,638	-	-	-
Change of consolidation method	-	-	-	2,703,451	-	2,703,451
Equity method:						
Effect in gain or losses in joint ventures	842,742	-	842,742	(398,211)	-	(398,211)
Other effects on reserves	(1,176,385)	-	(1,176,385)	-	-	-
	16,967,544	17,160,451	34,127,995	2,305,240	-	2,305,240
Associated companies						
Initial balance as at January,1	5,431,436	1,549,408	6,980,844	22,403,095	28,658,523	51,061,618
Change of consolidation method (Note 4.1)	78,085,756	-	78,085,756	-	-	-
Capital increase	118,745	-	118,745	-	-	-
Aquisitions, capital increase and supplementary capital entries	-	-	-	1,194,297	-	1,194,297
Alienações durante o exercício	-	-	-	(13,550)	-	(13,550)
Equity method:						
Effect in gain or losses in associated companies	(2,796,030)	-	(2,796,030)	(1,997,702)	-	(1,997,702)
Distributed dividends	(542,293)	-	(542,293)	(829,823)	-	(829,823)
Other effects on reserves	(122,472)	-	(122,472)	(985,436)	-	(985,436)
Accumulated impairment losses (Note 21)	-	-	-	(8,608,460)	-	(8,608,460)
	80,175,142	1,549,408	81,724,550	11,162,421	28,658,523	39,820,944
Total	97,142,686	18,709,859	115,852,545	13,467,661	28,658,523	42,126,184

The value of the "Change in consolidation method for the loss of control" is the follow:

- 78,085,756 euro refers to ISRG by the agreement signed between Sonae and JD Group (Notes 3 and 4.1); and from the end of January the participation was included in the new partnership, Iberian Sports Retail Group by the equity method. 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 assumed in the partnership. This allocation is still subject to change until the end of the period of one year from the date of change;

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

10 OTHER INVESTMENTS

Other non-current investments, their head offices, percentage of share capital held and book value as at 30 June 2018 and 31 December 2017, are as follows:

Company	Head Office	Percentage of capital held				Statement of financial position	
		30 Jun 2018		31 Dec 2017		30 Jun 2018	31 Dec 2017
		Direct	Total	Direct	Total		
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	14.28%	14.28%	14.28%	14.28%	9,976	9,976
Insko - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	925,197	925,197
Other investments						11,677,767	11,388,210
						12,612,940	12,323,383

As at 30 June 2018 the caption "Other investments" includes, among others, 9,895,433 euro (9,919,677 euro in 31 December 2017) 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 21).

As at 30 June 2018 and 31 December 2017, the movements in "Other investments" made up as follows:

	30 Jun 2018		30 Jun 2017	
	Non Current	Current	Non Current	Current
Other investments:				
Opening balance as at 1 January	12,323,383	-	10,910,647	-
Discontinued operations (Note 4.1)	(51,369)	-	-	-
Increases in the period	550,654	-	5,551	-
Transfer to "Associated companies"	(120,000)	-	-	-
Decreases in the period	(89,728)	-	(21,972)	-
Closing balance as at 31 June	12,612,940	-	10,894,226	-
Derivative financial instruments				
Fair value as at 1 January	-	179,881	-	4,207,972
Increase/(Decrease) in fair value	-	1,416,548	-	(3,722,780)
Fair value as at 31 June (Note 18)	-	1,596,429	-	485,192
Total of Other Investments	12,612,940	1,596,429	10,894,226	485,192

11 OTHER NON-CURRENT ASSETS

As at 30 June 2018 and 31 December 2017, “Other non-current assets” are detailed as follows:

	30 Jun 2018	31 Dec 2017
Trade accounts receivable and other debtors		
Bails (a)	3,922,906	5,120,591
Legal deposits (b)	3,473,685	3,916,334
Special regime for payment of tax and social security debts (c)	6,181,878	6,181,878
Amount receivable for selling the Modelo Cont.Seguros	1,000,000	1,000,000
Amount retained in the acquisition of the Salsa group	2,463,875	2,463,875
Others	1,741,914	1,202,046
	18,784,258	19,884,724
Other non-current assets	66,666	268,174
	18,850,924	20,152,898

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

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

12 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at 30 June 2018 and 31 December 2017, “Trade accounts receivable and other current assets” are detailed as follows:

	30 Jun 2018	31 Dec 2017
Trade accounts receivable	88,443,555	93,591,558
Taxes recoverable	68,025,085	67,709,755
Granted loans to related companies	19,457,547	4,409,042
Other debtors		
Trade suppliers - debtor balances	36,375,267	37,998,176
Disposal of investments	3,319,738	-
VAT recoverable on real estate assets	5,429,741	6,248,946
Accounts receivable from the disposal of tangible fixed assets	2,119,060	2,141,299
Vouchers and gift cards	1,143,264	2,449,037
Other debtors	21,698,201	19,487,251
	70,085,271	68,324,709
Other current assets		
Commercial discounts	71,952,002	25,214,880
Insurance premiums paid in advance	9,154,448	4,557,941
Prepayments - Rents	9,095,436	8,802,076
Software licenses	3,989,025	2,225,055
Commissions to be received	1,080,574	1,077,520
Insurance indemnities	100,462	122,335
Condominiums management fee's	532,963	115,382
Interests to be received	523,371	514,994
Other current assets	12,407,846	11,621,782
	108,836,127	54,251,965
Accumulated impairment losses (Note 21)	(15,758,403)	(15,457,040)
	339,089,182	272,829,989

The caption "Granted loans to related companies" includes the amount of 19.5 million euro (4.4 million euro as at 31 December 2017) 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.

As at 30 June 2018 and 31 December 2017 the amounts disclosed as "Trade creditors - debtor balances" related with commercial discounts billed to suppliers, to be net settled with future purchases.

13 DEFERRED TAX

Deferred tax assets and liabilities as at 30 June 2018 and 31 December 2017 are as follows, taking into consideration its temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Difference between fair value and acquisition cost	4,933,142	4,933,142	33,213,660	33,865,461
Temporary differences on tangible and intangible assets	1,227,956	1,350,735	72,642,032	69,893,479
Provisions and impairment losses not accepted for tax purposes	18,707,657	20,751,517	-	-
Write off of tangible and intangible assets	29,198	28,517	-	-
Valuation of hedging derivatives	113,346	11,702	146,967	41,952
Amortisation of goodwill for tax purposes in Spain	-	-	20,357,039	17,457,039
Revaluation of tangible assets	-	-	861,357	916,509
Tax losses carried forward	20,877,442	25,703,398	-	-
Reinvested capital gains/(losses)	-	-	289,954	302,963
Tax benefits	293,835	402,854	-	-
Others	3,127,974	3,676,127	451,522	329,080
	49,310,550	56,857,992	127,962,532	122,806,483

The Spanish Supreme Court decided in favour of Sonae MC 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, 2017 e 2018, having recognized 20.4 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 30 June 2018 and 31 December 2017, 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:

		30 Jun 2018			31 Dec 2017		
		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	587,829	123,444	2018	622,068	130,634	2018
Generated in 2014	Portugal	1,707,794	358,636	2026	1,673,556	351,447	2026
Generated in 2015	Portugal	69,902	14,680	2027	69,902	14,680	2027
Generated in 2016	Portugal	243,591	51,154	2028	243,591	51,154	2028
Generated in 2017	Portugal	4,646,018	975,664	2022	5,638,684	1,184,124	2022
Generated in 2018	Portugal	832,543	174,834	2023	-	-	2023
		<u>8,087,677</u>	<u>1,698,412</u>		<u>8,247,801</u>	<u>1,732,039</u>	
Without limited time use							
Spain		73,916,117	18,479,029		95,885,439	23,971,359	
		<u>82,003,794</u>	<u>20,177,442</u>		<u>104,133,240</u>	<u>25,703,398</u>	

As at 30 June 2018 and 31 December 2017, 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 MC' companies, which are periodically reviewed and updated.

As at 30 June 2018 deferred tax assets related to tax losses generated in current and previous years, by Modelo Continente Hipermercados, S.A. Spanish Branch of Retail operating segment, amount to 20.7 million euro (20 million euro as at 31 December 2017). The mentioned tax losses can be recovered within the Income Tax Group established in Spain, according to Spanish law. Modelo Continente Hipermercados, S.A. Spanish Branch, as at 30 June 2018 and at 31 December 2017, was the representative entity of the Tax Group in Spain, whose dominant entity is Sonae SGPS, S.A.

As at 30 June 2018, there are reportable tax losses in the amount of 329.7 million euro (343.4 million euro as at 31 December 2017), whose deferred tax assets are not recorded for prudence purposes.

		30 Jun 2018			31 Dec 2017		
		Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use							
Generated in 2013	Portugal	639,995	134,399	2018	-	-	2018
Generated in 2014	Portugal	330,928	69,495	2026	-	-	2026
Generated in 2015	Portugal	600,748	126,157	2027	-	-	2027
Generated in 2016	Portugal	1,118,984	234,987	2028	412	87	2028
Generated in 2017	Portugal	69,027	14,496	2022	-	-	2022
Generated in 2017	Portugal	356,072	74,775	2023	-	-	2022
		<u>3,115,754</u>	<u>654,309</u>		<u>412</u>	<u>87</u>	
With a time limit different from the							
	Holland	-	-	2022-2026	93,389	18,678	2022-2026
		<u>-</u>	<u>-</u>		<u>93,389</u>	<u>18,678</u>	
Without limited time use							
	Brazil	15,879,406	5,398,998		16,560,133	5,630,445	
	Malta	18,529	6,485		12,752	4,463	
	Spain	310,640,719	77,660,180		326,774,660	81,693,665	
		<u>326,538,654</u>	<u>83,065,663</u>		<u>343,347,545</u>	<u>87,328,573</u>	
		<u>329,654,408</u>	<u>83,719,972</u>		<u>343,441,346</u>	<u>87,347,338</u>	

14 CASH AND CASH EQUIVALENTS

As at 30 June 2018 and 31 December 2017 “Cash and cash equivalents” can be detailed as follows:

	30 Jun 2018	31 Dec 2017
Cash at hand	10,144,594	10,443,119
Bank deposits	90,548,929	151,925,814
Treasury applications	9,348	9,910
Cash and cash equivalents on the statement of financial position	100,702,871	162,378,843
Bank overdrafts (Note 17)	(6,087,444)	(2,815,638)
Cash and cash equivalents on the statement of cash flows	94,615,428	159,563,205

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

15 SHARE CAPITAL

As at 30 June 2018, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares which do not hold right to any fixed income, with a nominal value of 1 Euro each.

As at 30 June 2018 and 31 December 2017, the subscribed share capital was held as follows:

Company	30 Jun 2018	31 Dec 2017
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 30 June 2018, Efanor Investimentos, SGPS, S.A. and its subsidiaries held 52.48% of the share capital of Sonae, SGPS, S.A., which holds directly and indirectly 100% of the other entities who hold the company's share capital.

As at 30 June 2018 and 31 December 2017, Sonae MC, through a subsidiary controlled by it, owns 10% of its own shares. Following the acquisition of shares of Sonae MC 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.

16 NON-CONTROLLING INTERESTS

As at 30 June 2018 and 31 December 2017, non-controlling interests are detailed as follows:

	30 Jun 2018				
	Equity	Net Profit/ (Loss)	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests	Dividends attributable to non-controlling interests
Sonae MC	5,023,978	713,957	4,895,950	156,403	-
Worten	2,371,566	(384,744)	948,625	(153,897)	-
Sonae Sports & Fashion	61,734,531	(1,779,495)	30,297,273	(180,967)	(1,326,684)
Sonae RP	265,353,598	7,398,515	31,323,191	708,282	(222,358)
Maxmat	45,787,138	1,542,047	22,893,569	771,024	-
Others	(9,808,612)	(4,719,201)	366,771	(199,051)	-
Total	370,462,199	2,771,079	90,725,379	1,101,794	(1,549,042)

	31 Dec 2017				
	Equity	Net Profit/ (Loss)	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests	Dividends attributable to non-controlling interests
Sonae MC	3,666,888	766,953	4,592,401	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)	543,023	(163,130)	-
Total	385,118,129	35,448,735	92,016,336	8,043,444	(3,406,530)

Movements in non-controlling interests during the periods ended as at 30 June 2018 and 2017 are as follows:

	30 Jun 2018						
	Sonae MC	Worten	Sports & Fashion	Sonae RP	Maxmat	Others	Total
Balance as at 1 January	4,592,402	1,102,522	32,826,507	30,837,267	22,114,613	543,025	92,016,336
Dividends distributed	-	-	(1,326,684)	(67,224)	-	-	(1,393,908)
Income distribution from investment funds	-	-	-	(155,134)	-	-	(155,134)
Exchange rate effect	-	-	189	-	-	22,581	22,770
Constitution of affiliated companies	-	-	80,000	-	-	-	80,000
Changes in hedge and fair value reserves	174,989	-	137,018	-	7,932	-	319,939
Change in consolidation method	-	-	(1,211,039)	-	-	-	(1,211,039)
Others	(27,844)	-	(27,751)	-	-	216	(55,379)
Profit for the period attributable to non-controlling interests	156,403	(153,897)	(180,967)	708,282	771,024	(199,051)	1,101,794
Balance as at 30 June	4,895,950	948,625	30,297,273	31,323,191	22,893,569	366,771	90,725,379

	30 Jun 2017						
	Sonae MC	Worten	Sports & Fashion	Sonae RP	Maxmat	Others	Total
Opening balance as at 1 January 2017 - Disclosed	526,934	801,820	31,302,349	31,039,028	20,073,395	1,277,262	85,020,788
Effect of Restatement	-	-	(1,731,680)	-	-	-	(1,731,680)
Balance as at 1 January 2017 Restated	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	-	-	-	(1,243,144)	-	-	(1,243,144)
Changes in shareholdings interests	-	-	-	(980,013)	-	-	(980,013)
Exchange rate effect	-	-	-	-	-	6,224	6,224
Acquisition of subsidiaries	1,461,569	-	-	-	-	-	1,461,569
Changes in hedge and fair value reserves	18,781	-	(162,049)	-	(90,137)	-	(233,405)
Others	160,608	-	-	-	-	7,568	168,176
Profit for the period attributable to non-controlling interests	27,953	(75,095)	1,002,545	69,939	662,353	580,851	2,268,546
Balance as at 30 June	2,195,845	726,725	29,360,690	28,774,060	20,645,611	1,871,905	83,574,836

17 LOANS

As at 30 June 2018 and 31 December 2017, “Loans” are made up as follows:

	30 Jun 2018		31 Dec 2017	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae Investimentos, SGPS, S.A. - commercial paper	86,700,000	334,500,000	7,500,000	182,500,000
Subsidiary of Sonae Investimentos 2014/2020	-	50,000,000	-	50,000,000
Subsidiary of Sonae Investimentos 2015/2020	-	20,000,000	-	20,000,000
Subsidiary of Sonae Investimentos 2015/2019	5,000,000	30,000,000	5,000,000	30,000,000
Subsidiary of Sonae Investimentos 2017/2022	-	31,000,000	-	31,000,000
Subsidiary of Sonae Investimentos 2017/2025	-	20,000,000	-	-
Sonae Investimentos 2017/2018	-	-	100,000,000	-
Subsidiary of Sonae Investimentos/ 2018	30,000,000	-	-	-
Others	3,348,440	16,200,014	6,144,402	24,093,006
	125,048,440	501,700,014	118,644,402	337,593,006
Bank overdrafts (Note 14)	6,087,444	-	2,815,638	-
Up-front fees beared with the issuance of loans	(7,543)	(78,045)	(7,543)	(135,645)
Bank loans	131,128,341	501,621,969	121,452,497	337,457,361
Bonds				
Bonds Sonae Investimentos /June 2013/ 2018	-	-	50,000,000	-
Bonds Sonae Investimentos / December 2015/2020	-	50,000,000	-	50,000,000
Bonds Sonae Investimentos / May 2015/2020	-	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	9,000,000
Bonds IVN 2016/2023	5,000,000	25,000,000	5,000,000	25,000,000
Up-front fees beared with the issuance of loans	(45,204)	(1,630,355)	(29,194)	(1,693,455)
Bonds	7,954,796	282,369,645	57,970,806	282,306,545
Other loans	68,911	12,030	75,297	12,030
Derivative instruments (Note 18)	458,053	-	1,248,119	-
Other loans	526,964	12,030	1,323,416	12,030
Obligations under finance leases	546,395	553,382	491,416	708,477
	140,156,496	784,557,026	181,238,135	620,484,413

The average interest rate at 30 June 2018 of bonds and loans was 1.03% (1.32% on 31 December 2017). These bonds and bank loans bear interests at variable interest rates indexed to Euribor.

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

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

	30 Jun 2018	31 Dec 2017
N+1	139,751,190	180,026,753
N+2	183,876,877	50,721,362
N+3	192,742,238	165,550,634
N+4	133,220,295	193,121,884
N+5	224,759,350	165,669,633
After N+5	51,666,666	47,250,000
	926,016,616	802,340,266

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

Under the credit facilities and commercial paper programs with firm commitments, the Group Sonae MC has 256 million euro credit facilities available to meet its liquidity requirements, as follows:

	30 Jun 2018		31 Dec 2017	
	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	93,453,526	163,000,000	94,443,125	242,750,000
Agreed credit facilities	105,760,000	507,500,000	105,760,000	537,500,000

Additionally, as at 30 June 2018, Sonae MC has, as detailed in Note 14 “Cash and cash equivalents”, the value of 94,615,428 euro (159,563,205 euro on 31 December 2017).

18 DERIVATIVES

Exchange rate derivatives

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

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

The fair value of exchange rate derivatives hedging instruments, calculated based on present market value of equivalent financial instruments of exchange rate, is 458,053 euro as liabilities (1,248,119 euro as at 31 December 2017) and 1,596,429 euro as assets (179,881 euro as at 31 December 2017).

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

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

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

Interest rate derivatives

Sonae MC does not have any interest rate hedging derivatives recorded as at 30 June 2018.

19 OTHER NON-CURRENT LIABILITIES

As at 30 June 2018 and 31 December 2017, the caption “Other non-current liabilities” is detailed as follows:

	30 Jun 2018	31 Dec 2017
Shareholders loans	400,000,000	400,003,610
Fixed assets suppliers	1,239,521	1,151,347
Other non-current liabilities	1,517,940	1,734,885
Deferred of revenue from the sale of warranties extention	8,016,106	7,551,397
Accruals and deferrals	4,084,854	5,348,526
Other non-current liabilities	414,858,421	415,789,765

The caption 'Shareholders loans' includes a subordinated debenture loan with a maturity of 10 years issued at market conditions by Sonae MC 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 30 June 2018 is 51,654 euro (52,315 euro as at 31 December 2017) per bond and was determined based on the discounted cash flows method using the reference interest rate between Sonae SGPS, SA and Sontel BV. As at 31 March 2018, Sontel, BV had all of the obligations.

20 TRADE CREDITORS AND OTHER CURRENT LIABILITIES

As at 30 June 2018 and 31 December 2017 the caption “Trade creditors and other current liabilities” can be detailed as follows:

	30 Jun 2018	31 Dec 2017
Trade creditors	1,052,888,016	1,177,803,570
Taxes payable	62,361,775	85,027,366
Other creditors		
Tangible asset suppliers	43,954,428	69,345,980
Related undertakings	34,229,342	27,107,138
Other debts	48,464,460	48,504,274
	126,648,230	144,957,392
Other current liabilities		
Holiday pay and bonuses	124,671,067	116,998,013
Other external supplies and services	31,803,205	39,795,241
Deferred of revenue from the sale of warranties extention	59,250,334	57,862,718
Marketing expenses	11,738,157	15,347,936
Charges made on the sale of real estate	17,523,955	17,728,428
Accrued income - rents	5,094,544	6,914,805
Interest payable to Others	17,774,581	1,632,754
Real estate municipality tax	2,393,323	2,097,284
Others	7,446,702	11,840,514
	277,695,868	270,217,693
	1,519,593,889	1,678,006,021

As at 30 June 2018 and 31 December 2017 the caption “Trade accounts” includes amounts payable to suppliers resulting from Sonae MC operating activity. Sonae MC 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 caption “Related undertakings” includes 32.8 million euro (27.1 million euro as at 31 December 2017) related to amount payable to Sonae SGPS, SA result of the inclusion companies in Special Regime of Taxing Groups of Companies.

The caption “Other debts” includes:

- 12,889,465 euro (10,421,939 euro as at 31 December 2017), of attributed discounts not yet redeemed related to loyalty card “Cartão Cliente”;
- 12,858,320 euro (16,150,935 euro as at 31 December 2017) related to means of payments owned by clients as vouchers, gift cards and discount tickets owned by clients; and
- 3,052,425 euro (3,447,882 euro as at 31 December 2017) related to amounts payable to Sonae Distribuição Brasil, SA buyer as a result of responsibilities assumed with that entity.

21 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in “Provisions and impairment losses”, for the six-month period ended as at 30 June 2018 and 2017, were as follows:

Caption	Balance as at 1 Jan 2018	Increase	Decrease	Changes in consolidation perimeter	Balance as at 30 jun 2018
Accumulated impairment losses on investments	11,451,896	-	-	-	11,451,896
Accumulated impairment losses on tangible assets (Note 6)	114,815,604	-	(1,044,605)	-	109,260,824
Accumulated impairment losses on intangible assets	1,519,950	-	-	-	1,519,950
Accumulated impairment losses on trade accounts receivable and other debtors (Note 12)	15,457,040	1,659,066	(930,422)	-	15,758,403
Non current provisions	14,659,973	-	(970,414)	-	13,689,559
Current provisions	5,610,383	3,856,881	(4,028,209)	-	5,127,588
	163,514,846	5,515,947	(6,973,650)	-	156,808,220

Caption	Balance as at 1 Jan 2017	Increase	Decrease	Changes in consolidation perimeter	Balance as at 30 Jun 2017
Accumulated impairment losses on investments (Note 9)	-	8,608,460	-	-	8,608,460
Accumulated impairment losses on tangible assets (Note 6)	119,536,814	-	(3,241,479)	169,244	116,464,579
Accumulated impairment losses on intangible assets	1,497,024	22,925	-	-	1,519,949
Accumulated impairment losses on other non current assets	2,450,000	48,383	(2,450,000)	-	48,383
Accumulated impairment losses on trade accounts receivable and other debtors	14,980,488	1,505,511	(1,744,339)	-	14,741,660
Non current provisions	16,006,272	-	(849,324)	-	15,156,948
Current provisions	3,204,001	-	(26,740)	-	3,177,261
	157,674,599	10,185,279	(8,311,882)	169,244	159,717,240

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

- 8,643,067 euro (7,358,151 euro as at 31 December 2017) 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.

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

22 OTHER INCOME

As at 30 June 2018 and 2017, the caption “Other Income” is made up as follows:

	30 Jun 2018	30 Jun 2017 Restated (Note 3)
Supplementary income	11,259,234	12,930,249
Prompt payment discounts received	12,168,063	11,676,534
Exchange differences	10,076,172	9,795,261
Own work capitalised	6,658,886	6,502,016
Gains on disposal of assets	293,094	490,913
Impairment losses and provisions reversals	3,691,927	1,613,659
Others	1,405,610	1,142,634
	45,552,986	44,151,266

23 INCOME TAX

The income taxes recognized in the six-month period ended on 30 June 2018 and 2017 are detailed as follows:

	30 Jun 2018	31 Jun 2017 Restated
Current tax	(5,058,611)	(15,357,697)
Deferred tax	6,746,778	3,022,257
	1,688,167	(12,335,440)

24 RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	30 Jun 2018	31 Jun 2017 Restated	30 Jun 2018	31 Jun 2017 Restated
Parent company	833,535	754,520	795,650	934,022
Jointly controlled companies	3,743,332	10,644,535	136,956,150	124,037,316
Associated companies	17,457,432	20,359,827	677	235,638
Other related parties ¹⁾	28,038,731	25,598,303	31,988,675	28,918,160
	50,073,029	57,357,185	169,741,152	154,125,136

Transactions	Interest income		Interest expenses	
	30 Jun 2018	31 Jun 2017 Restated	30 Jun 2018	31 Jun 2017 Restated
Parent company	-	-	206,815	327,976
Associated companies	-	11,104	-	-
Other related parties ¹⁾	-	-	16,088,889	16,109,438
	-	11,104	16,295,704	16,437,414

Balances	Accounts receivable		Accounts payable	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Parent company	3,912,780	4,705,299	33,270,217	28,449,648
Jointly controlled companies	3,247,248	7,907,193	63,446,328	27,360,753
Associated companies	5,204,494	1,618,834	(6,005)	1,843
Other related parties ¹⁾	15,617,268	22,859,938	32,962,033	21,715,021
	27,981,790	37,091,264	129,672,573	77,527,265

Balances	Loans			
	Obtained		Granted	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Associated companies	-	-	-	-
Other related parties ¹⁾	400,000,000	400,000,000	-	-
	400,000,000	400,000,000	-	-

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 MC, including companies belonging to the Sonae Group, Sonae Indústria and Sonae Capital, and minority shareholders of subsidiaries of the Group.

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

25 EARNINGS PER SHARE

Earnings per share for the six-month period ended on 30 June 2018 and 2017 were calculated taking into consideration the following amounts:

	30 Jun 2018		30 Jun 2017	
	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations (Note 3)
Net profit				
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	(3,783,289)	7,201,651	8,008,049	(10,642,247)
Net profit taken into consideration to calculate diluted earnings per share	(3,783,289)	7,201,651	8,008,049	(10,642,247)
Number of shares				
Weighted average number of shares used to calculate basic earnings per share	900,000,000	900,000,000	900,000,000	900,000,000
Weighted average number of shares used to calculate diluted earnings per share	900,000,000	900,000,000	900,000,000	900,000,000
Earnings per share (basic and diluted)	(0.004204)	0.008002	0.008898	(0.011825)

On 30 June 2018 and 2017 there is no dilutive effect on the number of shares outstanding.

26 CASH RECEIPTS AND CASH PAYMENTS OF INVESTMENTS

As at 30 June 2018 and 2017, cash receipts and cash payments related to investments can be detailed as follows:

- Investment Activities

Receipts	31 jun 2018	31 jun 2017
Disposal of Sport Zone participation (Note 4.1)	28,628,150	-
Disposal of Arat	1,699,515	-
Account receivable related to the disposal of Imoconti in 2016	-	21,009,032
Others	127,742	-
	30,455,407	21,009,032
Payments	31 jun 2018	31 jun 2017
Subscription of JD Sprinter shares (Note 4.1)	26,546,230	-
Acquisition of Amorbio	537,734	-
Supplementary benefit of Sonvcap to S2Mozamb	118,745	-
Acquisition of Brio	-	752,929
Acquisition of Gowell	-	1,382,742
Others	561,694	-
	27,764,403	2,135,671

27 PRESENTATION OF CONSOLIDATED INCOME STATEMENTS

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

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

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

The reconciliation between consolidated income and direct-indirect income for the periods ended 30 June 2018 and 2017 can be summarised as follows:

	30 Jun 2018			30 Jun 2017 Restated		
	Consolidated accounts	Indirect income	Direct income	Consolidated accounts	Indirect income	Direct income
Turnover	2,608,339,466	-	2,608,339,466	2,451,785,856	-	2,451,785,856
Investment income						
Dividends and other adjustments	100,450	-	100,450	130,000	-	130,000
Others	(2,928)	-	(2,928)	(7,615,503)	(8,608,460)	992,957
Impairment losses reversal	1,921,006	-	1,921,006	13,125	-	13,125
Reversal of impairment losses	1,774,163	-	1,774,163	1,615,267	-	1,615,267
Others	41,857,817	-	41,857,817	42,402,873	-	42,402,873
Total income	2,653,989,974	-	2,653,989,974	2,488,331,619	(8,608,460)	2,496,940,079
Total expenses	(2,519,891,480)	(1,257,167)	(2,518,634,313)	(2,368,012,014)	(368,111)	(2,367,643,903)
Depreciation and amortisation	(95,404,657)	-	(95,404,657)	(86,614,202)	-	(86,614,202)
Losses on tangible and intangible assets	(1,683,018)	-	(1,683,018)	(1,759,472)	-	(1,759,472)
Provisions and impairment:						
Provisions for warranty extensions	(1,545,645)	-	(1,545,645)	-	-	-
Others	(3,969,453)	(2,311,236)	(1,658,217)	(1,520,179)	-	(1,520,179)
Profit before financial results and share of results in joint ventures and associated companies	31,495,722	(3,568,403)	35,064,125	30,425,752	(8,976,571)	39,402,323
Non recurrent items	(6,344,893)	-	(6,344,893)	(5,339,214)	-	(5,339,214)
Financial profit/(loss)	(24,269,449)	-	(24,269,449)	(24,855,159)	-	(24,855,159)
Share of results in joint ventures and associated undertakings						
MDS	27,782	-	27,782	(860,246)	-	(860,246)
Ulabox	(907,272)	-	(907,272)	(942,636)	-	(942,636)
Others	(1,073,798)	-	(1,073,798)	(593,030)	-	(593,030)
Profit before taxation	(1,071,908)	(3,568,403)	2,496,495	(2,164,534)	(8,976,571)	6,812,037
Income tax	(1,688,167)	-	(1,688,167)	12,335,440	-	12,335,440
Profit/(Loss) from continuing operations	(2,760,075)	(3,568,403)	808,328	10,170,906	(8,976,571)	19,147,477
Profit/(Loss) from discontinued operations	7,280,231	9,005,702	(1,725,471)	(10,536,558)	-	(10,536,558)
Profit/(Loss) after taxation	4,520,156	5,437,300	(917,144)	(365,652)	(8,976,571)	8,610,919
Attributable to equity holders of Sonae	3,418,362	5,437,300	(2,018,938)	(2,634,198)	(8,976,571)	6,342,373
Non-controlling interests	1,101,794	-	1,101,794	2,268,546	-	2,268,546
"Underlying" EBITDA (b)			131,935,403			127,550,908
Direct EBITDA (a)			121,911,751			109,279,223
Direct EBIT (c)			24,940,022			21,000,638

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

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

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

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

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

(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.

28 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 21 August 2018.

29 GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The subsidiaries included in the consolidated financial statements, its head offices and percentage of capital held as at 30 June 2018 and 31 December 2017 are as follows:

COMPANY	Head Office	Percentage of capital held			
		30 Jun 2018		31 Dec 2017	
		Direct*	Total*	Direct*	Total*
1) Sonae MC, SGPS, SA	Matosinhos	Holding	Holding	Holding	Holding
Sonae MC					
2) Amor Bio, Mercado Biológico, Lda	a) Lisbon	100.00%	100.00%	-	-
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%
Brio – Produtos de Agricultura Biológica, SA	a) Matosinhos	100,00%	100,00%	100,00%	100,00%
Continente Hipermercados. SA	a) Oeiras	100.00%	100.00%	100.00%	100.00%
Elergone Energias, Lda	a) Matosinhos	75.00%	75.00%	75.00%	75.00%
Farmácia Seleção. SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Go Well – Promoção de Eventos, Catering e Consultoria, SA	a) Lisbon	51.00%	51.00%	51.00%	51.00%
MCCARE – Serviços de Saúde, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
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 – Actividades em Saúde, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
SK Skin Health Cosmetics, SA	a) Oeiras	100.00%	100.00%	100.00%	100.00%

Worten

	HighDome PCC Limited (Cell Europe)	a)	La Valletta (Malta)	100.00%	100.00%	100.00%	100.00%
	Infofield – Informática, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
3)	Worten Bussiness- Dist.Eletrodom., Eletronica e Informática, SA.	a)	Matosinhos	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							
	Bright Brands Sports Goods, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Comercial Losan Polonia SP. Z.O.O.	a)	Warsaw (Poland)	100.00%	100.00%	100.00%	100.00%
	Comercial Losan, S.L.U.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
	Fashion Division, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Fashion Division Canarias, SL	a)	Tenerife (Spain)	100.00%	100.00%	100.00%	100.00%
	Irmãos Vila Nova, SA	b)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
	Irmãos Vila Nova III - Imobiliária, SA	b)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
	IVN - Serviços Partilhados, SA	b)	Vila Nova de Famalicão (Portugal)	50.00%	50.00%	50.00%	50.00%
	IVN Asia Limited	b)	Hong Kong (China)	100.00%	50.00%	100.00%	50.00%
	Losan Colombia, S.A.S.	a)	Bogotá (Colombia)	100.00%	100.00%	100.00%	100.00%
	Losan Overseas Textile, S.L	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
	Losan Russia	a)	Moscow (Russia)	100.00%	100.00%	100.00%	100.00%
	Losan Tekstil Urun.V E Dis Ticaret, L.S.	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
	Modalfa - Comércio e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
3)	Modalfa Canarias, SL	a)	Tenerife (Spain)	60.00%	60.00%	-	-

Modalloop – Vestuário e Calçado, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Salsa Jeans Canarias SL	b)	Tenerife (Spain)	60.00%	30.00%	60.00%	30.00%
Salsa DE GmbH	b)	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
Salsa Distribution USA LLC	b)	New York (USA)	100.00%	50.00%	100.00%	50.00%
Salsa France, S.A.R.L.	b)	Paris (France)	99.99%	50.00%	100.00%	50.00%
Salsa Luxembourg, Sàrl	b)	Luxembourg	100.00%	50.00%	100.00%	50.00%
SLS Salsa - Comércio e Difusão de Vestuário, S.A.	b)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
SLS Salsa España - Comercio y Difusión de Vestuario, S.A.U.	b)	Pontevedra (Spain)	100.00%	50.00%	100.00%	50.00%
4) SDR – Sports Division SR, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
4) Sport Zone Canarias, SL	a)	Tenerife (Spain)	60.00%	60.00%	60.00%	60.00%
4) Sport Zone España - Comércio de Articulos de Deporte, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Sport Zone Sport Maiz.Per.Satis.Ith.Ve tic Ltd Sti	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
Têxtil do Marco, SA	a)	Marco de Canaveses	92.76%	92.76%	92.76%	92.76%
Usebti Textile México S.A. de C.V.	a)	City of Mexico (Mexico)	100.00%	100.00%	100.00%	100.00%
Zippy – Comércio e Distribuição, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Zippy - Comércio Y Distribución, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Zippy Cocuk Malz.Dag.Ith.Ve Tic Ltd.Sti	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
5) Sonae – Shared Service Center, SA	a)	Matosinhos	-	-	100.00%	100.00%
6)						
Sonae RP						
5) Arat Inmuebles, SA	a)	Madrid (Spain)	-	-	100.00%	100.00%
Asprela – Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100,00%	100,00%
Canasta - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%

Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fozimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosedede	a)	Maia	80.40%	80.40%	80.40%	80.40%
Fundo de Investimento Imobiliário Fechado Imosonaes Dois	a)	Maia	98.00%	98.00%	97.91%	97.91%
Igimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Iginha - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoestrutura - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoresultado - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imosistema - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
MJLF - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Ponto de Chegada - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Predicomercial - Promoção Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Predilugar - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Selifa - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sesaggest - 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

7)	SFS – Gestão e Consultoria, 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%
8)	Modelo Continente. SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	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 S2 Africa Limited	a)	La Valetta (Malta)	100.00%	100.00%	100.00%	100.00%
	Sonae SR Malta Holding Limited	a)	La Valetta (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(ies) which hold(s) a participation, hold(s) this participation directly in the share capital of that company;

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

b) Control held by management control.

1) Former Sonae Investimentos, SGPS, SA;

2) Company acquired in the period;

3) Company created in the period;

4) In 2017, an agreement was signed for the combination of Sport Zone with JD Sprinter Holdings that completion in January 2018 and this subsidiary was consolidated by the equity method, given the loss of control;

5) Disposal to Sonae SGPS, SA;

6) Former ZYEvolution-Invest.Desenv., SA;

7) Former SFS – Serviços de Gestão e Marketing, SA;

8) Former Sonae MC – Modelo Continente, SGPS, SA.

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

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Luis Miguel Mesquita Soares Moutinho

Luis Miguel Vieira de Sá da Mota Freitas

Luis Filipe Campos Dias de Castro Reis

**Condensed separate
financial statements**

CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018 AND 2017 AND 31 DECEMBER 2017

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

(Amounts expressed in euro)	Notes	30.June.2018	30.June.2017	31.December.2017
ASSETS				
NON-CURRENT ASSETS:				
Intangible assets		22	151	86
Investments	4	1,638,142,459	1,613,293,805	1,636,342,459
Deferred tax assets		6,253	-	3,042
Other non-current assets	5	1,430,679,956	1,148,371,882	1,444,692,956
Total non-current assets		3,068,828,690	2,761,665,838	3,081,038,543
CURRENT ASSETS:				
Trade accounts receivable and other current assets	6	1,300,297,161	1,615,550,868	1,224,102,635
Cash and cash equivalents	7	91,829	109,507	475,958
Total current assets		1,300,388,990	1,615,660,375	1,224,578,593
TOTAL ASSETS		4,369,217,680	4,377,326,213	4,305,617,136
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	8	1,000,000,000	1,000,000,000	1,000,000,000
Reserves and retained earnings		1,797,628,866	1,796,785,082	1,796,785,082
Profit/(Loss) for the period		(7,723,183)	(11,338,081)	843,784
TOTAL EQUITY		2,789,905,683	2,785,447,001	2,797,628,866
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	9	623,038,031	521,216,172	470,806,545
Other non-current liabilities	10	400,000,000	400,000,000	400,000,000
Total non-current liabilities		1,023,038,031	921,216,172	870,806,545
CURRENT LIABILITIES:				
Loans	9	94,502,854	208,794,815	162,983,427
Trade creditors and other current liabilities	11	461,771,112	461,868,225	474,198,298
Total current liabilities		556,273,966	670,663,040	637,181,725
TOTAL EQUITY AND LIABILITIES		4,369,217,680	4,377,326,213	4,305,617,136

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

CONDENSED SEPARATE INCOME STATEMENT FOR THE PERIODS ENDED 30 JUNE 2018 AND 2017

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

(Amounts expressed in euro)	Notes	2 nd Quarter 2018	2 nd Quarter 2017	30.June.2018	30.June.2017
Gains or losses on investments	14	(1,283)	(3,866,139)	71,229	(2,473,766)
Financial income	15	7,424,397	7,687,431	14,733,004	15,299,950
Other income		73,500	85,254	221,475	165,522
External supplies and services		(753,256)	(765,577)	(1,448,387)	(1,562,412)
Staff costs		(9,435)	(8,708)	(16,780)	(17,472)
Depreciation and amortisation		(33)	(33)	(65)	(65)
Provisions and impairment losses		(27,794)	-	(27,794)	-
Financial expenses	15	(11,692,029)	(12,053,541)	(23,301,646)	(23,957,812)
Other expenses		(10,028)	(10,557)	(20,102)	(26,445)
Profit/(Loss) before taxation		(4,995,961)	(8,931,870)	(9,789,066)	(12,572,500)
Taxation		2,065,883	165,426	2,065,883	1,234,419
Profit/(Loss) after taxation		(2,930,078)	(8,766,444)	(7,723,183)	(11,338,081)
Profit/(Loss) per share (basic and diluted)	16	(0.0033)	(0.0097)	(0.0086)	(0.0126)

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

CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 JUNE 2018 AND 2017

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

(Amounts expressed in euro)	2 nd Quarter 2018	2 nd Quarter 2017	30.June.2018	30.June.2017
Net Profit / (Loss) for the period	(2,930,078)	(8,766,444)	(7,723,183)	(11,338,081)
Total comprehensive income for the period	(2,930,078)	(8,766,444)	(7,723,183)	(11,338,081)

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

CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED AS AT 30 JUNE 2018 AND 2017

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

(Amounts expressed in euro)	Share capital	Reserves			Net Profit/(Loss)	Total
		Legal reserve	Other reserves	Total reserves		
Balance as at 1 January 2017	1,000,000,000	170,940,266	1,587,734,790	1,758,675,056	78,110,026	2,836,785,082
Total comprehensive income for the period	-	-	-	-	(11,338,081)	(11,338,081)
Appropriation of profit of 2016:						
Transfer to other reserves	-	3,905,502	34,204,524	38,110,026	(38,110,026)	-
Dividends distributed	-	-	-	-	(40,000,000)	(40,000,000)
Balance as at 30 June 2017	1,000,000,000	174,845,768	1,621,939,314	1,796,785,082	(11,338,081)	2,785,447,001
Balance as at 1 January 2018	1,000,000,000	174,845,768	1,621,939,314	1,796,785,082	843,784	2,797,628,866
Total comprehensive income for the period	-	-	-	-	(7,723,183)	(7,723,183)
Appropriation of profit of 2017:						
Transfer to reserves	-	42,190	801,594	843,784	(843,784)	-
Balance as at 30 June 2018	1,000,000,000	174,887,958	1,622,740,908	1,797,628,866	(7,723,183)	2,789,905,683

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

CONDENSED SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 30 JUNE 2018 AND 2017

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

(Amounts expressed in euro)	Notes	2 nd Quarter 2018	2 nd Quarter 2017	30.June.2018	30.June.2017
OPERATING ACTIVITIES					
Net cash flow from operating activities (1)		(1,972,149)	(2,166,316)	(3,148,989)	(3,706,679)
INVESTMENT ACTIVITIES					
Cash receipts arising from:					
Investments		-	1,170,954	-	3,676,987
Interest and similar income		33,964	82,308	19,297,668	30,343,474
Dividends		67,225	1,611,750	67,225	1,611,750
Others		(1,283)	6,204,643	4,004	6,204,643
Loans granted		614,430,000	688,451,035	1,221,782,000	1,403,693,081
		614,529,906	697,520,690	1,241,150,897	1,445,529,935
Cash payments arising from:					
Investments		(1,000,000)	(533,730)	(1,800,000)	(1,991,566)
Loans granted		(584,150,000)	(674,936,218)	(1,286,754,518)	(1,411,841,764)
		(585,150,000)	(675,469,948)	(1,288,554,518)	(1,413,833,330)
Net cash used in investment activities (2)		29,379,906	22,050,742	(47,403,621)	31,696,605
FINANCING ACTIVITIES					
Cash receipts arising from:					
Loans obtained		1,662,313,000	1,921,429,000	3,100,531,518	3,516,142,000
		1,662,313,000	1,921,429,000	3,100,531,518	3,516,142,000
Cash payments arising from:					
Loans obtained		(1,690,958,862)	(1,938,059,000)	(3,047,217,862)	(3,541,523,000)
Interest and similar charges		(3,700,646)	(4,289,474)	(5,439,029)	(5,953,977)
		(1,694,659,508)	(1,942,348,474)	(3,052,656,891)	(3,547,476,977)
Net cash used in financing activities (3)		(32,346,508)	(20,919,474)	47,874,627	(31,334,977)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(4,938,751)	(1,035,048)	(2,677,983)	(3,345,051)
Cash and cash equivalents at the beginning of the period		224,106	(4,651,743)	(2,036,662)	(2,341,740)
Cash and cash equivalents at the end of the period	7	(4,714,645)	(5,686,791)	(4,714,645)	(5,686,791)

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

SONAE MC, SGPS, SA

(Ex SONAE INVESTIMENTOS, SGPS, SA)

NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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

(Amounts expressed in euro)

1 INTRODUCTION

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

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

2 BASIS OF PREPARATION

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

3 PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those described in the file of the annual financial statements for the year ended 31 December 2017, except for the adoption of the new accounting standards which had become effective at 1 January 2018. There were no significant impacts of IFRS 9 and IFRS 15 adoption.

4 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES COMPANIES

As at 30 June 2018 and 31 December 2017, the investments in subsidiaries and associates companies are made up as follows:

Companies	30.June.2018		31.December.2017	
	% held	Final balance	% held	Final balance
APOR - Agência para a modernização do Porto, SA	22.75%	300,000	22.75%	300,000
Elergone Energia, Lda	75.00%	1,196,862	75.00%	1,196,862
Fundo de Investimento Imobiliário Fechado Imosede	80.40%	103,497,607	80.40%	103,497,607
Fundo de Investimento Imobiliário Imosonaes Dois	0.09%	143,429	0.09%	143,429
MCCARE, Serviços de Saúde, SA	100.00%	2,550,000	100.00%	2,050,000
Modelo - Distribuição de Materiais de Construção, SA	50.00%	24,790,614	50.00%	24,790,614
MOVVO, SA	25.58%	-	25.58%	-
SFS - Gestão e Consultoria, SA (Ex SFS - Serviços de Gestão e Marketing, SA)	99.99%	30,980,000	99.99%	30,980,000
SK - Skin Health Cosmetics, SA	100.00%	2,050,000	100.00%	2,050,000
SCBrasil Participações, Ltda	37.00%	-	37.00%	-
Sonae Center Serviços II, SA	100.00%	60,032,319	100.00%	60,032,319
Modelo Continente, SGPS, SA (Ex Sonae MC - Modelo Continente, SGPS, SA)	100.00%	1,390,587,276	100.00%	1,390,587,276
Sonae Financial Services, SA	100.00%	21,630,000	100.00%	20,330,000
Sonae SR Malta Holding Limited	-	1	-	1
Sonaegest - Soc. Gest. de Fundos de Investimento, SA	40.00%	384,351	40.00%	384,351
Total		1,638,142,459		1,636,342,459

5 OTHER NON-CURRENT ASSETS

As at 30 June 2018 and 31 December 2017 the other non-current assets were as follows:

	30.June.2018	31.December.2017
Loans granted	1,429,679,956	1,443,692,956
Other debtors	1,000,000	1,000,000
Total	1,430,679,956	1,444,692,956

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

As at 30 June 2018 and 31 December 2017 the loans granted are no past due.

6 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at 30 June 2018 and 31 December 2017 the trade accounts receivable and other current assets were as follows:

	30.June.2018	31.December.2017
Group companies:		
Short term loans	1,267,628,518	1,188,643,000
Interests charged but not received	304,564	19,560,207
Taxes - Special Regime for taxation of groups of companies	4,279,198	2,255,524
Additional tax payment	17,721	17,721
Special regime for payment of tax and social security debts (DL 248-A/2002, 14 November)	2,763,268	2,763,268
Special regime for payment of tax and social security debts (DL 151-A/2013, 31 October)	788,298	788,298
Special program for debt reduction to tax authorities (PERES) (DL 67/2016, 3 November)	1,002,114	1,002,114
Taxes recoverable	5,655,595	5,619,332
Accrued and deferred assets	17,840,315	3,234,157
Others	58,886	232,536
	<u>1,300,338,477</u>	<u>1,224,116,157</u>
Accumulated impairment losses	<u>(41,316)</u>	<u>(13,522)</u>
Total	<u>1,300,297,161</u>	<u>1,224,102,635</u>

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

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

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

7 CASH AND CASH EQUIVALENTS

As at 30 June 2018 and 31 December 2017, cash and cash equivalents can be detailed as follows:

	30.June.2018	31.December.2017
Bank deposits	91,829	475,958
Cash and cash equivalents on the statement of financial position	<u>91,829</u>	<u>475,958</u>
Bank overdrafts	(4,806,474)	(2,512,621)
Cash and cash equivalents on the cash flow statement	<u>(4,714,645)</u>	<u>(2,036,662)</u>

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

8 SHARE CAPITAL

As at 30 June 2018 and 31 December 2017, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares, with a nominal value of 1 euro each.

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

As at 30 June 2018 and 31 December 2017, the subscribed share capital was held as follows:

	30.June.2018	31.December.2017
Sonae, SGPS, SA	25.0287%	25.0287%
Sonae Investments BV	13.1419%	13.1419%
Modelo Continente, SGPS, SA (Ex Sonae MC - Modelo Continente, SGPS, SA)	10.0000%	10.0000%
Sonaecenter Serviços, SA	51.8269%	51.8269%
Libra Serviços, Sociedade Unipessoal, Lda	0.0025%	0.0025%

9 BORROWINGS

As at 30 June 2018 and 31 December 2017, this caption included the following loans:

	30.June.2018	31.December.2017
Bonds Sonae Investimentos / December 2015/2020	50,000,000	50,000,000
Bonds Sonae Investimentos / May 2015/2022	75,000,000	75,000,000
Bonds Sonae Investimentos / December 2015/2020	30,000,000	30,000,000
Bonds Sonae Investimentos/ June 2016/2021	95,000,000	95,000,000
Bonds Sonae Investimentos/ September 2016/2021	9,000,000	9,000,000
Up-front fees not yet charged to income statement	(1,461,969)	(1,693,455)
Bonds loans	257,538,031	257,306,545
Commercial paper	334,500,000	182,500,000
Other bank loans	31,000,000	31,000,000
Bank loans	365,500,000	213,500,000
Non-current loans	623,038,031	470,806,545
Bonds Sonae Investimentos / June 2013/2018	-	50,000,000
Bonds Sonae Investimentos/ September 2016/2021	3,000,000	3,000,000
Up-front fees not yet charged to income statement	(3,620)	(29,194)
Bonds loans	2,996,380	52,970,806
Commercial paper	86,700,000	7,500,000
Other bank loans	-	100,000,000
Bank overdrafts	4,806,474	2,512,621
Bank loans	91,506,474	110,012,621
Current loans	94,502,854	162,983,427

Under the above mentioned lines of credit and commercial paper programs with firm commitments, the company had 176 million euro credit facilities available to meet its liquidity requirements as follows:

	Commitments of less than one year	Commitments of more than one year
Agreed credit facilities amounts	100,500,000	422,500,000
Available credit facilities amounts	88,193,526	88,000,000

The interest rate as at 30 June 2018 of the bonds and bank loans was, on average, 0.96% (1.26% as at 31 December 2017).

As at 30 June 2018 and 31 December 2017 the analysis of maturity of loans excluding the derived instruments having in consideration its nominal value is as follows:

	30.June.2018	31.December.2017
N+1	94,506,474	163,012,621
N+2	72,500,000	10,500,000
N+3	183,000,000	88,000,000
N+4	123,000,000	184,200,000
N+5	216,000,000	159,800,000
após N+5	30,000,000	30,000,000

10 OTHER NON-CURRENT LIABILITIES

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

As at 30 June 2018 the fair value of this bond loan is 51,654 euro (52,315 euro on 31 December 2017) per bond, and was determined based on discounted cash flows method.

As at 30 June 2018 and 31 December 2017 Sontel, BV held all the bonds.

11 TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

As at 30 June 2018 and 31 December 2017, this heading is made up as follows:

	30.June.2018	31.December.2017
Suppliers	36,457	168,320
Group companies:		
Short term loans	439,933,383	467,819,727
Taxes - Special Regime for taxation of groups of companies	218,612	1,660,038
Taxes and contributions payable	1,893,803	1,893,882
Accrued and deferred liabilities	19,652,442	2,621,100
Others	36,415	35,231
Total	461,771,112	474,198,298

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

12 CONTINGENT LIABILITIES

As at 30 June 2018 and 31 December 2017 the contingent liabilities were detailed as follows:

	30.June.2018	31.December.2017
Guarantees rendered:		
related to tax claims awaiting outcome		
Guarantees provided by financial institutions	91,997,043	91,997,043
Guarantees provided by parent company	244,707,426	245,298,495
others	1,770,000	1,770,000
Guarantees given in favour of subsidiaries (a)	62,888,849	62,888,849

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

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

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

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

13 RELATED PARTIES

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

Balance:	30.June.2018	31.December.2017
Parent companies	4,302,668	2,300,467
Subsidiaries	16,267,167	21,083,764
Jointly controlled companies	1,008,857	1,000,000
Associated companies	-	27,794
Accounts receivable	21,578,692	24,412,025
Parent companies	500,030	966,463
Subsidiaries	2,111,907	2,048,451
Jointly controlled companies	19,704	19,704
Other related parties	16,444,757	355,746
Accounts payable	19,076,398	3,390,364
Subsidiaries	2,697,308,474	2,635,577,872
Loans granted	2,697,308,474	2,635,577,872
Subsidiaries	439,933,383	467,819,727
Other related parties	400,000,000	400,000,000
Loans obtained	839,933,383	867,819,727

Transactions:	30.June.2018	30.June.2017
Parent companies	539,854	637,296
Subsidiaries	10,300	-
Jointly controlled companies	13,393	-
Associated companies	-	31,438
Other related parties	1,121	71
Purchases and services obtained	564,668	668,805
Parent companies	25,258	29,129
Subsidiaries	112,921	130,190
Other income	138,179	159,319
Subsidiaries	14,691,028	15,285,681
Associated companies	-	8,753
Interest income	14,691,028	15,294,434
Parent companies	206,815	327,976
Subsidiaries	1,493,006	1,482,979
Other related parties	16,088,889	16,105,540
Interest expenses	17,788,710	17,916,495
Subsidiaries	67,225	1,611,750
Dividend income	67,225	1,611,750
Subsidiaries	-	1,968,533
Other related parties	-	6,507
Investments disposal	-	1,975,040
Subsidiaries	-	2,000,000
Loans disposal	-	2,000,000
Subsidiaries	1,800,000	-
Investments acquisition	1,800,000	-
Subsidiaries	4,004	6,204,643
Income from Investment Fund Participation Units	4,004	6,204,643

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 1st half 2018 and 2017 did not occur any transactions including granted loans to the Company's Directors.

14 INVESTMENT INCOME

As at 30 June 2018 and 2017 investment income is as follows:

	30.June.2018	30.June.2017
Dividends received	67,225	1,611,750
Income of financial investments	4,004	6,204,643
Reverse of impairment losses	-	1,000,000
Impairment losses	-	(11,063,739)
Losses on investments sales	-	(226,420)
Total	71,229	(2,473,766)

15 FINANCIAL INCOME / EXPENSES

As at 30 June 2018 and 2017, net financial expenses are as follows:

	30.June.2018	30.June.2017
Interest receivable		
related to bank deposits	12,375	3,731
related to loans granted	14,691,027	15,294,434
Others	-	1,785
Other financial income	29,602	-
Financial income	14,733,004	15,299,950
Interest payable		
related to bank deposits and overdrafts	(1,399,474)	(1,184,122)
related to non convertible bonds	(2,780,470)	(3,116,531)
related to loans obtained	(17,788,709)	(17,916,494)
Up front fees on the issuance of debt	(1,324,503)	(1,738,547)
Other financial income	(8,490)	(2,118)
Financial expenses	(23,301,646)	(23,957,812)

16 EARNINGS PER SHARE

Earnings per share for the periods ended 30 June 2018 and 2017 were calculated taking into consideration the following amounts:

	30.June.2018	30.June.2017
Net Profit/(loss)		
Net profit/(loss) taken into consideration to calculate basic earnings per share (Net profit for the period)	(7,723,183)	(11,338,081)
Net profit/(loss) taken into consideration to calculate diluted earnings per share	(7,723,183)	(11,338,081)
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)	(0.0086)	(0.0126)

17 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 21 August 2018.

18 INFORMATION REQUIRED BY LAW

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

During the period ended as at 30 June 2018 shareholders' loan contracts were signed with the following companies:

SC Brasil Participações Ltda

During the period ended as at 30 June 2018, treasury application agreements were signed with the following companies:

Amor Bio - Mercado Biológico Lda

BRIO – Produtos de Agricultura Biológica, SA

Go Well – Promoção de Eventos, Catering e Consultoria, SA

Sonae Financial Services, SA

Sonae, SGPS, SA

Textil do Marco, SA

WRT Business – Distribuição de Eletrodomésticos, Eletrónica e Informática, SA

As at 30 June 2018 amounts owed by subsidiaries can be detailed as follows:

Company	30.June.2018
BB Food Service, SA	677,000
Bertimóvel - Sociedade Imobiliária, SA	7,362,000
Bom Momento - Comércio Retalhista, SA	242,000
Citorres - Sociedade Imobiliária, SA	1,292,000
Contimobe - Imobiliária do Castelo de Paiva, SA	12,488,000
Continente Hipermercados, SA	185,628,246
Cumulativa - Sociedade Imobiliária, SA	2,027,000
Elergone Energia, Lda	647,000
Farmácia Seleção, SA	1,945,000
Fozimo – Sociedade Imobiliária, SA	1,246,000
Imoestrutura - Sociedade Imobiliária, SA	1,737,000
Imoresultado – Sociedade Imobiliária, SA	1,451,000
Make Notes Design, Lda	239,000
MJLF - Empreendimentos Imobiliários, SA	502,000
Modelo Hiper Imobiliária, SA	7,938,000
Pharmacontinente - Saúde e Higiene, SA	6,346,000
Predicomercial - Promoção Imobiliária, SA	12,913,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	3,785,000
Sesagest - Projectos e Gestão Imobiliária, SA	42,568,000
SFS - Gestão e Consultoria, SA (Ex SFS - Serviços de Gestão e Marketing, SA)	13,950,000
SK Skin Health Cosmetics, SA	474,000
Socijofra - Sociedade Imobiliária, SA	2,792,000
Sonaesr Serviços e Logística, SA	7,113,000
Têxtil do Marco, SA	436,137
Valor N, SA	260,000
Worten - Equipamentos para o Lar, SA	123,826,000
WRT Business – Distribuição de Eletrodomésticos, Eletrónica e Informática, SA	49,000
Total	439,933,383

The amounts due to group companies as at 30 June 2018 related to the mentioned contracts were the following:

Company	30.June.2018
Amor Bio - Mercado Biológico Lda	150,000
Azulino - Imobiliária, SA	370,000
Asprela - Sociedade Imobiliária, SA	3,237,000
Bright Brands SportsGoods, SA	4,377,000
BRIO - Produtos de Agricultura Biológica,SA	869,000
Canasta - Empreendimentos Imobiliários, SA	158,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	682,000
Fashion Division, SA	6,650,000
GO WELL - Promoção de Eventos, Catering e Consultadoria, SA	200,000
Igimo – Sociedade Imobiliária, SA	437,000
Iginha – Sociedade Imobiliária, SA	507,000
Imomuro - Sociedade Imobiliária, SA	2,000
Imosistema - Sociedade Imobiliária, SA	1,060,000
Infofield - Informática, SA	1,732,000
MCCARE - Serviços de Saúde,SA	1,813,000
Modalfa - Comércio e Serviços, SA	9,716,000
Modalloop - Vestuário e Calçado, SA	2,115,000
Modelo Continente Hipermercados, SA	700,086,000
Pharmaconcept - Actividades em Saúde, SA	4,000
Ponto de Chegada - Sociedade Imobiliária, SA	407,000
Predilugar - Sociedade Imobiliária, SA	220,000
Sempre à Mão - Sociedade Imobiliária, SA	1,912,000
Sociloures - Sociedade Imobiliária, SA	1,002,000
SCBrasil Participações, Ltda	12,975,872
Sonae Center Serviços II, SA	22,495,000
Modelo Continente, SGPS, SA (Ex Sonae MC - Modelo Continente, SGPS, SA)	1,877,572,518
Sonaerp - Retail Properties, SA	40,254,000
Sondis Imobiliária, SA	4,010,000
Zippy - Comércio e Distribuição, SA	5,537,000
Total	2,700,550,390

Approved at the meeting of the Board of Directors held on 21 August 2018.

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Lúis Miguel Mesquita Soares Moutinho

Luis Miguel Vieira de Sá da Mota Freitas

Luis Filipe Campos Dias de Castro Reis