

SONAE INVESTIMENTOS, SGPS, SA

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

Share Capital 1,000,000,000 Euro

Porto Commercial Registry and Fiscal Number 501 532 927

REPORT AND ACCOUNTS

30 June 2017

Management Report**Sonae Investimentos – S.G.P.S., S.A.**

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

Activity evolution for the period

During the course of the first six months of 2017, the consolidated turnover of Sonae Investimentos totalled 2.540 million euros, which corresponds to an increase of 7.9% when compared to the same period of the previous year. Performance benefited from the increased contributions of Sonae MC, Sports & Fashion and Worten, which have more than compensated the lower turnover of Sonae RP, resulting from sale and leaseback (S&LB) transactions over the course of 2016.

Operational cash-flow (EBITDA) reached 105 million euros, which reflects i) a general improvement of retail businesses performance, both in Portugal and Spain, and ii) benefitting from the incorporation of Salsa. However, the evolution versus last year is negative driven by non-recurrent items given the capital gains from S&LB operations during 2016 (~63 million euros).

Overall, EBITDA margin stood at 4.1% of turnover, decreasing -2.9p.p. comparing to 6M16. Operating results (EBIT) amounted to 11 million euros in the period, decreasing when compared to the first six months of 2016 driven by the aforementioned effects.

Sonae Investimentos consolidated net result in the first three months of 2017 totalled -3 million euros, behind last year comparable period.

By the end of June, Sonae Investimentos operated in an overall portfolio of 1,683 stores, corresponding to a sales area of 1,189 thousand sqm. During this period, Sonae Sports & Fashion continued to consolidate its store networks, which also includes Salsa stores.

Outlook

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

Methodological note

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

Maia, 23 of August 2017

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Luis Miguel Mesquita Soares Moutinho

Luis Miguel Vieira de Sá da Mota Freitas

Luis Filipe Campos Dias de Castro Reis

Glossary

Turnover

Sale of articles + services rendered;

EBITDA

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

“Underlying” EBITDA

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

Direct EBIT

Direct EBT - financial results;

Direct EBT

Direct results before non-controlling interests and taxes;

Direct income

Results excluding contributions to indirect income;

Indirect income

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

Investments (CAPEX)

Investments in tangible and intangible assets and investments in acquisitions;

Working Capital

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

Net Invested capital

Total net debt + total shareholder funds

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, 23 of August 2017

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Luis Miguel Mesquita Soares Moutinho

Luis Miguel Vieira de Sá da Mota Freitas

Luis Filipe Campos Dias de Castro Reis

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

	Additions			Reductions		Position at 30.06.2017	Balance as of 30.06.2017
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €		
Duarte Paulo Teixeira de Azevedo (*) (**) (***) (****)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Migracom, SGPS, SA (9)						Dominant	
Sonae - SGPS, SA (3)							805,730
Shares purchased under the terms of the Short Term and Medium Term Performance Bonus Plans	31-03-2017	410,002	0.047				
Sale	03-04-2017			410,002	0.938		
Ângelo Gabriel Ribeirinho dos Santos Paupério (*) (**)							
Sonae - SGPS, SA (3)							562,987
Shares purchased under the terms of the Short Term and Medium Term Performance Bonus Plans	31-03-2017	348,739	0.047				
Enxomil - Consultoria e Gestão, SA (11)						Dominant	
Enxomil - Sociedade Imobiliária, SA (12)						Dominant	
<hr/>							
	Additions			Reductions		Position at 30.06.2017	Balance as of 30.06.2017
	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 Investimentos, BV (6)						Dominant	
Sonae Investimentos, SGPS, SA (4)						Dominant	250,286,683
Sonaecenter, Serviços, SA (5)						Dominant	
(4) Sonae Investimentos, SGPS, SA							
Sonae MC - Modelo Continente, SGPS, SA (8)						Dominant	
(5) Sonaecenter, Serviços, SA							
Sonae Investimentos, SGPS, SA (4)							518,269,127
(6) Sonae Investments BV							
Sonae Investimentos, SGPS, SA (4)							131,419,190
Libra Serviços, Sociedade Unipessoal, Lda (7)						Dominant	
(7) Libra Serviços, Sociedade Unipessoal, Lda							
Sonae Investimentos, SGPS, SA (4)							25,000
(8) Sonae MC - Modelo Continente, SGPS, SA							
Sonae Investimentos, SGPS, SA (4)							100,000,000
(9) Migracom, SGPS, SA							
Sonae, SGPS, SA (3)							2,874,339
Purchase	03-04-2017	410,002	0.938				
Imparfin, SGPS, SA (10)						Minority	
(10) Imparfin, SGPS, SA							
Sonae, SGPS, SA (3)							4,105,280
(11) Enxomil - Consultoria e Gestão, SA							
Sonae, SGPS, SA (3)							2,021,855
(12) Enxomil - Sociedade Imobiliária, SA							
Sonae - SGPS, SA (3)							450,000
<hr/>							
(*) Member of the Board of Directors of Sonae, Investimentos, SGPS, SA							
(**) Member of the Board of Directors of Sonae, SGPS, SA (directly and indirectly dominant company) (3)							
(***) Member of the Board of Directors of Efanor Investimentos SGPS, SA (1)							
(****) Member of the Board of Directors of Imparfin, SGPS, SA (10)							

Qualified holdings

Shares held and voting rights attributable to shareholders owning 2% or more of the share capital of the Sonae Investimentos, SGPS, SA, calculated according to article 20 of the Portuguese Securities Code, as required by article 9 paragraph 1, subparagraph c), 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 Investments, BV	131,419,190	13.14%	14.60%
By Libra Serviços, Sociedade Unipessoal, Lda	25,000	0.00%	0.00%
By Sonaecenter, Serviços, SA	518,269,127	51.83%	57.59%
By Sonae MC - Modelo Continente, SGPS, SA (II)	100,000,000	10.00%	-
Total attributable to Efanor Investimentos, SGPS, SA	1,000,000,000	100.00%	100.00%

Source: communications received by the Company regarding qualified shareholdings up to 30th June 2017

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

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

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

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

**Condensed consolidated
financial statements**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017 AND 2016 AND 31 DECEMBER 2016

(Amounts expressed in euro)

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

ASSETS	Notes	30 June 2017	30 June 2016 Restated (Note 3)	31 December 2016 Restated (Note3)
NON-CURRENT ASSETS:				
Tangible assets	6	1,611,346,919	1,565,648,349	1,602,400,467
Intangible assets	7	337,128,274	322,377,485	332,952,435
Goodwill	8	548,079,578	543,809,857	544,073,187
Investments in joint ventures and associates	9	42,126,184	51,403,879	51,061,618
Other investments	10	10,894,226	10,931,751	10,910,647
Deferred tax assets	13	50,560,802	61,802,395	49,861,522
Other non-current assets	11	17,697,428	13,906,043	15,315,834
Total Non-Current Assets		2,617,833,411	2,569,879,758	2,606,575,710
CURRENT ASSETS:				
Inventories		682,582,620	652,488,221	696,012,657
Trade account receivable and other current assets	12	344,848,062	387,425,946	299,418,239
Investments	10	485,192	1,701,175	4,207,972
Cash and cash equivalents	14	86,796,620	80,096,949	119,726,191
Total Current Assets		1,114,712,494	1,121,712,291	1,119,365,059
Non current assets held for sale	15	-	-	19,522,549
TOTAL ASSETS		3,732,545,905	3,691,592,049	3,745,463,318
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	16	1,000,000,000	1,000,000,000	1,000,000,000
Own shares		(320,000,000)	(320,000,000)	(320,000,000)
Reserves and retained earnings		(16,341,293)	(55,138,416)	(53,307,887)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		(2,634,198)	41,117,692	80,471,632
Equity attributable to the equity holders of the Parent Company		661,024,509	665,979,276	707,163,745
Equity attributable to non-controlling interests	17	83,574,836	79,699,152	83,289,108
TOTAL EQUITY		744,599,345	745,678,428	790,452,853
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	18	714,430,823	719,000,373	623,570,841
Other non-current liabilities	20	421,772,677	438,549,494	420,960,111
Deferred tax liabilities	13	104,378,444	91,846,429	102,014,515
Provisions	23	15,156,948	17,586,893	16,006,272
Total Non-Current Liabilities		1,255,738,892	1,266,983,189	1,162,551,739
CURRENT LIABILITIES:				
Loans	18	244,769,242	198,947,687	186,327,715
Trade creditors and other current liabilities	22	1,484,261,165	1,476,944,295	1,591,200,267
Provisions	23	3,177,261	3,038,450	3,204,001
Total Current Liabilities		1,732,207,668	1,678,930,432	1,780,731,983
Non current liabilities held for sale	15	-	-	11,726,743
TOTAL LIABILITIES		2,987,946,560	2,945,913,621	2,955,010,465
TOTAL EQUITY AND LIABILITIES		3,732,545,905	3,691,592,049	3,745,463,318

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

The Board of Directors

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017 AND 2016

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

(Amounts expressed in euro)	Notes	2 nd Quarter 2017	2 nd Quarter 2016 Restated	30 June 2017	30 June 2016 Restated (Note 3)
Sales		1,265,126,148	1,149,265,644	2,487,070,165	2,308,997,929
Services rendered		27,330,821	25,008,843	52,480,519	44,256,947
Investment income investments recorded at fair value through profit	23	(7,485,503)	89,824	(7,485,503)	91,406
Financial income		25,409	593,936	1,169,152	1,091,915
Other income	25	196,853,451	180,027,525	366,473,228	407,019,529
Cost of goods sold and materials consumed		(1,068,328,367)	(965,103,240)	(2,081,326,309)	(1,936,716,445)
Changes in stocks of finished goods and work in progress		1,395,159	375,546	1,363,797	439,937
External supplies and services		(165,839,695)	(157,303,396)	(330,297,705)	(306,606,064)
Staff costs		(178,491,297)	(160,873,772)	(350,949,367)	(322,334,637)
Depreciation and amortisation	6 and 7	(45,963,674)	(41,103,199)	(91,481,788)	(81,313,004)
Provisions and impairment losses		(925,092)	(372,940)	(1,553,894)	(7,734,679)
Financial expense		(13,799,286)	(14,735,711)	(26,768,594)	(31,239,497)
Other expenses		(15,719,737)	(15,092,262)	(31,311,869)	(31,496,568)
Share of results of joint ventures and associated companies	9	(799,940)	77,266	(2,395,913)	(673,313)
Profit/(Loss) before taxation		(6,621,603)	854,064	(15,014,081)	43,783,456
Taxation	26	12,834,295	9,860,087	14,648,429	(725,390)
Consolidated Profit/(Loss) for the period		6,212,692	10,714,151	(365,652)	43,058,066
Attributable to:					
Equity holders of the Parent Company		4,729,630	9,613,128	(2,634,198)	41,117,692
Non-controlling interests	17	1,483,062	1,101,023	2,268,546	1,940,374
Profit/(Loss) per share					
Basic	28	0.005255	0.010681	(0.002927)	0.045686
Diluted	28	0.005255	0.010681	(0.002927)	0.045686

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 2017 AND 2016

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

<i>(Amounts expressed in euro)</i>	2 nd Quarter 2017	2 nd Quarter 2016 Restated	30 June 2017	30 June 2016 Restated (Note 3)
Net Profit / (Loss) for the period	6,212,692	10,714,151	(365,652)	43,058,066
Items that maybe reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	730,667	(657,967)	863,786	(773,175)
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)	(1,117,208)	1,369,038	(985,436)	1,783,926
Changes in hedge and fair value reserves	(2,691,393)	2,669,831	(5,603,318)	557,780
Deferred taxes related with other components of comprehensive income	606,523	(651,027)	1,215,891	(135,790)
Others	143,211	-	143,211	-
Other comprehensive income for the period	(2,328,200)	2,729,875	(4,365,866)	1,432,741
Total comprehensive income for the period	3,884,492	13,444,026	(4,731,518)	44,490,807
Attributable to:				
Equity holders of parent company	2,408,957	12,259,759	(6,941,059)	42,498,694
Non controlling interests	1,475,535	1,184,267	2,209,541	1,992,113

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 2017 AND 2016

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

	Reserves and Retained Earnings							Net Profit/ (Loss)	Total	Non controlling Controlling Interests (Note 17)	Total Equity	
	Share Capital	Own Shares	Legal Reserve	Currency translation Reserve	Hedging Reserve	Legal Reserves in accordance with article 342º CSC	Other Reserves and Retained Earnings					
<i>(Amounts expressed in euro)</i>	Attributable to Equity Holders of Parent Company											
Balance as at 1 January 2016 Restated	1,000,000,000	(320,000,000)	170,940,266	1,058,142	(239,492)	320,000,000	(578,351,961)	(86,593,045)	70,039,847	663,446,802	52,292,885	715,739,687
Total comprehensive income for the period	-	-	-	(811,915)	408,991	-	1,783,926	1,381,002	41,117,692	42,498,694	1,992,113	44,490,807
Appropriation of profit of 2015												
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	70,039,847	70,039,847	(70,039,847)	-	-	-
Dividends distributed	-	-	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)	(114,810)	(40,114,810)
Income distribution	-	-	-	-	-	-	-	-	-	-	(493,079)	(493,079)
Partial disposal or acquisitions of affiliated companies	-	-	-	-	-	-	39,064	39,064	-	39,064	134,197	173,261
Acquisitions of affiliated companies (note 4)	-	-	-	-	-	-	-	-	-	-	25,887,826	25,887,826
Others	-	-	-	-	-	-	(5,284)	(5,284)	-	(5,284)	20	(5,264)
Balance as at 30 June 2016 Restated	1,000,000,000	(320,000,000)	170,940,266	246,227	169,499	320,000,000	(546,494,408)	(55,138,416)	41,117,692	665,979,276	79,699,152	745,678,428
Balance as at 1 January 2017	1,000,000,000	(320,000,000)	170,940,266	541,768	1,948,405	320,000,000	(546,738,326)	(53,307,887)	80,471,632	707,163,745	83,289,108	790,452,853
Total comprehensive income for the period	-	-	-	1,090,902	(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)
Acquisitions of affiliated companies (Note 4)	-	-	-	-	-	-	-	-	-	-	1,461,569	1,461,569
Balance as at 30 June 2017	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

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 2017 AND 2016

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

(Amounts expressed in euro)	Notes	2 nd Quarter 2017	2 nd Quarter 2016	30 June 2017	30 June 2016
OPERATING ACTIVITIES					
Net cash flow from operating activities (1)		67,135,647	9,409,541	(43,013,067)	(147,960,398)
INVESTMENT ACTIVITIES					
Cash receipts arising from:					
Investments	12	-	-	21,009,032	-
Tangible assets and investment properties	6	482,558	311,988	1,848,950	230,284,163
Interests and similar income		7,656	535,910	445,855	814,415
Loans granted		651,118	-	651,118	-
Dividends		130,000	455,023	130,000	455,023
Others		-	-	-	1,581
		1,271,332	1,302,921	24,084,954	231,555,182
Cash Payments arising from:					
Investments		(2,135,671)	(67,470,200)	(2,135,671)	(67,844,215)
Tangible assets and investment properties		(55,527,071)	(68,563,373)	(142,024,368)	(138,210,529)
Loans granted		(1,496,188)	-	(1,500,000)	-
		(59,158,930)	(136,033,573)	(145,660,039)	(206,054,744)
Net cash used in investment activities (2)		(57,887,599)	(134,730,652)	(121,575,085)	25,500,438
FINANCING ACTIVITIES					
Cash receipts arising from:					
Investments		46,507	2,667,422	584,007	2,840,683
Loans obtained		1,639,961,225	1,354,655,969	2,956,554,094	2,666,301,374
		1,640,007,732	1,357,323,391	2,957,138,101	2,669,142,057
Cash Payments arising from:					
Investments		(1,089,847)	-	(2,460,244)	-
Loans obtained		(1,626,600,523)	(1,260,394,996)	(2,815,478,025)	(2,569,172,231)
Interests and similar charges		(5,464,296)	(10,426,656)	(8,210,548)	(13,456,185)
Dividends		(2,440,129)	(607,868)	(2,440,129)	(607,868)
Others		-	(35,519)	-	(459,891)
		(1,635,594,795)	(1,271,465,039)	(2,828,588,946)	(2,583,696,175)
Net cash used in financing activities (3)		4,412,937	85,858,352	128,549,156	85,445,882
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		13,660,985	(39,462,759)	(36,038,996)	(37,014,078)
Effect of foreign exchange rate		170,967	(232,120)	136,093	(48,183)
Cash and cash equivalents at the beginning of the period	14	52,331,505	78,705,756	101,996,613	76,441,012
Cash and cash equivalents at the end of the period	14	65,821,524	39,475,117	65,821,524	39,475,117

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

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2017

(Amounts expressed in euro)

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

1 INTRODUCTION

Sonae Investimentos, SGPS, SA, has its head-office at Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Portugal, and is the parent company of a group of companies, as detailed in Notes 9 and 32 the Sonae Investimentos Group ("Sonae Investimentos"). Sonae Investimentos's operations and operating segments are described in Note 5.

2 PRINCIPAL ACCOUNTING POLICIES

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

Basis of preparation

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

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

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

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

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

With mandatory application after 2017:	Effective Date (for financial years beginning on or after)
--	--

IFRS 9 - Financial instruments (establishes the new requirements regarding the classification and measurement of financial assets and liabilities, the methodology for calculating impairment and for the application of hedge accounting rules)	01 Jan 2018
--	-------------

IFRS 15 - Revenue from contracts with customers (introduces a principles-based revenue recognition framework based on a template to be applied to all contracts with customers)	01 Jan 2018
---	-------------

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 2017, since their application is not yet mandatory. The impacts of the above mentioned standards are being analysed by the Group.

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

With mandatory application after 2017:	Effective Date (for financial years beginning on or after)
--	--

IFRS 16 – Leases - (recognition and measurement principles)	01 Jan 2019
IFRS 17 – Insurance contracts	01 Jan 2021
IFRS 10 and IAS 28 (amendment) - (eliminate the conflict between the standards, related to the sale or contribution of assets between the investor and the associated or between the investor and the joint venture)	To be defined
IAS 12 (amendment) - Income taxes (clarify the conditions for recognition and measurement of tax assets resulting from unrealized losses)	01 Jan 2017
IAS 7 (amendment) - Statement of cash flows (introducing additional disclosures related to cash flows from financing activities)	01 Jan 2017

IFRS 15 (amendment) - Revenue from contracts with customers (various clarifications are introduced in the standard to eliminate the possibility of divergent interpretations of various topics)	01 Jan 2018
IFRS 2 (amendment) - Share-based payments (various clarifications are included in the standard relating to the recording of cash-settled share-based payment transactions, (ii) recording changes to share-based payment transactions (Of net settled to equity settlement), (iii) the classification of transactions with net settlement characteristics)	01 Jan 2018
IFRS 4 (amendment) - Insurance contracts (provides guidance on the application of IFRS 4 in together with IFRS 9)	01 Jan 2018
IFRS 40 (amendment) - Investment properties (clarify that the change in classification from or to investment property should only be made when there is evidence of a change in the use of the asset)	01 Jan 2018
Annual Improvements to IFRS (cycle 2014-2016)	01 Jan 2017 and 01 Jan 2018
IFRIC 22 - Transactions in foreign currency and advances (establish the date of the initial recognition of the advance or deferred income as the date of the transaction for determining the exchange rate of the recognition of the revenue)	01 Jan 2018
IFRIC 23 – Uncertainty over income tax treatments (clarifies the accounting for uncertainties in income taxes)	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 2017, since their application is not mandatory, lying in the process of analysing expected effects of those standards that, with exception of IFRS 16 are not expected to reflect significant impacts.

3 RESTATEMENT OF FINANCIAL STATEMENT

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

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

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

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

- (i) Wholesale customer portfolio (+13.1 million euro in Losan + 35.5 million euro in Salsa), valued based on the discounted cash-flow methodology, using discount rates based on the weighted average cost of the segment's capital (11%), where Companies are included and considering an average retention rate of customers of 84% based on historical data, for Losan and 9.4% for wholesale Salsa's customers. These portfolios will be amortized on a straight-line basis based on the estimated average retention period of customers (10 years);
- (ii) Losan brand (+11.6 million euros), valued based on the released royalty methodology and for which no defined life was identified;
- (iii) Salsa brand (+51 million euro) was valued based on the methodology of the released royalties, using for this purpose the discount rates based on weighted average cost of capital of the segment where the companies fall (11%) and a royalty rate of 4%, and for which was not estimated a defined useful life;
- (iv) Real estate assets in Salsa (+15.8 million euro) were valued based on a preliminary external valuation of the mentioned assets, which had been obtained prior to the acquisition, the new evaluation process was completed in 31 May 2017;
- (v) contingent liabilities in Salsa relating to present obligations in the amount of 6 million euro, over which there were also recognized indemnifying assets as contractually supported; and
- (vi) Contingent liabilities in Losan relating to present liabilities amounting to 0.9 million euro;

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

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

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

The impact of these evaluations in the consolidated financial statements as at 30 June 2016 was as follows:

Amounts in thousands of euros	30 June 2016			After the restatement
	Before the restatement	Adjustments to fair value		
		Losan	Salsa	
Assets				
Tangible and Intangible assets	1,764,599	24,363	99,064	1,888,026
Goodwill	685,221	(18,960)	(122,451)	543,810
Investments	62,336	-	-	62,336
Deferred tax assets	60,310	225	1,267	61,802
Other non-current assets	11,442	-	2,464	13,906
Non-current assets	2,583,908	5,628	(19,656)	2,569,880
Inventories	653,675	-	(1,187)	652,488
Trade account receivables	69,620	(400)	(275)	68,945
Other debtors	316,616	1,417	448	318,481
Investments	1,701	-	-	1,701
Cash and cash equivalents	80,097	-	-	80,097
Current assets	1,121,709	1,017	(1,014)	1,121,712
Total assets	3,705,618	6,645	(20,670)	3,691,592
Liabilities				
Loans	719,000	-	-	719,000
Other non-current liabilities	438,549	-	-	438,549
Deferred tax liabilities	65,359	5,991	20,496	91,846
Provisions	11,609	900	5,078	17,587
Non-current liabilities	1,234,518	6,891	25,574	1,266,983
Loans	198,948	-	-	198,948
Other current liabilities	1,479,025	-	958	1,479,983
Total current liabilities	1,677,973	-	958	1,678,931
Total liabilities	2,912,491	6,891	26,532	2,945,914
Shareholders' funds excluding non-controlling interests	666,226	(246)	-	665,980
Non-controlling interests	126,901	-	(47,202)	79,699
Total shareholders' funds	793,127	(246)	(47,202)	745,679
Total shareholders' funds and liabilities	3,705,617	6,645	(20,670)	3,691,592

Amounts in thousands of euros	30 June 2016		
	Before the restatement	Adjustments to fair value	After the restatement
		Losan	
Total revenue	2,353,255	-	2,353,255
Other income	407,111	-	407,111
Cost of goods sold and materials consumed	(1,936,716)	-	(1,936,716)
Changes in stocks of finished goods and work in progress	440	-	440
Other expenses	(749,157)	(328)	(749,485)
Financial results	(30,148)	-	(30,148)
Share of results of joint ventures and associated companies	(673)	-	(673)
Profit/(Loss) before taxation	44,112	(328)	43,783
Taxation	(807)	82	(725)
Consolidated Profit/(Loss) for the period	43,304	(246)	43,058
Attributable to:			
Equity holders of the Parent Company	41,364	(246)	41,118
Non-controlling interests	1,940	-	1,940

On May 31, 2017, an external evaluation was made to a group of properties of Salsa based on the market value, resulting in a reduction of the fair value calculated on December 31, 2016 in the amount of 4,384,000 euro.

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

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

4 CHANGES IN CONSOLIDATION PERIMETER

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

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

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

In December 2016, Sonae MC concluded an agreement with the shareholders of GO WELL – Promoção de Eventos, Catering e Consultoria, S.A. (Go Well) for the acquisition of 51% of the share capital. This transaction became effective in May 2017. Go Well operates in 22 specialized restaurants in healthy food in Portugal, typically located in shopping centres, and has a variety of concepts such as grab&go, sushibar, freshly and breakfasts. Go Well operates exclusively through the brand “Go Natural” and in 2015, generated a turnover of 6.4 million euro.

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

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

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

	On the date of acquisition	30 June 2017
Net assets		
Tangible and intangible assets (Note 6 and 7)	1,386,220	1,528,123
Inventories	586,950	548,829
Other assets	1,265,286	1,417,525
Cash and cash equivalents	431,553	397,658
Loans	(306,265)	(157,319)
Other liabilities	(3,448,730)	(3,829,741)
	(84,986)	(94,925)
Goodwill (Note 8)	3,760,574	
Non-controlling interests (Note 17)	1,461,569	
Acquisition cost	2,567,225	
Effective cash payment	2,567,225	
	2,567,225	
Net cash-flow arising from acquisition		
Effective cash payment	2,567,225	
Cash and cash equivalents acquired	(431,553)	
	2,135,672	
	On the date of acquisition	6 months
Sales	2,097,890	6,228,267
Other income	19,944	106,182
Cost of goods sold and materials consumed	(1,004,850)	(3,148,523)
External supplies and services	(448,546)	(1,385,036)
Other expenses	(794,038)	(2,041,662)
Net financial expenses	(1,191)	(11,838)
Share of results of joint ventures and associated undertakings	-	(6,692)
Profit/(Loss) before taxation	(130,791)	(259,302)
Profit/(Loss) before taxation	138,979	139,646
Profit/(Loss) after taxation	8,188	(119,656)

4.2 Impact resulting from fair value allocation to IVN Group as at 30 June 2016

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

Amounts in euro	Financial Position before acquisition	Salsa		30 June 2016
		Adjustments to fair value (Note 3)	Fair value	
Net acquired assets				
Tangible assets (Note 6)	11,448,715	12,593,828	24,042,543	11,448,715
Intangible assets (Note 7)	2,477,264	86,470,000	88,947,264	2,477,264
Inventories	21,955,255	(1,186,503)	20,768,752	21,955,255
Deferred tax assets	1,691,120	1,267,477	2,958,597	1,691,120
Other assets	17,073,717	172,540	17,246,257	17,073,717
Cash and cash equivalents	7,501,069	-	7,501,069	7,501,069
Loans	(57,408,768)	-	(57,408,768)	(57,408,768)
Deferred tax liabilities	-	(20,496,392)	(20,496,392)	-
Other liabilities	(26,105,866)	(6,035,603)	(32,141,469)	(26,105,866)
Total net acquired assets	(21,367,494)	72,785,347	51,417,853	(21,367,494)
Goodwill (Note 8)		(122,451,396)	45,096,094	167,547,490
Non-controlling interests		47,202,174	25,530,031	(73,090,000)
Indemnity assets		2,463,875	2,463,875	-
Acquisition price		(72,785,347)	73,090,000	73,090,000
Effective cash paid			73,090,000	73,090,000
			73,090,000	73,090,000
Net cash flow resulting from the acquisition				
Effective cash paid			73,090,000	73,090,000
Cash and cash equivalents acquired			(7,501,069)	(7,501,069)
			65,588,931	65,588,931

5 SEGMENT INFORMATION

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

- Sonae MC is the food retail unit, operating 41 Continente hypermarkets, 129 Continente Modelo supermarkets, 83 convenience stores Bom Dia, 269 stores operated under franchise Meu Super and 204 parapharmacy Well's;
- Worten that is included in the top 3 of Iberian electronic players, counting on a portfolio of 230 physical stores in Iberia;
- Sports&Fashion directly operating 376 own stores sports and clothing products, combined with a franchise network Of 142 stores;
- Sonae RP is the retail real estate unit which actively manages properties of Sonae, composed mainly of stores operating under the brand Continente and under other brands of Sonae;
- Maxmat is a company that operates in the retail DIY products, building and garden with a network of 30 stores.

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

The list of Group companies and their businesses are detailed in Note 32.

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

30 June 2017	Turnover	Depreciation and amortisation	Provisions and impairment losses	EBIT
Sonae MC	1,777,063,443	47,907,162	311,880	26,495,529
Worten	435,108,454	13,087,323	752,191	(9,284,221)
Sports & Fashion	270,036,759	16,842,522	482,948	(19,772,709)
Sonae RP	45,826,136	12,148,826	-	27,841,175
Maxmat	36,007,305	899,582	-	1,400,788
Others, eliminations and adjustments	(24,491,414)	596,373	6,876	(15,857,088)
Total consolidated	2,539,550,684	91,481,788	1,553,894	10,823,475

30 June 2016 Restated	Turnover	Depreciation and amortisation	Provisions and impairment losses	EBIT
Sonae MC	1,691,397,582	44,300,200	381,801	29,046,173
Worten	404,447,822	12,253,954	338,661	(13,415,581)
Sports & Fashion	209,581,097	11,465,252	475,795	(25,657,848)
Sonae RP	46,861,403	11,822,963	6,536,987	85,942,172
Maxmat	33,151,608	986,141	-	879,289
Others, eliminations and adjustments	(32,184,636)	484,494	1,436	(2,456,710)
Total consolidated	2,353,254,876	81,313,004	7,734,679	74,337,494

	Investment (CAPEX)		Invested capital	
	30 June 2017	30 June 2016	30 June 2017	31 December 2016
Sonae MC	67,200,415	69,430,184	679,947,673	562,784,619
Worten	13,121,331	12,880,442	(4,868,263)	(65,650,434)
Sports & Fashion	16,000,652	88,660,269	381,854,203	367,960,542
Sonae RP	16,294,499	27,673,184	914,354,725	930,735,887
Maxmat	519,809	360,532	34,858,076	33,050,597
Others, eliminations and adjustments	1,392,389	2,500,260	204,540	39,160,437
Total consolidated	114,529,096	201,504,871	2,006,350,953	1,868,041,647

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

Turnover	30 June 2017 Inter-group	30 June 2016 Inter-group
Sonae MC	(1,045,733)	(884,845)
Worten	(2,802,347)	(2,052,779)
Sports & Fashion	(14,722,017)	(12,852,894)
Sonae RP	(41,399,492)	(41,554,351)
Total consolidated	(59,969,590)	(57,344,870)

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

	Turnover		EBIT	
	30 June 2017	30 June 2016 Restated	30 June 2017	30 June 2016 Restated
Inter-segment income	(59,969,590)	(57,344,870)	-	-
Equity method from companies not included in segments	-	-	(8,753,501)	(279,916)
Contribution from companies not included in the segments	20,313,937	7,960,380	536,720	(1,477,127)
Others	15,164,239	17,199,854	(7,640,307)	(699,667)
Others, eliminations and adjustments	(24,491,414)	(32,184,636)	(15,857,088)	(2,456,710)

	Investment		Invested capital	
	30 June 2017	30 June 2016 Restated	30 June 2017	31 December 2016
Investments and loans granted	-	-	43,626,185	51,712,737
Dividends	-	-	(40,000,000)	-
Contribution from companies not included in the segments	170,907	234,566	2,369,752	3,503,912
Others	1,221,483	2,265,694	(5,791,397)	(16,056,212)
Others, eliminations and adjustments	1,392,389	2,500,260	204,540	39,160,437

All performance measures are reconciled to the financial statements in note 29.

Glossary:

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

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

Other eliminations and adjustments = Intra-groups + consolidation adjustments + contributions from other companies not included in the disclosed segments by do not fit in any reportable segment, ie are included in addition to Sonae Investimentos SGPS companies identified as "Others" in Note 32;

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 2017 and 2016, the movements in tangible assets as well as accumulated depreciation and impairment losses are made up as follows:

	Tangible assets				
	Land and buildings	Plant and machinery	Other tangible assets	Tangible assets in progress	Total tangible assets
Gross assets:					
Opening balance as at 1 January 2017	1,368,650,242	1,424,680,843	201,951,455	30,457,184	3,025,739,724
Fair value of acquired assets (Note 3)	(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 (Note 4.1)	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 (Note 4.1)	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
Gross assets:					
Opening balance as at 1 January 2016	1,339,900,206	1,319,040,930	180,728,612	24,060,810	2,863,730,558
Acquisitions	11,430,633	459,712	645,709	98,761,282	111,297,336
Acquisitions of subsidiaries (Note 4.2)	34,836,931	11,926,337	7,907,348	54,009	54,724,625
Disposals	(31,977,821)	(22,616,030)	(3,381,116)	(1,075,105)	(59,050,072)
Exchange rate effect	151,177	(56)	102,107	-	253,228
Transfers	17,963,919	70,255,045	7,491,882	(95,979,659)	(268,813)
Closing balance as at 30 June 2016 Restated	1,372,305,045	1,379,065,938	193,494,542	25,821,337	2,970,686,862
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2016	367,696,952	816,708,115	140,185,808	-	1,324,590,875
Depreciation of the period	9,949,140	51,867,014	7,519,137	-	69,335,291
Impairment losses for the period (Note 23)	6,536,987	-	-	-	6,536,987
Acquisitions of subsidiaries (Note 4.2)	16,818,072	7,593,307	6,270,703	-	30,682,082
Disposals	(4,956,061)	(17,660,026)	(3,244,183)	-	(25,860,270)
Exchange rate effect	143,890	-	83,275	-	227,165
Transfers	349,129	(511,653)	(311,093)	-	(473,617)
Closing balance as at 30 June 2016 Restated	396,538,109	857,996,757	150,503,647	-	1,405,038,513
Carrying amount as at 30 June 2016 Restated	975,766,936	521,069,181	42,990,895	25,821,337	1,565,648,349

The investment includes the acquisition of assets of approximately 88.1 million euro (111.3 million euro as at 30 June 2016), associated with the opening and remodelling of stores.

During the period ended as at 30 June 2016, several sale and leaseback transactions were accounted for by the Group. The accounting values of the disposed assets, approximately, 170.1 million euro, correspond to 16 real estate food retail assets located in Portugal and 3 Worten stores in Spain. These operations resulted

in a cash inflow of 230 million euro and generated a net capital gain of approximately, 63.1 million euro (Note 25).

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

	30 June 2017	30 June 2016
Refurbishment and expansion of stores located in Portugal	28,051,888	20,170,106
Refurbishment and expansion of stores located in Spain	763,790	1,921,489
Projects of stores for which advance payments were made	1,196,000	1,206,600
Others	2,072,779	2,523,142
	32,084,457	25,821,337

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

	Land and Buildings	Plant and Machinery	Other tangible assets	Tangible assets in progress	Total tangible assets
Impairment losses					
Opening balance as at 1 January 2017	90,802,912	28,067,641	555,437	110,824	119,536,814
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 23)	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 2017 and 2016, the movements in intangible assets as well as accumulated depreciation and impairment losses are made up as follows:

	Intangible assets			
	Patents and other similar rights	Other intangible assets	Intangible assets in progress	Total intangible assets
Gross assets				
Opening balance as at 1 January 2017	166,652,955	378,595,941	27,309,726	572,558,622
Acquisitions	1,000	256,518	21,574,593	21,832,111
Acquisitions of subsidiaries (Note 4.1)	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 (Note 4.1)	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

	Intangible assets			
	Patents and other similar rights	Other intangible assets	Intangible assets in progress	Total intangible assets
Gross assets				
Opening balance as at 1 January 2016	104,002,453	284,976,051	26,896,520	415,875,024
Fair value of acquired assets (Note 3)	11,559,000	13,132,000	-	24,691,000
Opening balance as at 1 January 2016 Restated	115,561,453	298,108,051	26,896,520	440,566,024
Acquisitions	48,000	380,254	16,688,666	17,116,920
Acquisitions of subsidiaries (Note 4.2)	51,000,000	41,288,744	99,731	92,388,475
Disposals	(94,666)	(15,219)	(145,743)	(255,628)
Exchange rate effect	(3,478)	125,457	-	121,979
Transfers	128,901	14,664,215	(15,503,291)	(710,175)
Closing balance as at 30 June 2016 Restated	166,640,210	354,551,502	28,035,883	549,227,595
Accumulated depreciation and impairment losses				
Opening balance as at 1 January 2016	27,000,338	184,475,276	-	211,475,614
Depreciation of the period	404,974	11,572,739	-	11,977,713
Acquisitions of subsidiaries	-	3,441,211	-	3,441,211
Disposals	(94,666)	(2,471)	-	(97,137)
Exchange rate effect	(2,640)	67,830	-	65,190
Transfers	(47)	(12,434)	-	(12,481)
Closing balance as at 30 June 2016 Restated	27,307,959	199,542,151	-	226,850,110
Carrying amount as at 30 June 2016 Restated	139,332,251	155,009,351	28,035,883	322,377,485

8 GOODWILL

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

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

On 30 June 2017 and 31 December 2016, the caption "Goodwill" was made up as follows by insignia and country:

	30 June 2017		
	Portugal	Spain	Total
Sonae MC	438,868,683	-	438,868,683
Worten	53,422,018	-	53,422,018
Sports & Fashion	52,358,112	341,312	52,699,424
Sonae RP	3,089,453	-	3,089,453
	547,738,266	341,312	548,079,578
	31 December 2016 Restated		
	Portugal	Spain	Total
Sonae MC	435,108,109	-	435,108,109
Worten	53,422,018	-	53,422,018
Sports & Fashion	52,358,112	95,495	52,453,607
Sonae RP	3,089,453	-	3,089,453
	543,977,692	95,495	544,073,187

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

	30 June 2017	30 June 2016 Restated
Gross value:		
Opening balance	549,983,175	526,058,679
Re-allocation of Goodwill to fair value of assets acquired (Note 3)	1,731,680	(18,960,204)
Opening balance restated	551,714,855	507,098,475
Goodwill generated in the period (Note 4)	3,760,574	45,096,094
Other variations	245,817	(743,044)
Closing balance	555,721,246	551,451,525
Accumulated impairment losses:		
Opening balance	7,641,668	7,641,668
Increases	-	-
Closing balance	7,641,668	7,641,668
Carrying amount	548,079,578	543,809,857

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 2017 and 31 December 2016 are as follows:

Company	Head Office	Percentage of capital held				Statement of financial position	
		30 June 2017		31 December 2016 Restated		30 June 2017	31 December 2016 Restated
		Direct*	Total*	Direct*	Total*		
1) Sohi Meat Solutions - Distribuição de Carnes	Santarém	50.00%	50.00%	100.00%	100.00%	2,305,240	-
Investments in joint ventures						2,305,240	-
APOR- Agência para a Modernização do Porto, SA	Porto	22.75%	22.75%	22.75%	22.75%	321,868	323,194
MDS SGPS, SA (consolidated)	Maia	47.52%	47.52%	47.53%	47.53%	30,919,631	41,382,361
MOVVO, SA	Porto	25.58%	25.58%	25.58%	25.58%	2,773,003	2,793,649
2) S2 Africa Limited	Valletta	30.00%	30.00%	-	-	2,939	-
S2 Mozambique, SA	Maputo	30.00%	30.00%	30.00%	30.00%	1,646,907	1,406,711
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	782,012	1,338,322
Ulabox, S.L.	Barcelona	40.41%	40.41%	39.18%	39.18%	3,374,584	3,817,381
Investments in associated companies						39,820,944	51,061,618
Total						42,126,184	51,061,618

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

1) Sohi Meat Solutions, results from the agreement signed on 3 January 2017, the date on which a Joint Venture was formed between Sonae MC and Hilton Food Group. Since then, Sohimeat has been consolidated using the equity method due the loss of control (Note 15);

2) Associated company created in the period.

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

9.2 Summary financial information of financial investments

9.2.1 Joint ventures

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

	Sohi Meat
Joint Ventures	30 June 2017
Assets	
Tangible and Intangible assets	16,300,218
Deferred tax assets	179,254
Non-current assets	16,479,472
Trade account receivables	30,440,889
Cash and cash equivalents	1,460,168
Other current assets	12,871,415
Current assets	44,772,472
Total assets	61,251,944
Liabilities	
Other non-current liabilities	289,133
Non-current liabilities	289,133
Trade creditors	45,919,775
Other current liabilities	9,746,631
Total current liabilities	55,955,539
Shareholders' funds excluding non-controlling interests	5,007,272
Total equity and liabilities	61,251,944

	Sohi Meat
Joint Ventures	30 June 2017
Total revenue	126,259,554
Other income	18,835,878
	145,095,432
External supplies and services	(4,151,223)
Staff costs	(3,433,799)
Operational expenses	(137,546,250)
	(145,131,272)
Financial results	25
Income taxation	(365)
Consolidated net income/(loss) for the year	(36,180)
Other comprehensive income for the period	-
Total comprehensive income for the period	(36,180)

9.2.2 Associated companies

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

	30 June 2017				
Associated Companies	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	S2 Mozambique	Others
Non-current assets	57,022,046	999,814	1,357,159	3,862,464	762,713
Current assets	20,377,667	8,522,227	3,049,691	2,753,542	2,457,632
Non-current liabilities	25,063,734	-	2,250,000	99,153	1,790,569
Total current liabilities	24,513,628	6,393,996	1,478,669	1,551,586	929,180
Shareholders' funds excluding non-controlling interests	27,822,351	3,128,045	678,181	4,965,267	500,596

	31 December 2016 Restated				
Associated Companies	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	S2 Mozambique	Others
Non-current assets	61,968,120	1,205,266	1,176,547	3,517,781	986,708
Current assets	18,759,708	10,371,548	1,662,970	1,838,977	3,316,322
Non-current liabilities	24,013,978	-	-	-	2,240,946
Total current liabilities	25,520,031	6,223,527	531,941	667,722	977,842
Shareholders' funds excluding non-controlling interests	31,193,819	5,353,287	2,307,575	4,689,036	1,084,243
	30 June 2017				
Associated Companies	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	S2 Mozambique	Others
Turnover	23,560,265	26,547,125	4,758,931	927,768	364,710
Other operational income	287,616	1,728,996	192,553	24,112	14,877
Operational expenses	(24,711,789)	(26,865,983)	(6,531,025)	(1,425,479)	(1,569,660)
Net financial expense	(456,293)	3,082	-	106,545	(4,542)
Share of results of joint ventures and associated companies	26,626	-	-	-	-
Taxation	103,874	(319,171)	-	(24,199)	(1,253)
Consolidated net income/(loss) for the period	(1,189,701)	1,094,049	(1,579,541)	(415,365)	(1,195,868)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	(1,189,701)	1,094,049	(1,579,541)	(415,365)	(1,195,868)
	30 June 2016				
Associated Companies	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	Others	
Turnover	21,537,784	24,740,883	3,479,264	11,316	
Other operational income	356,697	1,884,819	109,194	-	
Operational expenses	(21,067,922)	(25,894,249)	(5,377,075)	(214,924)	
Net financial expense	(725,192)	5,331	-	11,280	
Share of results of joint ventures and associated companies	(96,731)	-	-	-	
Taxation	41,741	(167,293)	-	-	
Consolidated net income/(loss) for the period	46,377	569,491	(1,788,618)	(192,328)	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	46,377	569,491	(1,788,618)	(192,328)	

9.3 Movements occurred in the period

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

	30 June 2017			30 June 2016		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Joint ventures						
Initial balance as at January,1	-	-	-	-	-	-
Change of consolidation method	2,703,451	-	2,703,451	-	-	-
Equity method:						
Effect in gain or losses in joint ventures	(398,211)	-	(398,211)	-	-	-
	2,305,240	-	2,305,240	-	-	-
Associated companies						
Initial balance as at January,1	22,403,095	28,658,523	51,061,618	21,073,725	26,508,602	47,582,327
Aquisitions, capital increase and supplementary capital entries	1,194,297	-	1,194,297	1,100,010	-	1,100,010
Transfer of "Other non-current Investments	-	-	-	(176,938)	2,140,811	1,963,873
Alienações durante o exercício	(13,550)	-	(13,550)	-	-	-
Equity method:						
Effect in gain or losses in associated companies	(1,997,702)	-	(1,997,702)	(673,313)	-	(673,313)
Distributed dividends	(829,823)	-	(829,823)	(352,945)	-	(352,945)
Other effects on reserves	(985,436)	-	(985,436)	1,783,927	-	1,783,927
Accumulated impairment losses (Note 23)	(8,608,460)	-	(8,608,460)	-	-	-
	11,162,421	28,658,523	39,820,944	22,754,466	28,649,413	51,403,879
Total	13,467,661	28,658,523	42,126,184	22,754,466	28,649,413	51,403,879

The value of the "Change in consolidation method for the loss of control" in the amount of 2,703,451 euro refers to Sohi Meat Solutions- Distribuição de Carnes, SA. This company results from the agreement signed on 3rd January 2017, the date on which a Joint Venture was formed between Sonae MC and Hilton Food Group PLC through a capital increase of this Group in Sohi Meat. Since then, Sohi Meat has been consolidated using the equity method (Note 15).

10 OTHER INVESTMENTS

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

Company	Head Office	Percentage of capital held				Statement of financial position	
		30 June 2017		31 December 2016 Restated		30 June 2017	31 December 2016 Restated
		Direct	Total	Direct	Total		
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	14.28%	14.28%	14.28%	14.28%	9,976	9,976
Inscó - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	925,197	925,197
Other investments						9,956,114	9,975,474
						10,894,226	10,910,647

As at 30 June 2017 the caption "Other investments" includes, among others, 9,944,258 euro (9,966,231 euro in 31 December 2016) related to deposited amounts on an Escrow Account which is applied in investment

funds with superior rating, which is a guarantee for contractual liabilities assumed in the disposal of a Brazil Retail business and for which provisions were recorded in the applicable situations (Note 23 and 24).

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

	30 June 2017		30 June 2016	
	Non Current	Current	Non Current	Current
Other investments:				
Opening balance as at 1 January	10,910,647	-	12,164,765	-
Increases in the period	5,551	-	1,000,412	-
Transfer to "Associated companies"	-	-	(1,963,874)	-
Decreases in the period	(21,972)	-	(258,114)	-
Increase/(Decrease) in fair value	-	-	(11,438)	-
Closing balance as at 30 June	10,894,226	-	10,931,751	-
Derivative financial instruments				
Fair value as at 1 January	-	4,207,972	-	2,506,086
Acquisitions in the period	-	-	-	175,134
Increase/(Decrease) in fair value	-	(3,722,780)	-	(980,045)
Fair value as at 30 June (Note 19)	-	485,192	-	1,701,175
Total of Other Investments	10,894,226	485,192	10,931,751	1,701,175

11 OTHER NON-CURRENT ASSETS

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

	30 June 2017	31 December 2016 Restated
Loans granted to related parties	1,500,001	651,119
Trade accounts receivable and other debtors		
Bails (a)	4,846,927	5,043,273
Legal deposits (b)	803,511	762,246
Special regime for payment of tax and social security debts (c)	6,213,629	6,213,629
Amount receivable for selling the Modelo Cont.Seguros	1,000,000	2,450,000
Amount retained in the acquisition of the Salsa group	2,463,875	2,463,875
Others	826,201	45,864
	16,154,143	16,978,887
Accumulated impairment losses in other debtors (Note 23)	(48,383)	(2,450,000)
	16,105,760	14,528,887
Other non-current assets	91,667	135,828
	17,697,428	15,315,834

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

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

- Amounts related with guarantees of lease contracts in group stores located in Spain, which have not matured until this date;
- Amounts related to legal deposits made by a Brazilian subsidiary, for which are recorded the correspondent liabilities in the caption "Other non-current liabilities" (Note 20), with no defined maturity;

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

12 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

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

	30 June 2017	31 December 2016 Restated
Trade accounts receivable	75,769,735	82,195,661
Taxes recoverable	52,795,703	44,761,264
Granted loans to related companies	59,766,793	35,310,075
Other debtors		
Trade suppliers - debtor balances	39,195,294	41,190,501
Disposal of investments	40,000	21,585,746
VAT recoverable on real estate assets	2,261,952	3,723,869
Accounts receivable from the disposal of tangible fixed assets	2,205,322	2,303,985
Vouchers and gift cards	1,376,812	1,924,216
Other debtors	17,006,264	17,172,271
	62,085,644	87,900,588
Other current assets		
Commercial discounts	72,022,201	35,631,051
Insurance premiums paid in advance	10,634,222	5,690,303
Prepayments - Rents	7,950,355	7,220,792
Software licenses	3,882,506	1,998,476
Commissions to be received	653,583	1,678,933
Insurance indemnities	636,943	1,509,212
Condominiums management fee's	376,671	738,978
Interests to be received	556,277	558,540
Other current assets	12,459,089	9,204,854
	109,171,847	64,231,139
Accumulated impairment losses (Note 23)	(14,741,660)	(14,980,488)
	344,848,062	299,418,239

The caption "Granted loans to related companies" includes the amount of 59.8 million euro (35.3 million euro as at 31 December 2016) relating to the amount receivable from Sonae SGPS, SA resulting from the Inclusion of group companies in the special scheme for the taxation of groups of companies.

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

13 DEFERRED TAX

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

	Deferred tax assets		Deferred tax liabilities	
	30 June 2017	31 December 2016 Restated	30 June 2017	31 December 2016 Restated
Difference between fair value and acquisition cost	4,524,608	4,524,608	34,701,179	34,967,052
Temporary differences on tangible and intangible assets	1,649,918	1,646,837	67,851,752	64,538,394
Provisions and impairment losses not accepted for tax purposes	20,996,414	21,189,836	-	-
Write off of tangible and intangible assets	25,524	25,524	44,232	44,232
Valuation of hedging derivatives	784,292	86,933	107,520	626,051
Revaluation of tangible assets	-	-	984,008	1,040,637
Tax losses carried forward	18,481,671	18,565,479	-	-
Reinvested capital gains/(losses)	-	-	316,197	329,611
Tax benefits	531,085	531,867	-	-
Others	3,567,290	3,290,438	373,556	468,538
	50,560,802	49,861,522	104,378,444	102,014,515

In accordance with the tax statements and tax estimates presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 30 June 2017 and 31 December 2016, and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	30 June 2017			31 December 2016 Restated		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2014	1,194,236	250,790	2026	1,194,236	250,790	2026
Generated in 2015	69,902	14,680	2027	90,184	18,939	2027
Generated in 2016	242,980	51,026	2028	242,980	51,025	2028
Generated in 2017	479,334	100,660	2029	-	-	
	1,986,452	417,156		1,527,400	320,754	
Without limited time use	72,120,100	18,064,515		72,840,938	18,244,725	
	74,106,552	18,481,671		74,368,338	18,565,479	

As at 30 June 2017 and 31 December 2016, the deferred taxes to be recognized arising from tax losses were evaluated. Deferred tax assets have only been recorded to the extent that future taxable profits will arise which might be offset against available tax losses or against deductible temporary differences. This assessment was based on the business plans of Sonae Investimentos companies, which are periodically reviewed and updated.

As at 30 June 2017 deferred tax assets related to tax losses generated in current and previous years, by Modelo Continente Hipermercados, S.A. Spanish Branch of Retail operating segment, amount to 14.1 million euro (14.1 million euro as at 31 December 2016). The mentioned tax losses can be recovered within the Income Tax Group established in Spain, according to Spanish law. Modelo Continente Hipermercados, S.A. Spanish Branch, as at 30 June 2017 and 31 December 2016, was the dominant entity within the group of companies taxed in accordance with the Spanish regime for taxing groups of companies.

As at 30 June 2017, there was tax losses carried forward, amounting to 311.8 million euro (295.1 million euro as at 31 December 2016) for which no deferred tax assets were recognized due to uncertainties of their future use.

	30 June 2017			31 December 2016 Restated		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use						
Generated in 2012	1,174,055	246,552	2017	2,099,873	440,973	2017
Generated in 2013	809,338	169,961	2018	809,338	169,961	2018
Generated in 2016	412	87	2028	412	87	2028
	<u>1,983,805</u>	<u>416,600</u>		<u>2,909,623</u>	<u>611,021</u>	
Without limited time use	309,716,468	78,905,969		292,183,274	74,572,733	
With a time limit different from the above mentioned	84,571	17,310		34,819	6,864	
	<u>311,784,844</u>	<u>79,339,879</u>		<u>295,127,716</u>	<u>75,190,618</u>	

14 CASH AND CASH EQUIVALENTS

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

	30 June 2017	31 December 2016 Restated
Cash at hand	9,173,979	9,038,215
Bank deposits	77,611,923	110,676,690
Treasury applications	10,718	11,286
Cash and cash equivalents on the statement of financial position	86,796,620	119,726,191
Bank overdrafts (Note 18)	(20,975,096)	(17,729,578)
Cash and cash equivalents on the statement of cash flows	65,821,524	101,996,613

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

15 NON-CURRENT ASSETS HELD FOR SALE

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

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

16 SHARE CAPITAL

As at 30 June 2017, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares which do not hold right to any fixed income, with a nominal value of 1 Euro each.

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

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

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

As at 30 June 2017 and 31 December 2016, Sonae Investimentos holds 10% of treasury shares. Following the mentioned acquisition free reserves amounting to the cost of the above mentioned shares were made unavailable, in accordance with commercial legislation (Art. 324 of "CSC"). The distribution of this reserve depends on the termination or disposal of the treasury shares.

17 NON-CONTROLLING INTERESTS

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

	30 June 2017				
	Equity	Net Profit/ (Loss)	Statment of financial position	Proportion in income	Dividends/ Income received
Investments Funds	267,461,539	7,819,766	29,521,734	715,220	(1,243,143)
IVN - Serviços Partilhados, SA	56,387,408	1,809,643	28,193,704	904,821	(1,050,475)
Others	52,678,205	1,016,803	25,859,398	648,505	(111,751)
Total	376,527,152	10,646,212	83,574,836	2,268,546	(2,405,369)

	31 December 2016 Restated				
	Equity	Net Profit/ (Loss)	Statment of financial position	Proportion in income	Dividends/ Income received
Investments Funds	270,677,984	32,315,645	31,029,671	1,863,867	(1,235,677)
IVN - Serviços Partilhados, SA	60,453,882	5,930,459	28,495,261	2,965,230	-
Others	52,019,026	4,361,367	23,764,176	1,756,499	(114,810)
Total	383,150,892	42,607,471	83,289,108	6,585,596	(1,350,487)

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

	30 June 2017			
	Investments Funds	IVN - Serviços Partilhados, SA	Others	Total
Balance as at 1 January	31,029,671	30,226,941	23,764,176	85,020,788
Fair value of acquired assets (Note 3)	-	(1,731,680)	-	(1,731,680)
Balance as at 1 January	31,029,671	28,495,261	23,764,176	83,289,108
Dividends distributed	-	(1,050,475)	(111,750)	(1,162,225)
Income distribution from investment funds	(1,243,144)	-	-	(1,243,144)
Changes in shareholding interests	(980,013)	-	-	(980,013)
Exchange rate effect	-	-	6,224	6,224
Acquisition of subsidiaries (Note 4)	-	-	1,461,569	1,461,569
Changes in hedge reserves	-	(162,049)	(71,356)	(233,405)
Others	-	6,146	162,030	168,176
Profit for the period attributable to non-controlling interests	715,220	904,821	648,505	2,268,546
Closing balance	29,521,734	28,193,704	25,859,398	83,574,836

	30 June 2016 Restated			
	Investments Funds	IVN - Serviços Partilhados, SA	Others	Total
Balance as at 1 January	30,390,421	-	21,902,464	52,292,885
Dividends distributed	-	-	(114,810)	(114,810)
Income distribution from investment funds	(493,079)	-	-	(493,079)
Changes in shareholding interests	134,197	-	-	134,197
Exchange rate effect	-	-	38,739	38,739
Acquisition of subsidiaries	-	25,887,826	-	25,887,826
Changes in hedge reserves	-	-	13,020	13,020
Profit for the period attributable to non-controlling interests	1,119,926	-	820,448	1,940,374
Closing Balance	31,151,465	25,887,826	22,659,861	79,699,152

18 LOANS

As at 30 June 2017 and 31 December 2016, “Loans” are made up as follows:

	30 June 2017		31 December 2016 Restated	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae Investimentos, SGPS, S.A. - commercial paper	150,000,000	230,000,000	148,000,000	121,000,000
Subsidiary of Sonae Investimentos 2014/2020	-	50,000,000	-	50,000,000
Subsidiary of Sonae Investimentos 2015/2020	-	55,000,000	-	55,000,000
Subsidiary of Sonae Investimentos 2015/2019	5,000,000	35,000,000	5,000,000	35,000,000
Sonae Investimentos 2017/2022	-	31,000,000	-	-
Others	5,023,358	21,273,153	6,678,849	20,540,714
	160,023,358	422,273,153	159,678,849	281,540,714
Bank overdrafts (Note 14)	20,975,096	-	17,729,578	-
Up-front fees beared with the issuance of loans	-	(204,611)	-	(265,801)
Bank loans	180,998,454	422,068,542	177,408,427	281,274,913
Bonds				
Bonds Sonae Investimentos /June 2013/ 2018	50,000,000	-	-	50,000,000
Bonds Sonae Investimentos / December 2015/2020	-	50,000,000	-	50,000,000
Bonds Sonae Investimentos / May 2015/2020	-	75,000,000	-	75,000,000
Bonds Sonae Investimentos / December 2015/2020	-	30,000,000	-	30,000,000
Bonds Sonae Investimentos / June 2016/2021	-	95,000,000	-	95,000,000
Bonds Sonae Investimentos / September 2016/2021	3,000,000	12,000,000	3,000,000	12,000,000
Bonds IVN 2016/2023	5,000,000	30,000,000	5,000,000	30,000,000
Up-front fees beared with the issuance of loans	(1,483)	(1,783,828)	(1,483)	(1,993,142)
Bonds	57,998,517	290,216,172	7,998,517	340,006,858
Other loans	13,208	1,335,080	12,030	1,335,080
Derivative instruments (Note 19)	5,117,814	-	358,117	-
Other loans	5,131,022	1,335,080	370,147	1,335,080
Obligations under finance leases	641,249	811,029	550,624	953,990
	244,769,242	714,430,823	186,327,715	623,570,841

The average interest rate at 30 June 2017 of bonds and loans was 1.33% (1.44% on 31 December 2016). These bonds and bank loans bear interests at variable interest rates indexed to Euribor.

The derivative instruments are recorded at fair value (Note 19).

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

	30 June 2017	31 December 2016 Restated
N+1	239,652,911	185,971,081
N+2	80,518,327	78,894,669
N+3	257,249,533	47,687,327
N+4	195,649,533	274,784,071
N+5	165,501,869	207,463,717
After N+5	17,500,000	17,000,000
	956,072,173	811,800,865

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

Under the credit facilities and commercial paper programs with firm commitments, the Group has 355 million euro credit facilities available to meet its liquidity requirements, as follows:

	30 June 2017		31 December 2016 Restated	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities	47,838,912	307,500,000	52,769,017	348,000,000
Agreed credit facilities	168,260,000	580,000,000	218,260,000	511,000,000

Additionally, as at 30 June 2017, Sonae Investimentos has, as detailed in Note 14 "Cash and cash equivalents", the value of 86,796,620 euro (119,726,191 euro on 31 December 2016).

19 DERIVATIVES

Exchange rate derivatives

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

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

The fair value of exchange rate derivatives hedging instruments, calculated based on present market value of equivalent financial instruments of exchange rate, is 5,117,814 euro as liabilities (358,117 euro as at 31 December 2016) and 485,192 euro as assets (4,207,972 euro as at 31 December 2016).

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

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

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

Interest rate derivatives

Sonae Investimentos does not have any interest rate hedging derivatives recorded as at 30 June 2017.

Interest rate and exchange rate derivatives

As at 30 June 2017 no contracts existed related to interest rate and exchange rate derivatives at the same time.

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets		Liabilities	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Hedging derivatives				
Exchange rate	485,192	4,207,972	5,117,814	358,117
	485,192	4,207,972	5,117,814	358,117

20 OTHER NON-CURRENT LIABILITIES

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

	30 June 2017	31 December 2016
Shareholders loans	400,031,260	400,001,807
Other non-current liabilities	1,777,656	1,044,316
Share based payments (Note 21)	1,634,879	1,759,823
Deferred of revenue from the sale of warranties extension	15,531,883	15,051,644
Accruals and deferrals	2,796,999	3,102,521
Other non-current liabilities	421,772,677	420,960,111

The caption “Shareholders loans” includes a subordinate bond loan, with a fixed interest rate, repayable after 10 years issued by Sonae Investimentos at market conditions on 28 December 2010 amounting to 400,000,000 euro corresponding to 8,000 bonds with a nominal value of 50,000 euro each, with a flat rate and repayment at the end of the loan period. The fair value of this loan on 30 June 2017 is 52,654 euro (52,994 euro as at 31 December 2016) per obligation having been determined based on discounted cash flows method and using as reference stock market values and there is no indication of impairment of the loan.

As at 30 June 2017, the caption “Other non-current liabilities” includes 573,542 euro (628,119 euro as at 31 December 2016) mainly refers to the estimated amounts to fulfil the legal and tax obligations of a Brazilian subsidiary which were considered appropriate to face up to future losses on lawsuits and for which legal deposits exist, which are recorded under the caption “Other non-current assets” (Note 11).

21 SHARE BASED PAYMENT PLANS

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

Liabilities arising from deferred performance bonuses as at 30 June 2017 and 31 December 2016 are made up as follows:

	Grant year	Vesting year	Number of participants	Number of shares		Fair Value	
				30 June 2017	31 December 2016	30 June 2017	31 December 2016
Shares							
	2014	2017	62	-	2,269,192	-	1,983,274
	2015	2018	72	1,671,756	1,717,914	1,704,794	1,501,457
	2016	2019	80	2,198,924	2,604,753	2,160,335	2,276,555
	2017	2020	86	3,417,114	-	3,328,269	-
Total				7,287,794	6,591,859	7,193,398	5,761,286

As at 30 June 2017 and 31 December 2016 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	30 June 2017	31 December 2016
Staff costs	1,537,624	1,144,484
Recorded in previous years	1,517,916	2,598,612
	3,055,541	3,743,096
Other non-current liabilities (Note 20)	1,634,879	1,759,823
Other current liabilities (Note 22)	1,420,662	1,983,273
	3,055,541	3,743,096

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

22 TRADE CREDITORS AND OTHER CURRENT LIABILITIES

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

	30 June 2017	31 December 2016
Trade creditors	975,871,191	1,123,715,076
Taxes payable	63,787,140	70,345,394
Other creditors		
Tangible asset suppliers	35,581,487	71,890,515
Related undertakings	90,673,157	44,396,659
Other debts	44,243,073	39,551,618
	170,497,717	155,838,792
Other current liabilities		
Holiday pay and bonuses	121,766,805	109,219,524
Other external supplies and services	35,425,427	34,617,917
Deferred of revenue from the sale of warranties extension	46,534,001	45,073,283
Marketing expenses	12,997,947	11,619,869
Charges made on the sale of real estate	17,255,336	17,558,769
Accrued income - rents	7,195,084	7,953,466
Share based payments (Note 21)	1,420,662	1,983,273
Interest payable to Others	17,808,740	1,688,638
Real estate municipality tax	2,459,663	2,154,473
Others	11,241,453	9,431,793
	274,105,117	241,301,005
	1,484,261,165	1,591,200,267

The caption “Related undertakings” includes:

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

The caption "Other debts" includes:

- 11,749,400 euro (8,344,127 euro as at 31 December 2016), of attributed discounts not yet redeemed related to loyalty card “Cartão Cliente”;
- 12,567,400 euro (15,042,306 euro as at 31 December 2016) related to means of payments owned by clients as vouchers, gift cards and discount tickets owned by clients; and
- 3,643,076 euro (3,992,919 euro as at 31 December 2016) related to amounts payable to Sonae Distribuição Brasil, SA buyer as a result of responsibilities assumed with that entity.

23 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

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

Caption	Balance as at 1 January 2017	Increase	Decrease	Changes in consolidation perimeter	Transfers	Balance as at 30 June 2017
Accumulated impairment losses on investments (Note 9.3)	-	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 (Note 11)	2,450,000	48,383	(2,450,000)	-	-	48,383
Accumulated impairment losses on trade accounts receivable and other debtors (Note 12)	14,980,488	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	10,162,354	(8,311,882)	169,244	22,925	159,717,240

Caption	Balance as at 1 January 2016 Restated	Increase	Decrease	Changes in consolidation perimeter	Fair value	Balance as at 30 June 2016 Restated
Accumulated impairment losses on tangible assets (Note 6)	134,000,955	6,536,987	(16,843,498)	416,568	-	124,111,012
Accumulated impairment losses on intangible assets	1,497,024	-	-	-	-	1,497,024
Accumulated impairment losses on other non current assets	2,450,000	-	-	-	-	2,450,000
Accumulated impairment losses on trade accounts receivable and other debtors	15,636,228	1,707,044	(2,149,380)	1,990,249	275,460	17,459,601
Non current provisions	12,485,642	1,490,505	(1,467,004)	-	5,077,750	17,586,893
Current provisions	2,819,950	-	-	218,500	-	3,038,450
	168,889,799	9,734,536	(20,459,882)	2,625,317	5,353,210	166,142,980

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

- 7,774,716 euro (8,521,318 euro as at 31 December 2016) relating to non-current contingencies assumed by the Company, when selling its subsidiary Sonae Distribuição Brasil, S.A. in 2005. The evolution of the provision between years is associated with the evolution of the real against the euro. This provision is being used in the moment at the liabilities are materialized, being constituted based on the best estimate of the expenses to be incurred with such liabilities and that result from a significant set of processes of a civil and labour nature and of small value; and
- the estimated liabilities incurred by the Group on the sale of warranty extension programs on products traded by Worten operating segment in the amount of 1,436,070 euro (1,449,195 euro as at 31 December 2016). These extensions are granted for a period of one to three years after the end of the legal mandatory warranty provided by the manufacturers.

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

24 CONTINGENT ASSETS AND LIABILITIES

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

Guarantees and sureties given	30 June 2017	31 December 2016
on tax claims	968,832,996	980,164,471
on judicial claims	336,310	816,509
on municipal claims	8,650,404	8,048,110
for proper agreement fulfillment	14,960,808	22,339,055
other guarantees	9,687,079	10,525,488

a) Tax claims

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

- Some retail operating segment subsidiaries of the Company granted guarantees or securities in favour of the Portuguese Tax Administration, associated with tax claims for additional VAT payment amounting to 553.5 million euro (556.7 million euro as at 31 December 2016) related to the period from 2004 to 2013, which the Company has presented, or has the intention of presenting, a tax appeal. Portuguese tax authorities claim that the Company should have invoiced VAT related to promotional discounts invoiced to suppliers which depend on the purchases made by the Group during the year, as it considers that the discounts correspond to services rendered by the company. Tax authorities also claim that the company should not have deducted VAT from discount vouchers used by its non-corporate clients;
- Sureties in the amount of, approximately, 60 million euro as a result of a tax appeal presented by the Company concerning an additional tax assessment by Tax authorities, relating to 31 December 2005, following the correction of taxable income for that period as Tax authorities did not accept the recognition of tax losses incurred after the liquidation of a subsidiary of Sonae Investimentos, since it considered that

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

- Sureties in the amount of, approximately 50 million euro, following a tax appeal presented by the Company concerning additional tax assessments made by Tax authorities, relating to 31 December 2002, which refer to the non-acceptance by Tax authorities of tax losses arising on the sale and liquidation of a subsidiary of the Group;
- Fiscal lawsuit related to rent tax, concerning a subsidiary of the Company in Brazil, in the amount of, approximately, 17.4 million euro (65.6 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 44.1 million euro (165.9 million Brazilian real). The difference between the value of the contingency and the value of the guarantee relates with the update of the related responsibility.

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

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

As permitted by law, the Group maintains the legal proceedings, in order to establish the recovery of those amounts, having recorded as an asset the amounts related with income taxes paid under those plans (Note 11).

c) Other contingent liabilities

- Contingent liabilities related to discontinued activities in subsidiaries in Brazil

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

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

25 OTHER INCOME

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

	30 June 2017	30 June 2016 Restated
Supplementary income	335,020,466	310,615,982
Prompt payment discounts received	11,753,092	12,056,089
Exchange differences	9,870,257	8,964,699
Own work capitalised	6,502,016	6,211,676
Gains on disposal of assets (Note 6)	211,346	63,351,400
Impairment losses and provisions reversals	1,644,205	3,457,465
Subsidies	128,060	501,470
Others	1,343,786	1,860,747
	366,473,228	407,019,529

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

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

26 INCOME TAX

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

	30 June 2017	30 June 2016 Restated
Current tax	(17,646,331)	8,077,477
Deferred tax	2,997,902	(7,352,087)
	(14,648,429)	725,390

27 RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	30 June 2017	30 June 2016 Restated	30 June 2017	30 June 2016 Restated
Parent company	754,520	710,308	934,022	500,743
Jointly controlled companies	10,644,569	-	124,037,316	-
Associated companies	20,359,828	18,137,217	235,647	78,757
Other related parties ¹⁾	26,669,605	28,674,922	32,341,764	18,275,790
	58,428,523	47,522,447	157,548,749	18,855,290

Transactions	Interest income		Interest expenses	
	30 June 2017	30 June 2016 Restated	30 June 2017	30 June 2016 Restated
Parent company	-	-	327,976	17,070,012
Jointly controlled companies	-	-	-	-
Associated companies	11,104	9,905	-	-
Other related parties ¹⁾	-	-	16,109,438	149,338
	11,104	9,905	16,437,414	17,219,350

Balances	Accounts receivable		Accounts payable	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Parent company	60,038,103	35,783,208	91,474,984	46,399,686
Jointly controlled companies	218,758	-	29,826,035	-
Associated companies	5,628,589	5,663,219	546,235	621,579
Other related parties ¹⁾	16,173,546	43,501,277	34,507,823	29,620,444
	82,058,995	84,947,704	156,355,077	76,641,709

Balances	Loans			
	Obtained		Granted	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Associated companies	-	-	1,500,001	660,663
Other related parties ¹⁾	400,000,000	400,027,000	-	-
	400,000,000	400,027,000	1,500,001	660,663

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

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

28 EARNINGS PER SHARE

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

	30 June 2017	30 June 2016 Restated
Net profit		
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	(2,634,198)	41,117,692
Net profit taken into consideration to calculate diluted earnings per share	(2,634,198)	41,117,692
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	900,000,000	900,000,000
Weighted average number of shares used to calculated diluted earnings per share	900,000,000	900,000,000
Earnings per share (basic and diluted)	(0.002927)	0.045686

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

29 PRESENTATION OF CONSOLIDATED INCOME STATEMENT

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

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

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

The reconciliation between consolidated income and direct-indirect income for the periods ended 30 June 2017 and 2016 can be summarised as follows:

	30 June 2017			30 June 2016 Restated		
	Consolidated accounts	Indirect income	Direct income	Consolidated accounts	Indirect income	Direct income
Turnover	2,539,550,684	-	2,539,550,684	2,353,254,876	-	2,353,254,876
Investment income						
Dividends and other adjustments	130,000	-	130,000	102,077	-	102,077
Others	(7,615,503)	-	(7,615,503)	(10,671)	-	(10,671)
Impairment losses reversal	1,646,388	-	1,646,388	1,998,137	-	1,998,137
Others	364,693,715	-	364,693,715	341,876,579	-	341,876,579
Total income	2,898,405,284	-	2,898,405,284	2,697,220,998	-	2,697,220,998
Total expenses	(2,784,906,004)	(368,111)	(2,784,537,893)	(2,584,725,988)	(508,533)	(2,584,217,455)
Depreciation and amortisation	(91,481,788)	-	(91,481,788)	(81,313,004)	-	(81,313,004)
Losses on tangible and intangible assets	(2,327,958)	-	(2,327,958)	(4,603,797)	-	(4,603,797)
Provisions and impairment:	-	-	-	-	-	-
Provisions for warranty extensions	13,125	-	13,125	-	-	-
Others	(1,553,894)	-	(1,553,894)	(7,734,679)	-	(7,734,679)
Profit before financial results and share of results in joint ventures and associated companies	18,148,765	(368,111)	18,516,877	18,843,530	(508,533)	19,352,064
Non recurrent items	(5,167,490)	-	(5,167,490)	55,760,823	-	55,760,823
Financial profit/(loss)	(25,599,442)	-	(25,599,442)	(30,147,582)	-	(30,147,582)
Share of results in joint ventures and associated undertakings						
MDS	(860,246)	-	(860,246)	(236,409)	-	(236,409)
Ulabox	(942,636)	-	(942,636)	(535,770)	-	(535,770)
Others	(593,030)	-	(593,030)	98,866	-	98,866
Profit before taxation	(15,014,081)	(368,111)	(14,645,969)	43,783,458	(508,533)	44,291,992
Income tax	14,648,429	-	14,648,429	(725,390)	-	(725,390)
Profit/(Loss) after taxation	(365,652)	(368,111)	2,460	43,058,067	(508,533)	43,566,601
Attributable to equity holders of Sonae	(2,634,198)	(368,111)	(2,266,087)	41,117,692	(508,533)	31,690,914
Non-controlling interests	2,268,546	-	2,268,546	1,940,374	-	1,940,374
"Underlying" EBITDA (b)			112,104,128			110,903,329
Direct EBITDA (a)			104,540,725			165,990,839
Direct EBIT (c)			10,823,474			74,337,496

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

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

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

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

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

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

30 SUBSEQUENT EVENTS

As at 25 July 2017, Sonae RP concluded a sale and leaseback operation of 4 food retail assets located in Portugal. This operation totalled 34.7 million euro and generated an estimated capital gain of 10.3 million euro. In fact, Sonae MC's level of freehold assets stood at 48%.

31 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 23 August 2017.

32 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 2017 and 31 December 2016 are as follows:

COMPANY	Head Office	Percentage of capital held			
		30 June 2017		31 December 2016	
		Direct*	Total*	Direct*	Total*
Sonae Investimentos, SGPS, SA	Matosinhos	Holding	Holding	Holding	Holding
Sonae MC					
BB Food Service, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Bom Momento – Restauração, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
1) Brio – Produtos de Agricultura Biológica, SA	a) Matosinhos	100,00%	100,00%	-	-

	Continente Hipermercados. SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
	Elergone Energias, Lda	a)	Matosinhos	75.00%	75.00%	75.00%	75.00%
	Farmácia Selecção. SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
2)	Go Well – Promoção de Eventos, Catering e Consultoria, SA	a)	Lisboa	51,00%	51,00%	-	-
	MCCARE – Serviços de Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	MJB – Design, Lda	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modelo Continente Hipermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modelo Continente International Trade, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmaconcept – Actividades em Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
3)	SK Skin Health Cosmetics, SA	a)	Matosinhos	100,00%	100,00%	-	-
4)	Sohi Meat Solutions- Distribuição de Carnes, SA	a)	Matosinhos	50.00%	50.00%	100.00%	100.00%
	Sonae MC – Modelo Continente. SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae MC S2 Africa Limited	a)	La Valeta (Malta)	100.00%	100.00%	100.00%	100.00%

Worten

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

Sports & Fashion

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

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

Têxtil do Marco, SA	a)	Marco de Canaveses	92.76%	92.76%	92.76%	92.76%
Usebti Textile México S.A. de C.V.	a)	City of Mexico (Mexico)	100.00%	100.00%	100.00%	100.00%
Zippy – Comércio e Distribuição, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Zippy - Comércio Y Distribución, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Zippy Cocuk Malz.Dag.Ith.Ve Tic Ltd.Sti	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
ZYEvolution- Investig.e Desenvolvimento, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sonae RP						
Arat Inmuebles, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
3) Asprela – Sociedade Imobiliária, SA	a)	Matosinhos	100,00%	100,00%	-	-
Azulino Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100,00%	100,00%	100,00%	100,00%
Canasta - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fozimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosedede	a)	Maia	80.40%	80.40%	80.40%	80.40%
Fundo de Investimento Imobiliário Fechado Imosonae Dois	a)	Maia	98.69%	98.69%	97.91%	97.91%
Igimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Iginha - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoestrutura - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoresultado - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imosistema - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
MJLF - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%

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

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

- a) Control held by majority of voting rights which confer power of relevant activities that influence;
 - b) Control held by management control.
- 1) Company acquired as at 26 April 2017;
 - 2) Company acquired as at 16 May 2017;
 - 3) Company created during the period;
 - 4) On January 3rd 2017, a Joint Venture was established between Sonae MC and Hilton Food Group PLC through a capital increase of this Group on Sohimeat. From this moment onwards, Sohimeat is consolidated through the equity method;
 - 5) Company acquired as at 22 February 2017.

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

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Luís Miguel Mesquita Soares Moutinho

Luis Miguel Vieira de Sá da Mota Freitas

Luis Filipe Campos Dias de Castro Reis

**Condensed separate
financial statements**

CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017 AND 2016 AND 31 DECEMBER 2016

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

(Amounts expressed in euro)	Notes	30.June.2017	30.June.2016	31.December.2016
ASSETS				
NON-CURRENT ASSETS:				
Intangible assets		151	321	215
Investments in subsidiaries and associates	4	1,613,293,805	1,681,791,219	1,625,691,885
Other non-current assets	5	1,148,371,882	1,176,996,036	1,149,120,000
Total non-current assets		2,761,665,838	2,858,787,576	2,774,812,100
CURRENT ASSETS:				
Trade account receivables and other current assets	6	1,615,550,868	2,215,606,312	1,618,633,280
Cash and cash equivalents	7	109,507	1,593,992	215,967
Total current assets		1,615,660,375	2,217,200,304	1,618,849,247
TOTAL ASSETS		4,377,326,213	5,075,987,880	4,393,661,347
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	8	1,000,000,000	1,000,000,000	1,000,000,000
Reserves and retained earnings		1,796,785,082	1,758,675,056	1,758,675,056
Profit/(Loss) for the period		(11,338,081)	6,338,854	78,110,026
TOTAL EQUITY		2,785,447,001	2,765,013,910	2,836,785,082
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	9	521,216,172	532,606,740	431,006,858
Other non-current liabilities	10	400,000,000	400,234,375	400,000,000
Total non-current liabilities		921,216,172	932,841,115	831,006,858
CURRENT LIABILITIES:				
Loans	9	208,794,815	176,787,928	153,556,224
Trade creditors and other current liabilities	11	461,868,225	1,201,344,927	572,313,183
Total current liabilities		670,663,040	1,378,132,855	725,869,407
TOTAL EQUITY AND LIABILITIES		4,377,326,213	5,075,987,880	4,393,661,347

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

The Board of Directors

CONDENSED SEPARATE INCOME STATEMENT FOR THE PERIODS ENDED 30 JUNE 2017 AND 2016

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

(Amounts expressed in euro)	Notes	2 nd quarter 2017	2 nd quarter 2016	30.June.2017	30.June.2016
Gains or losses on investments	14	(3,866,139)	5,466,283	(2,473,766)	5,581,093
Financial income	15	7,687,431	16,888,927	15,299,950	34,454,049
Other income		85,254	91,926	165,522	191,786
External supplies and services		(765,577)	(761,678)	(1,562,412)	(1,615,794)
Staff costs		(8,708)	(17,972)	(17,472)	(26,690)
Depreciation and amortisation		(33)	(57)	(65)	(114)
Financial expenses	15	(12,053,541)	(17,084,061)	(23,957,812)	(35,170,819)
Other expenses		(10,557)	(9,847)	(26,445)	(33,435)
Profit/(Loss) before taxation		(8,931,870)	4,573,521	(12,572,500)	3,380,076
Taxation		165,426	2,709,935	1,234,419	2,958,778
Profit/(Loss) after taxation		(8,766,444)	7,283,456	(11,338,081)	6,338,854
Profit/(Loss) per share (basic and diluted)	16	(0.0097)	0.0080	(0.0126)	0.0070

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

The Board of Directors,

CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 JUNE 2017 AND 2016

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

(Amounts expressed in euro)	2 nd quarter 2017	2 nd quarter 2016	30.June.2017	30.June.2016
Net Profit / (Loss) for the period	(8,766,444)	7,283,456	(11,338,081)	6,338,854
Total comprehensive income for the period	(8,766,444)	7,283,456	(11,338,081)	6,338,854

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

The Board of Directors

CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED AS AT 30 JUNE 2017 AND 2016

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

(Amounts expressed in euro)	Share capital	Legal reserve	Other reserves and retained earnings	Total reserves and retained earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2016	1,000,000,000	170,940,266	1,647,891,199	1,818,831,465	(20,156,409)	2,798,675,056
Total comprehensive income for the period	-	-	-	-	6,338,854	6,338,854
Appropriation of profit of 2015:						
Transfer to other reserves	-	-	(20,156,409)	(20,156,409)	20,156,409	-
Reserves distributed	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)
Balance as at 30 June 2016	1,000,000,000	170,940,266	1,587,734,790	1,758,675,056	6,338,854	2,765,013,910
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 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

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

The Board of Directors,

CONDENSED SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 30 JUNE 2017 AND 2016

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

(Amounts expressed in euro)	Notes	2 nd quarter 2017	2 nd quarter 2016	30.June.2017	30.June.2016
OPERATING ACTIVITIES					
Net cash flow from operating activities (1)		(2,166,316)	(2,898,691)	(3,706,679)	(4,750,834)
INVESTMENT ACTIVITIES					
Cash receipts arising from:					
Interest and similar income		82,308	246,043	30,343,474	21,039,676
Dividends		1,611,750	114,810	1,611,750	114,810
Others		6,204,643	5,479,445	6,204,643	5,479,445
Loans granted		688,451,035	677,614,281	1,403,693,081	1,412,077,599
		696,349,736	683,454,579	1,441,852,948	1,438,711,530
Cash payments arising from:					
Investments		(50,000)	(830,838)	(50,000)	(1,523,591)
Loans granted		(674,936,218)	(753,571,518)	(1,411,841,764)	(1,478,154,165)
		(674,986,218)	(754,402,356)	(1,411,891,764)	(1,479,677,756)
Net cash used in investment activities (2)		21,363,518	(70,947,777)	29,961,184	(40,966,226)
FINANCING ACTIVITIES					
Cash receipts arising from:					
Loans obtained		1,921,429,000	1,667,956,228	3,516,142,000	3,358,004,556
Investments		1,170,954	2,540,000	3,676,987	2,540,000
		1,922,599,954	1,670,496,228	3,519,818,987	3,360,544,556
Cash payments arising from:					
Loans obtained		(1,938,059,000)	(1,611,167,100)	(3,541,523,000)	(3,319,793,072)
Investments		(483,730)	(7,100,000)	(1,941,566)	(9,900,000)
Interest and similar charges		(4,289,474)	(9,514,508)	(5,953,977)	(11,702,234)
		(1,942,832,204)	(1,627,781,608)	(3,549,418,543)	(3,341,395,306)
Net cash used in financing activities (3)		(20,232,250)	42,714,620	(29,599,556)	19,149,250
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(1,035,048)	(31,131,848)	(3,345,051)	(26,567,810)
Cash and cash equivalents at the beginning of the period		(4,651,743)	(7,758,008)	(2,341,740)	(12,322,046)
Cash and cash equivalents at the end of the period	7	(5,686,791)	(38,889,856)	(5,686,791)	(38,889,856)

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

The Board of Directors,

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

(Amounts expressed in euro)

1 INTRODUCTION

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

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

2 BASIS OF PREPARATION

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

3 PRINCIPAL ACCOUNTING POLICIES

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

4 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES COMPANIES

As at 30 June 2017 and 31 December 2016, the investments in subsidiaries and associates companies are made up as follows:

Companies	30.June.2017		31.December.2016	
	% held	Final balance	% held	Final balance
Apor - Agência para a Modernização do Porto, SA	22.75%	300,000	22.75%	300,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	100.00%	-	100.00%	-
Elergone Energia, Lda	75.00%	1,118,737	75.00%	1,118,737
Fundo de Investimento Imobiliário Fechado Imosede	80.40%	103,497,607	80.40%	103,497,607
Fundo de Investimento Imobiliário Imosonaes Dois	0.78%	143,429	-	-
MCCARE, Serviços de Saúde, SA	100.00%	50,000	100.00%	50,000
MDS, SGPS, SA	47.52%	30,919,631	47.53%	41,996,920
Modelo - Distribuição de Materiais de Construção, SA	50.00%	21,510,614	50.00%	21,510,614
MOVVO, SA	25.58%	3,507,841	25.58%	3,252,061
Ponto de Chegada - Promoção Imobiliária, SA	-	-	100.00%	2,100,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	100.00%	565,000	100.00%	565,000
SFS - Serviços de Gestão e Marketing, SA	100.00%	380,000	100.00%	50,000
Sonae Capital Brasil, Ltda	37.00%	-	37.00%	-
Sonae Center Serviços II, SA	100.00%	58,032,319	100.00%	58,032,319
Sonae MC - Modelo Continente, SGPS, SA	100.00%	1,375,504,276	100.00%	1,375,504,276
Sonae Financial Services, SA	100.00%	17,330,000	100.00%	17,330,000
Sonae SR Malta Holding Limited	-	1	-	1
Sonaegest - Soc. Gest. de Fundos de Investimento, SA	40.00%	384,351	40.00%	384,351
SK - Skin Health Cosmetics, SA	100.00%	50,000	-	-
Total		1,613,293,805		1,625,691,885

5 OTHER NON-CURRENT ASSETS

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

	30.June.2017	31.December.2016
Loans granted	1,147,371,882	1,149,080,000
Other debtors	1,000,000	40,000
Total	1,148,371,882	1,149,120,000

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

As at 30 June 2017 and 31 December 2016 the loans granted are no past due.

6 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

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

	30.June.2017	31.December.2016
Group companies:		
Short term loans	1,574,729,749	1,564,872,949
Interests charged but not received	195,765	30,448,655
Taxes - Special Regime for taxation of groups of companies	6,365,735	5,149,159
Additional tax payment	17,721	17,721
Special regime for payment of tax and social security debts (DL 248-A/2002, 14 November)	2,795,019	2,795,019
Special regime for payment of tax and social security debts (DL 151-A/2013, 31 October)	788,298	788,298
Special program for debt reduction to tax authorities (PERES) (DL 67/2016, 3 November)	1,002,114	1,002,114
Receivables on the sale of investments	40,000	575,714
Taxes recoverable	9,757,158	8,362,600
Accrued and deferred assets	19,665,214	4,542,059
Others	194,095	78,992
Total	1,615,550,868	1,618,633,280

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

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

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

7 CASH AND CASH EQUIVALENTS

As at 30 June 2017 and 31 December 2016, cash and cash equivalents can be detailed as follows:

	30.June.2017	31.December.2016
Bank deposits	109,507	215,967
Cash and cash equivalents on the balance sheet	109,507	215,967
Bank overdrafts	(5,796,298)	(2,557,707)
Cash and cash equivalents on the cash flow statement	(5,686,791)	(2,341,740)

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

8 SHARE CAPITAL

As at 30 June 2017 and 31 December 2016, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares, with a nominal value of 1 euro each.

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

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

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

9 BORROWINGS

As at 30 June 2017 and 31 December 2016, this caption included the following loans:

	30.June.2017	31.December.2016
Bonds Sonae Investimentos / June 2013/2018	-	50,000,000
Bonds Sonae Investimentos / December 2015/2020	50,000,000	50,000,000
Bonds Sonae Investimentos / May 2015/2020	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	12,000,000	12,000,000
Up-front fees not yet charged to income statement	(1,783,828)	(1,993,142)
Bonds loans	260,216,172	310,006,858
Commercial paper	230,000,000	121,000,000
Other bank loans	31,000,000	-
Bank loans	261,000,000	121,000,000
Non-current loans	521,216,172	431,006,858
	30.June.2017	31.December.2016
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	(1,483)	(1,483)
Bonds loans	52,998,517	2,998,517
Commercial paper	150,000,000	148,000,000
Bank overdrafts	5,796,298	2,557,707
Bank loans	155,796,298	150,557,707
Current loans	208,794,815	153,556,224

Under the above mentioned lines of credit and commercial paper programs with firm commitments, the company had 343 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	153,000,000	525,000,000
Available credit facilities amounts	47,528,182	295,000,000

The interest rate as at 30 June 2017 of the bonds and bank loans was, on average, 1.33% (1.43% as at 31 December 2016).

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

	30.June.2017	31.December.2016
N+1	208,796,298	153,557,707
N+2	60,500,000	60,500,000
N+3	115,500,000	10,500,000
N+4	189,200,000	163,000,000
N+5	157,800,000	199,000,000

10 OTHER NON-CURRENT LIABILITIES

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

	30.June.2017	31.December.2016
Loans granted	400,000,000	400,000,000
Total	400,000,000	400,000,000

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

As at 30 June 2017 the fair value of this bond loan is 52,654 euro (52,994 euro on 31 December 2016) per bond, and was determined based on discounted cash flows method.

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

11 TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

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

	30.June.2017	31.December.2016
Suppliers	20,667	41,122
Group companies:		
Short term loans	394,838,082	562,219,082
Taxes - Special Regime for taxation of groups of companies	4,534,686	4,532,087
Taxes and contributions payable	1,898,356	1,893,948
Accrued and deferred liabilities	20,244,971	3,324,996
Others	331,463	301,948
Total	461,868,225	572,313,183

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

12 CONTINGENT LIABILITIES

As at 30 June 2017 and 31 December 2016 the contingent liabilities were detailed as follows:

	30.June.2017	31.December.2016
Guarantees rendered:		
related to tax claims awaiting outcome		
Guarantees provided by financial institutions	84,934,460	86,763,780
Guarantees provided by parent company	248,662,905	255,152,531
others	5,016,098	12,403,113
Guarantees given in favour of subsidiaries (a)	62,888,849	62,888,849

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

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

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

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

13 RELATED PARTIES

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

Balance:	30.June.2017	31.December.2016
Parent companies	4,851,910	3,671,763
Subsidiaries	19,614,728	34,701,540
Associated companies	1,000,000	9,545
Accounts receivable	25,466,638	38,382,848
Parent companies	40,579,709	1,372,154
Subsidiaries	6,599,953	5,165,471
Other related parties	16,445,747	355,747
Accounts payable	63,625,409	6,893,372
Subsidiaries	2,725,343,546	2,716,543,747
Associated companies	-	651,119
Loans granted	2,725,343,546	2,717,194,866
Subsidiaries	394,838,082	562,219,082
Other related parties	400,000,000	400,000,000
Loans obtained	794,838,082	962,219,082

Transactions:	30.June.2017	30.June.2016
Parent companies	637,296	709,466
Associated companies	31,438	8,295
Other related parties	71	70
Purchases and services obtained	668,805	717,831
Parent companies	29,129	32,211
Subsidiaries	130,190	143,198
Other income	159,319	175,409
Subsidiaries	15,285,681	33,985,571
Associated companies	8,753	47,351
Interest income	15,294,434	34,032,922
Parent companies	327,976	17,071,012
Subsidiaries	1,482,979	8,286,611
Other related parties	16,105,540	111,892
Interest expenses	17,916,495	25,469,515
Subsidiaries	1,611,750	114,810
Dividend income	1,611,750	114,810
Subsidiaries	1,968,533	-
Other related parties	6,507	-
Investments disposal	1,975,040	-
Subsidiaries	2,000,000	-
Loans disposal	2,000,000	-
Subsidiaries	467,910	9,900,000
Associated companies	255,780	-
Investments increased	723,690	9,900,000
Subsidiaries	6,204,643	5,479,445
Income from Investment Fund Participation Units	6,204,643	5,479,445

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

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

14 GAINS OR LOSSES ON INVESTMENTS

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

	30.June.2017	30.June.2016
Dividends received	1,611,750	114,810
Income of financial investments	6,204,643	5,479,445
Reverse of impairment losses	1,000,000	-
Impairment losses	(11,063,739)	-
Losses on investments sales	(226,420)	(13,162)
Total	(2,473,766)	5,581,093

15 FINANCIAL INCOME / EXPENSES

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

	30.June.2017	30.June.2016
Interest receivable		
related to bank deposits	3,731	6,159
related to loans granted	15,294,434	34,032,922
Others	1,785	21,939
Others financial income	-	393,029
Financial income	15,299,950	34,454,049
Interest payable		
related to bank deposits and overdrafts	(1,184,122)	(1,326,383)
related to non convertible bonds	(3,116,531)	(5,933,777)
related to loans obtained	(17,916,494)	(25,469,515)
Other financial expenses		
Up front fees on the issuance of debt	(1,738,547)	(2,345,780)
Others	(2,118)	(95,364)
Financial expenses	(23,957,812)	(35,170,819)

16 EARNINGS PER SHARE

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

	30.June.2017	30.June.2016
Net Profit/(loss)		
Net profit/(loss) taken into consideration to calculate basic earnings per share (Net profit for the period)	(11,338,081)	6,338,854
Net profit/(loss) taken into consideration to calculate diluted earnings per share	(11,338,081)	6,338,854
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)	(0.0126)	0.0070

17 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 23 August 2017.

18 INFORMATION REQUIRED BY LAW

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

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

Sonae Capital Brasil Ltda

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

BB Food Service, SA

BRIO - Produtos de Agricultura Biológica, SA

Efanor Investimentos, SGPS, SA

MCCARE, Serviços de Saúde, SA

MDS, SGPS, SA

Sonae, SGPS, SA

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

<u>Company</u>	<u>30.June.2017</u>
BB Food Service, SA	127,000
Bertimóvel - Sociedade Imobiliária, SA	6,552,000
Bom Momento - Comércio Retalhista, SA	254,000
BRIO - Produtos de Agricultura Biológica,SA	14,000
Contimobe - Imobiliária do Castelo de Paiva, SA	1,820,000
Continente Hipermercados, SA	201,329,082
Elergone Energia, Lda	3,000
Farmácia Selecção, SA	669,000
Infocfield - Informática, SA	325,000
Modelo Hiper Imobiliária, SA	4,695,000
Pharmacontinente - Saúde e Higiene, SA	6,614,000
Predicomercial - Promoção Imobiliária, SA	12,247,000
Sesagest - Projectos e Gestão Imobiliária, SA	39,565,000
Sonaesr Serviços e Logística, SA	6,112,000
Têxtil do Marco, SA	1,178,000
Tlantic Portugal - Sistemas de Informação, SA	41,000
Worten - Equipamentos para o Lar, SA	113,293,000
Total	394,838,082

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

Company	30.June.2017
Azulino - Imobiliária, SA	95,000
Asprela - Sociedade Imobiliária, SA	2,175,000
BB Food Service, SA	246,000
Canasta - Empreendimentos Imobiliários, SA	296,463
Chão Verde - Sociedade de Gestão Imobiliária, SA	4,876,000
Citorres - Sociedade Imobiliária, SA	36,000
Cumulativa - Sociedade Imobiliária, SA	80,009
Elergone Energia, Lda	931,000
Fashion Division, SA	42,634,100
Fozimo – Sociedade Imobiliária, SA	37,000
Igimo – Sociedade Imobiliária, SA	202,000
Iginha – Sociedade Imobiliária, SA	420,000
Imoestrutura - Sociedade Imobiliária, SA	63,000
Imomuro - Sociedade Imobiliária, SA	83,000
Imoresultado – Sociedade Imobiliária, SA	67,000
Imosistema - Sociedade Imobiliária, SA	58,000
Make Notes Design, Lda	1,026,000
MCCARE - Serviços de Saúde, SA	348,000
MJLF - Empreendimentos Imobiliários, SA	43,000
Modalfa - Comércio e Serviços, SA	13,737,971
Modalloop - Vestuário e Calçado, SA	2,911,500
Modelo Continente Hipermercados, SA	680,685,000
Pharmaconcept - Actividades em Saúde, SA	3,000
Ponto de Chegada - Sociedade Imobiliária, SA	2,244,000
Predilugar - Sociedade Imobiliária, SA	240,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	1,402,169
Sempre à Mão - Sociedade Imobiliária, SA	252,000
Socijofra - Sociedade Imobiliária, SA	221,000
Sociloures - Sociedade Imobiliária, SA	847,000
Sonae Capital Brasil, Ltda	7,270,628
Sonae Center Serviços II, SA	46,748,000
Sonae MC - Modelo Continente, SGPS, SA	1,854,513,200
Sonaerp - Retail Properties, SA	52,914,006
Sondis Imobiliária, SA	834,000
Valor N, SA	62,000
Zippy - Comércio e Distribuição, SA	6,685,500
Zyevolution - Investigação e Desenvolvimento, SA	56,000
Total	2,725,343,546

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Luís Miguel Mesquita Soares Moutinho

Luis Miguel Vieira de Sá da Mota Freitas

Luis Filipe Campos Dias de Castro Reis