

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

31 March 2018

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 three months of 2018.

Activity evolution for the period

During the course of the first three months of 2018, the consolidated turnover of Sonae Investimentos totalled 1,310 million euros, which corresponds to an increase of 8.9% when compared to the same period of the previous year. Performance benefited from the increased contributions of every businesses, with highlights for Sonae MC and Worten, which sales evolution was 10.0% and 9.3%, respectively.

The Company's operating cash-flow (EBITDA) reached 55 million euros, representing an increase of 4 million euros versus last year. This evolution reflects the EBITDA increase of every businesses, once again with Sonae MC registering the highest growth.

Overall, EBITDA margin stood at 4.2% of turnover, decreasing -0.1p.p. comparing to 3M17. Operating results (EBIT) amounted to 8 million euros in the period, slightly decreasing when compared to the first three months of 2017, which is mainly driven by the increase of depreciations.

Sonae Investimentos consolidated net result in the first three months of 2018 totalled -11 million euros, behind last year comparable period.

Overall, it should be mentioned that the performance of retail businesses during first quarter 2018 was highly impacted by the favourable calendar effect, mainly the Easter season during first quarter.

By the end of March, Sonae Investimentos operated in an overall portfolio of 1,671 stores, corresponding to a sales area of 1,126 thousand sqm. During this period, Sonae MC, Sonae Sports & Fashion and Worten continued to consolidate its store networks, which excludes Sport Zone stores since February 2018.

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, 15 of May 2018

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Luis Miguel Mesquita Soares Moutinho

Luis Miguel Vieira de Sá da Mota Freitas

Luis Filipe Campos Dias de Castro Reis

Glossary

Turnover

Sale of articles + services rendered;

EBITDA

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

“Underlying” EBITDA

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

Direct EBIT

Direct EBT - financial results;

Direct EBT

Direct results before non-controlling interests and taxes;

Direct income

Results excluding contributions to indirect income;

Indirect income

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

**Condensed consolidated
financial statements**

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

(Amounts expressed in euro)

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

ASSETS	Notes	31 Mar 2018	31 Mar 2017 Restated (Note 3.1)	31 Dec 2017
NON-CURRENT ASSETS:				
Tangible assets	6	1,609,395,416	1,602,822,499	1,647,932,404
Intangible assets	7	337,293,364	332,464,918	342,916,302
Goodwill	8	547,617,349	544,073,187	553,339,386
Investments in joint ventures and associates	9	118,377,501	52,402,917	41,442,483
Other investments	10	12,394,197	10,900,930	12,323,383
Deferred tax assets	13	49,415,076	49,209,919	56,857,992
Other non-current assets	11	19,224,956	15,876,738	20,152,898
Total Non-Current Assets		2,693,717,859	2,607,751,108	2,674,964,848
CURRENT ASSETS:				
Inventories		628,853,198	692,206,759	713,020,919
Trade account receivable and other current assets	12	302,433,305	337,317,180	272,829,989
Investments	10	158,413	688,118	179,881
Cash and cash equivalents	14	145,968,475	73,323,185	162,378,843
Total Current Assets		1,077,413,391	1,103,535,242	1,148,409,632
Non current assets held for sale		-	-	782,540
TOTAL ASSETS		3,771,131,250	3,711,286,350	3,824,157,020
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	15	1,000,000,000	1,000,000,000	1,000,000,000
Own shares		(320,000,000)	(320,000,000)	(320,000,000)
Reserves and retained earnings		13,776,143	(15,107,194)	(14,086,582)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		(10,892,505)	(7,363,828)	27,632,093
Equity attributable to the equity holders of the Parent Company		682,883,638	657,528,978	693,545,511
Equity attributable to non-controlling interests	16	91,639,817	82,931,284	92,016,336
TOTAL EQUITY		774,523,455	740,460,262	785,561,847
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	17	854,925,814	800,946,288	620,484,413
Other non-current liabilities	19	414,699,741	422,078,144	415,789,765
Deferred tax liabilities	13	123,270,038	102,851,573	122,806,483
Provisions	22	14,395,521	16,125,607	14,659,973
Total Non-Current Liabilities		1,407,291,114	1,342,001,612	1,173,740,634
CURRENT LIABILITIES:				
Loans	17	81,311,848	140,325,770	181,238,135
Trade creditors and other current liabilities	21	1,503,010,833	1,485,290,140	1,678,006,021
Provisions	22	4,994,000	3,208,566	5,610,383
Total Current Liabilities		1,589,316,681	1,628,824,476	1,864,854,539
TOTAL LIABILITIES		2,996,607,795	2,970,826,088	3,038,595,173
TOTAL EQUITY AND LIABILITIES		3,771,131,250	3,711,286,350	3,824,157,020

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

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018 AND 2017

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

(Amounts expressed in euro)		31 Mar 2018	31 Mar 2017 Restated (Note 3.2)
	Notes		
Sales	5	1,275,057,912	1,173,052,792
Services rendered	5	34,929,309	30,424,682
Investment income investments recorded at fair value through profit		8	-
Financial income		1,490,162	1,545,665
Other income	24	24,021,860	21,783,528
Cost of goods sold and materials consumed		(916,746,316)	(836,420,978)
Changes in stocks of finished goods and work in progress		(1,117,406)	(31,362)
External supplies and services		(164,285,417)	(155,744,828)
Staff costs		(179,232,368)	(164,027,073)
Depreciation and amortisation	6 and 7	(47,120,413)	(43,096,404)
Provisions and impairment losses		(1,721,739)	(595,088)
Financial expense		(13,267,845)	(12,963,727)
Other expenses		(16,385,109)	(15,495,154)
Share of results of joint ventures and associated companies	9.3	(719,783)	(1,595,973)
Profit/(Loss) before taxation from continuing operations		(5,097,145)	(3,163,920)
Taxation	25	(12,143,139)	853,465
Profit/(Loss) before taxation from continuing operations		(17,240,284)	(2,310,455)
Profit/(Loss) from discontinued operations after taxation	3.2 and 4	7,280,231	(4,267,889)
Consolidated profit/(Loss) for the period		(9,960,053)	(6,578,344)
Attributable to equity holders of the Parent Company:			
Continuing operations		(18,094,156)	(3,097,222)
Discontinued operations		7,201,651	(4,266,606)
		(10,892,505)	(7,363,828)
Attributable to non-controlling interests			
Continuing operations		853,872	786,767
Discontinued operations		78,580	(1,283)
	16	932,452	785,484
Profit/(Loss) per share			
From continuing operations			
Basic	27	(0.020105)	(0.003441)
Diluted	27	(0.020105)	(0.003441)
From discontinued operations			
Basic	27	0.008002	(0.004741)
Diluted	27	0.008002	(0.004741)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 MARCH 2018 AND 2017

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

<i>(Amounts expressed in euro)</i>	31 Mar 2018	31 Mar 2017 Restated
Net Profit / (Loss) for the period	(9,960,053)	(6,578,344)
Items that maybe reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	791,309	133,119
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)	(430,953)	131,772
Changes in hedge and fair value reserves	17,996	(2,911,925)
Deferred taxes related with other components of comprehensive income	(40,941)	609,368
Other comprehensive income for the period	337,411	(2,037,666)
Total comprehensive income for the period	(9,622,642)	(8,616,010)
Attributable to:		
Equity holders of parent company	(10,578,258)	(9,350,016)
Non controlling interests	955,616	734,006

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

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 MARCH 2018 AND 2017

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

	Reserves and Retained Earnings								Net Profit/ (Loss)	Total	Non controlling Controlling Interests (Note 16)	Total Equity
	Share Capital	Own Shares	Legal Reserve	Currency translation Reserve	Hedging Reserve	Legal Reserves in accordance with article 342º CSC	Other Reserves and Retained Earnings	Total				
<i>(Amounts expressed in euro)</i>	Attributable to Equity Holders of Parent Company											
Balance as at 1 January 2017 Published	1,000,000,000	(320,000,000)	170,940,266	541,768	1,948,405	320,000,000	(546,738,326)	(53,307,887)	80,471,632	707,163,745	85,020,788	792,184,533
Restatement effect (Note 3.1)	-	-	-	-	-	-	-	-	-	-	(1,731,680)	(1,731,680)
Balance as at 1 January 2017 Restated	1,000,000,000	(320,000,000)	170,940,266	541,768	1,948,405	320,000,000	(546,738,326)	(53,307,887)	80,471,632	707,163,745	83,289,108	790,452,853
Total comprehensive income for the period	-	-	-	131,563	(2,249,522)	-	131,772	(1,986,187)	(7,363,828)	(9,350,016)	734,006	(8,616,010)
Appropriation of profit of 2016												
Transfer to legal reserves and retained earnings	-	-	3,905,502	-	-	-	76,566,130	80,471,632	(80,471,632)	-	-	-
Dividends distributed	-	-	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)	-	(40,000,000)
Income distribution	-	-	-	-	-	-	-	-	-	-	(111,750)	(111,750)
Partial disposal or acquisitions of affiliated companies	-	-	-	-	-	-	(287,862)	(287,862)	-	(287,862)	(980,014)	(1,267,876)
Others	-	-	-	-	-	-	3,110	3,110	-	3,110	(66)	3,045
Balance as at 31 March 2017 Restated	1,000,000,000	(320,000,000)	174,845,768	673,331	(301,117)	320,000,000	(510,325,176)	(15,107,194)	(7,363,828)	657,528,978	82,931,284	740,460,262
Balance as at 1 January 2018	1,000,000,000	(320,000,000)	174,845,768	2,703,308	167,896	320,000,000	(511,803,554)	(14,086,582)	27,632,093	693,545,511	92,016,336	785,561,847
Total comprehensive income for the period	-	-	-	785,331	(40,129)	-	(430,955)	314,247	(10,892,505)	(10,578,258)	955,616	(9,622,642)
Appropriation of profit of 2017												
Transfer to legal reserves and retained earnings	-	-	42,190	-	-	-	27,589,903	27,632,093	(27,632,093)	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-	(67,224)	(67,224)
Income distribution	-	-	-	-	-	-	-	-	-	-	(120,104)	(120,104)
Creation of affiliated companies	-	-	-	-	-	-	-	-	-	-	80,000	80,000
Change in consolidation method	-	-	-	-	-	-	-	-	-	-	(1,211,039)	(1,211,039)
Others	-	-	-	-	-	-	(83,615)	(83,615)	-	(83,615)	(13,768)	(97,383)
Balance as at 31 March 2018	1,000,000,000	(320,000,000)	174,887,958	3,488,639	127,767	320,000,000	(484,728,221)	13,776,143	(10,892,505)	682,883,638	91,639,817	774,523,455

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018 AND 2017

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

(Amounts expressed in euro)	Notes	31 Mar 2018	31 Mar 2017 Restated (Note 3.2)
OPERATING ACTIVITIES			
Net cash flow from operating activities (1)		(64,794,085)	(110,148,714)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	28	28,628,150	21,009,032
Tangible assets and investment properties		934,504	1,366,392
Interests and similar income		36,338	438,199
Loans granted		532	-
		<u>29,599,524</u>	<u>22,813,623</u>
Cash Payments arising from:			
Investments	28	(27,090,230)	(1,370,397)
Tangible assets and investment properties		(87,385,552)	(86,497,297)
		<u>(114,475,782)</u>	<u>(87,867,694)</u>
Net cash used in investment activities (2)		<u>(84,876,258)</u>	<u>(65,054,072)</u>
FINANCING ACTIVITIES			
Cash receipts arising from:			
Investments		14,339	537,500
Loans obtained		1,148,153,860	1,316,592,869
Capital increases, additional paid in capital and share premiums		80,000	-
		<u>1,148,248,199</u>	<u>1,317,130,369</u>
Cash Payments arising from:			
Investments		(271,570)	-
Loans obtained		(1,002,443,923)	(1,188,877,501)
Interests and similar charges		(3,453,327)	(2,746,252)
Dividends		(120,104)	-
Others		(4,457)	(3,812)
		<u>(1,006,293,381)</u>	<u>(1,191,627,565)</u>
Net cash used in financing activities (3)		<u>141,954,818</u>	<u>125,502,804</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>(7,715,526)</u>	<u>(49,699,982)</u>
Effect of foreign exchange rate		2,389	(34,874)
Effect of discontinued operations	4	(6,062,386)	-
Cash and cash equivalents at the beginning of the period	14	159,563,205	101,996,613
Cash and cash equivalents at the end of the period	14	<u>145,782,904</u>	<u>52,331,505</u>

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

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2018

(Amounts expressed in euro)

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

1 INTRODUCTION

Sonae 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 31 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 2017.

Basis of preparation

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

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

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

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

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

With mandatory application during the year 2018		Effective date (for financial years beginning on or after)
IFRS 9	Financial instruments (establishes the new requirements regarding the classification and measurement of financial assets and liabilities, the methodology for calculating impairment and for the application of hedge accounting rules)	01 Jan 2018
IFRS 15	Revenue from contracts with customers (introduces a principles-based revenue recognition framework based on a template to be applied to all contracts with customers)	01 Jan 2018
IFRS 16	Leases - (recognition and measurement principles)	01 Jan 2019
IFRS 15 (amendment)	Revenue from contracts with customers (various clarifications are introduced in the standard to eliminate the possibility of divergent interpretations of various topics)	01 Jan 2018
IFRS 4 (amendment)	Insurance contracts (provides guidance on the application of IFRS 4 in together with IFRS 9)	01 Jan 2018
IFRS 2 (amendment)	Share-based payment (include a number of clarifications in the standard related to recording share-based payment transactions that are settled with cash, (ii) recording changes in share-based payment transactions (of cash settled for settlement with equity instruments), (iii) the classification of transactions with cleared liquidation characteristics)	01 Jan 2018
	Annual Improvements to international financial reporting standards (cycle 2014-2016)	01 Jan 2017 and 01 Jan 2018

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

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

With mandatory application during the year 2018		Effective date (for financial years beginning on or after)
IFRS 9 (amendment)	Prepayment features with negative compensation	01 Jan 2019
IFRS 16	Leases - (recognition and measurement principles)	01 Jan 2019
IFRIC 22	Transactions in foreign currency and advances (establish the date of the initial recognition of the advance or deferred income as the date of the transaction for determining the exchange rate of the recognition of the revenue)	01 Jan 2019
IAS 40 (amendment)	Investment properties (clarify that the change in classification from or to investment property should only be made when there is evidence of a change in the use of the asset)	01 Jan 2018

The Group did not proceed to earlier adoption of any of these standards on the financial statements for the period ended on the 31 March 2018, since their application is not yet mandatory. The impacts of the above-mentioned standards are being analysed by the Group.

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

With mandatory application after the year 2018		Effective date (for financial years beginning on or after)
IFRS 17	(Insurance contracts)	01 Jan 2021
IFRIC 23	Uncertainty over income tax treatments (clarifies the accounting for uncertainties in income taxes)	01 Jan 2019
IAS 28 (amendment)	Long-term interests in associates and joint ventures	01 Jan 2019
	Annual Improvements to international financial reporting standards (cycle 2015-2017)	01 Jan 2019
IAS 19 (amendment)	Amendments, reductions or liquidation of employee benefit plans	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 31 March 2018, since their application is not mandatory, lying in the process of analysing expected effects of those standards that, are not expected to reflect significant impacts.

3 RESTATEMENT OF FINANCIAL STATEMENTS

3.1 – Imputation of the fair value of the acquired assets and liabilities of Salsa

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

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

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

- (i) Wholesale customer portfolio amounting 35.5 million euro, valued based on the discounted cash-flow methodology, using discount rates based on the weighted average cost of the segment's capital (11%), and considering an average retention rate of 9.4% for wholesale customers. These portfolios will be amortized on a straight-line basis based on the estimated average retention period of customers (10 years);
- (ii) Salsa brand (51 million euro) was valued based on the methodology of the released royalties, using for this purpose the discount rates based on weighted average cost of capital of the segment where the companies fall (11%) and a royalty rate of 4%, and for which was not estimated a defined useful life;
- (iii) Real estate assets in Salsa (15.8 million euro) were valued based on a preliminary external valuation of the mentioned assets, which had been obtained prior to the acquisition, the new evaluation process was completed in 31 May 2017, this evaluation resulting in reduction of the fair value calculated on 31 December 2016 in the amount of 4,384,000 euro; and
- (iv) contingent liabilities in Salsa relating to present obligations in the amount of 6 million euro, over which there were also recognized indemnifying assets as contractually supported;

For the remaining assets and liabilities were not to date identified significant differences between the fair value and the respective book value. As usually happens in the concentrations of business activities also in this operation could not be assigned, in accounting terms, the fair value of identifiable assets and liabilities assumed part of the cost of acquisition, being that recognized component as goodwill and recorded under the caption Intangible Assets.

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

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

Amounts in thousands of euros	31 Mar 2017		
	Before the restatement	Adjustments to fair value Salsa	After the restatement
Assets			
Tangible and Intangible assets	1,939,671	(4,384)	1,935,287
Goodwill	542,342	1,732	544,074
Investments	63,304	-	63,304
Deferred tax assets	49,210	-	49,210
Other non-current assets	15,877	-	15,877
Non-current assets	2,610,404	(2,652)	2,607,751
Current assets	1,103,535	-	1,103,535
Total assets	3,713,939	(2,652)	3,711,286
Liabilities			
Loans and other non-current liabilities	1,223,024	-	1,223,024
Deferred tax liabilities	103,772	(921)	102,851
Provisions	16,126	-	16,126
Non-current liabilities	1,342,922	(921)	1,342,001
Total current liabilities	1,628,825	-	1,628,825
Total liabilities	2,971,747	(921)	2,970,826
Shareholders' funds excluding non-controlling interests	657,529	-	657,529
Non-controlling interests	84,663	(1,732)	82,931
Total shareholders' funds	742,192	(1,732)	740,460
Total shareholders' funds and liabilities	3,713,939	(2,652)	3,711,286

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

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

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

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

According to predicted by IFRS 5, changes were made in the Consolidated Statements of Income by nature for the years ended at 31 March 2017 and 31 March 2018 to reflect in a single line (Net income for discontinued operations), in the face of Statement of profit or loss, after-tax profit or loss from discontinued operations.

The impact in the consolidated statement of income, the reclassification of the activity of Sport Zone for discontinued operations, as at 31 March 2017 can be analysed as follows:

Amounts in thousands of euros	Before the restatement	Discontinued operations	After the restatement
Sales	1,221,944,017	(48,891,225)	1,173,052,792
Services rendered	25,149,698	5,274,984	30,424,682
Financial income	1,143,743	401,922	1,545,665
Other income	22,156,050	(372,522)	21,783,528
Cost of goods sold and materials consumed	(865,534,215)	29,113,237	(836,420,978)
Changes in stocks of finished goods and work in progress	(31,362)	-	(31,362)
External supplies and services	(164,458,010)	8,713,182	(155,744,828)
Staff costs	(172,458,070)	8,430,997	(164,027,073)
Depreciation and amortisation	(45,518,114)	2,421,710	(43,096,404)
Provisions and impairment losses	(628,802)	33,714	(595,088)
Financial expense	(12,969,308)	5,581	(12,963,727)
Other expenses	(15,592,132)	96,978	(15,495,154)
Share of results of joint ventures and associated companies	(1,595,973)	-	(1,595,973)
Profit/(Loss) before taxation from continuing operations	(8,392,478)	5,228,558	(3,163,920)
Taxation	1,814,134	(960,669)	853,465
Profit/(Loss) before taxation from continuing operations	(6,578,344)	4,267,889	(2,310,455)
Profit/(Loss) from discontinued operations after taxation	-	(4,267,889)	(4,267,889)
Consolidated profit/(Loss) for the period	(6,578,344)	-	(6,578,344)
Attributable to equity holders of the Parent Company:			
Continuing operations	(7,363,828)	4,266,606	(3,097,222)
Discontinued operations	-	(4,266,606)	(4,266,606)
	(7,363,828)	-	(7,363,828)
Attributable to non-controlling interests			
Continuing operations	785,484	1,283	786,767
Discontinued operations	-	(1,283)	(1,283)
	785,484	-	785,484

4 CHANGES IN CONSOLIDATION PERIMETER

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

In 2018, considering the loss of control in the Sport Zone, Sport Zone and its subsidiaries are no longer included by the full consolidation method in the Sonae Investimentos' consolidated financial statements, and Iberian Sports Retail Group will be equity consolidated. Following the completion of the combination between Sport Zone and JD Sprinter Holdings as at 31 March 2018, Sonae Investimentos derecognised all assets related to Sport Zone's operation, accounting subsequently a financial investment in associates totalling 78.1 million euro which presents the fair value of the interest at the date of the transaction. This transaction had generated a capital gain amounting 9 million euro.

Discontinued operations include the following companies:

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

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

Amounts in euro	Sport Zone and subsidiaries	
	31 jan 2018 Loss control date	31 Dec 2017
Net assets disposals		
Tangible and intangible assets (Notes 6 e 7)	54,333,772	54,659,282
Goodwill (Note 8)	5,722,037	5,722,037
Deferred tax assets	6,878,552	6,593,675
Inventories	53,757,633	54,408,789
Trade account receivables and other assets	8,162,466	9,836,456
Cash and cash equivalents	6,062,386	6,679,540
Bank loans long terme	(6,445,557)	(45,948,953)
Deferred tax liabilities	(973,004)	(963,072)
Bank loans short terme	(2,236,375)	(21,619,782)
Suppliers and other liabilities	(49,075,680)	(52,809,981)
Shareholder's loans	-	60,883,601
Total of net assets disposals	76,186,230	77,441,592
Price adjustment	(5,039,083)	
Fair value of future estimated receivables	5,000,000	
Gain in operation	9,005,702	
Financial investment retained at fair value	85,152,849	
	31 mar 2018	
Financial Investment in ISRG (Note 9.3)	78,085,756	
Amounts Receivable	5,000,000	
Amounts Received	2,067,093	
	85,152,849	

Amounts in euro	31 jan 2018 Loss control date
Sales and services	19,075,708
Other income	409,025
Cost of sales	(11,911,628)
External supplies and services	(4,966,459)
Other expenses and losses	(4,536,678)
Net financial income	(58,079)
Profit/loss before taxation	(1,988,111)
Taxation	262,640
Net Income	(1,725,471)
Income or expenses related to loss control	9,005,702
Profit/(Loss) from discontinued operations after taxation	7,280,231

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

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

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, 132 Continente Modelo supermarkets, 98 convenience stores Bom Dia, 25 restaurants Go Natural, 293 stores operated under franchise Meu Super and 226 parapharmacy Well's;
- Worten that is included in the top 3 of Iberian electronic players, counting on a portfolio of 243 physical stores in Iberia;
- Sonae Sports & Fashion directly operating 258 own stores sports and clothing products, combined with a franchise network of 123 stores;
- Sonae RP is the retail real estate unit which actively manages properties of Sonae, composed mainly of stores operating under the brand Continente and under other brands of Sonae;
- Maxmat operates in the DIY, construction, bathroom and garden market with a network of 31 stores;
- Sonae FS aims to boost retail financial services.

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

The list of Group companies and their businesses are detailed in Note 31.

The main operating segment information as at 31 March 2018 and 2017 can be detailed as follows:

31 Mar 2018	Turnover	Depreciation and amortisation	Provisions and impairment losses	EBIT direct
Sonae MC	940,298,174	26,414,084	36,329	5,794,821
Worten	242,125,391	7,006,448	10,319	(4,361,810)
Sonae Sports & Fashion	95,898,333	5,347,672	250,216	(3,684,438)
Sonae RP	23,447,000	6,372,138	-	14,020,917
Maxmat	19,193,808	423,462	977	543,157
Sonae FS	6,900,911	150,426	-	905,499
Others, eliminations and adjustments	(17,876,396)	1,406,182	51,746	(5,513,664)
Total consolidated Direct	1,309,987,221	47,120,413	349,586	7,704,482

31 Mar 2017 Restated	Turnover	Depreciation and amortisation	Provisions and impairment losses	EBIT direct
Sonae MC	854,715,239	23,720,639	38,569	5,773,815
Worten	221,482,846	6,529,882	185,913	(5,258,512)
Sonae Sports & Fashion	94,490,831	4,984,929	316,534	(3,961,731)
Sonae RP	22,895,944	6,097,838	-	13,957,097
Maxmat	16,994,235	458,239	-	188,072
Sonae FS	5,327,861	123,566	-	404,792
Others, eliminations and adjustments	(12,429,482)	1,181,313	54,072	(2,655,359)
Total consolidated Direct	1,203,477,474	43,096,404	595,088	8,448,172

	Investment (CAPEX)		Invested capital	
	31 Mar 2018	31 Mar 2017 Restated	31 Mar 2018	31 Dec 2017
Sonae MC	41,847,720	28,292,422	670,350,514	630,000,000
Worten	5,454,481	6,031,500	(29,661,137)	(90,641,251)
Sports & Fashion	5,134,532	3,922,482	361,562,263	355,988,594
Sonae RP	10,488,555	8,450,769	908,470,590	902,627,242
Maxmat	593,054	349,741	32,897,714	32,639,857
Sonae FS	342,491	32,904	20,833,859	(12,825,265)
Others, eliminations and adjustments	3,410,413	3,592,168	(10,589,449)	(3,526,036)
Total consolidated	67,271,246	50,671,986	1,953,864,354	1,814,263,141

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

Turnover	31 Mar 2018 Inter-segment	31 Mar 2017 Inter-segment
Sonae Sports & Fashion	(6,160,624)	(10,124,503)
Sonae RP	(20,573,085)	(21,108,226)
Total consolidated	(26,733,708)	(31,232,729)

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

	Turnover		EBIT direct	
	31 Mar 2018	31 Mar 2017 Restated	31 Mar 2018	31 Mar 2017 Restated
Inter-segment income	(26,733,708)	(31,232,729)	-	-
Equity method (Note 11)	-	-	(293,844)	(8,820)
Others	8,857,312	18,803,247	(5,219,820)	(2,646,539)
Others, eliminations and adjustments	(17,876,396)	(12,429,482)	(5,513,664)	(2,655,359)

	Investment		Invested capital	
	31 Mar 2018	31 Mar 2017 Restated	31 Mar 2018	31 Dec 2017
Inter-segment intra-groups and contributions of entities non-individualized entities as segments	3,410,413	3,592,169	(52,541,774)	(45,836,782)
Investments in joint ventures and associated companies	-	-	32,045,241	32,391,068
Other investments	-	-	9,907,084	9,919,677
Eliminations and adjustments	3,410,413	3,592,168	(10,589,449)	(3,526,036)

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 "Other" in Note 31;

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

6 TANGIBLE ASSETS

During the three-month period ended at 31 March 2018 and 2017, the movements in tangible assets as well as accumulated depreciation and impairment losses are made up as follows:

	Tangible assets				
	Land and buildings	Plant and machinery	Other tangible assets	Tangible assets in progress	Total tangible assets
Gross assets:					
Opening balance as at 1 January 2018	1,367,477,468	1,510,838,547	214,361,600	39,722,737	3,132,400,352
Transfers to "Discontinued operations" (Note 4)	-	(110,473,385)	(8,013,217)	(712,317)	(119,198,919)
Acquisitions	2,915,149	1,784,230	303,654	52,975,978	57,979,011
Disposals	(165,185)	(6,462,803)	(1,007,608)	(562,230)	(8,197,826)
Exchange rate effect	(1,489)	1,157	(24,040)	-	(24,372)
Transfers	6,758,494	44,468,614	4,962,717	(63,574,428)	(7,384,603)
Closing balance as at 31 March 2018	1,376,984,437	1,440,156,360	210,583,106	27,849,740	3,055,573,643
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2018	413,694,318	910,392,706	160,247,936	132,988	1,484,467,948
Transfers to "Discontinued operations" (Note 4)	-	(63,819,917)	(5,968,478)	-	(69,788,395)
Depreciation of the period	5,779,416	28,105,693	4,639,451	-	38,524,560
Disposals	(130,044)	(5,824,162)	(984,281)	-	(6,938,487)
Exchange rate effect	(734)	106	(20,605)	-	(21,233)
Transfers	(358,247)	(13,632)	305,713	-	(66,166)
Closing balance as at 31 March 2018	418,984,709	868,840,794	158,219,736	132,988	1,446,178,227
Carrying amount as at 31 March 2018	957,999,728	571,315,566	52,363,370	27,716,752	1,609,395,416

	Tangible assets				Total tangible assets
	Land and buildings	Plant and machinery	Other tangible assets	Tangible assets in progress	
Gross assets:					
Opening balance as at 1 January 2017	1,368,650,242	1,424,680,843	201,951,455	30,457,184	3,025,739,724
Effect of fair value adjustment of assets acquired (Effect of restatement - Note 3.1)	(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	673,905	757,718	446,394	39,035,549	40,913,566
Disposals	(288,131)	(14,324,342)	(1,412,740)	(999,052)	(17,024,265)
Exchange rate effect	1,153	1,851	(11,357)	-	(8,353)
Transfers	1,344,737	32,818,389	4,135,075	(39,837,484)	(1,539,283)
Closing balance as at 31 March 2017	1,365,997,906	1,443,934,459	205,108,827	28,656,197	3,043,697,389
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	5,558,165	27,352,087	4,267,423	-	37,177,675
Disposals	(282,664)	(13,425,911)	(1,331,877)	-	(15,040,452)
Exchange rate effect	543	-	(10,150)	-	(9,607)
Transfers	43,779	(38,772)	(212,990)	-	(207,983)
Closing balance as at 31 March 2017	402,326,066	883,353,692	155,084,308	110,824	1,440,874,890
Carrying amount as at 31 March 2017	963,671,840	560,580,767	50,024,519	28,545,373	1,602,822,499

The investment includes the acquisition of assets of approximately 53 million euro (39 million euro as at 31 March 2017), associated with the opening and remodelling of stores.

The caption depreciation of the period includes 876,205 euros in 2018 relating to the depreciation of discontinued operations.

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

	31 Mar 2018	31 Mar 2017 Restated
Refurbishment and expansion of stores located in Portugal	22,363,534	24,878,161
Refurbishment and expansion of stores located in Spain	489,960	1,131,165
Projects of stores for which advance payments were made	1,296,000	1,196,000
Others	3,567,258	1,340,047
	27,716,752	59,002,557

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
Disposals	-	(2,581,045)	(31,708)	-	(2,612,753)
Transfers	-	(8,575)	(34,948)	-	(43,523)
Closing balance as at 31 March 2017	90,802,912	25,478,021	488,781	110,824	116,880,538
Impairment losses					
Opening balance as at 1 January 2018	90,926,822	23,302,445	453,348	132,989	114,815,604
Transfers to "Discontinued operations" (Note 4)	-	(4,451,474)	(58,701)	-	(4,510,175)
Disposals	-	(111,178)	(1,960)	-	(113,138)
Transfers	(369,482)	-	-	369,482	-
Closing balance as at 31 March 2018 (Note 22)	90,557,340	18,739,793	392,687	502,471	110,192,291

7 INTANGIBLE ASSETS

During the three-month period ended at 31 March 2018 and 2017, the movements in intangible assets as well as accumulated depreciation and impairment losses are made up as follows:

	Intangible assets			
	Patents and other similar rights	Other intangible assets	Intangible assets in progress	Total intangible assets
Gross assets				
Opening balance as at 1 January 2018	166,782,696	416,984,432	27,599,820	611,366,948
Discontinued operations (Note 4)	(2,312,244)	(9,046,812)	(49,775)	(11,408,831)
Acquisitions	-	664,335	8,643,110	9,307,445
Disposals	(375)	(922,146)	(354,316)	(1,276,837)
Exchange rate effect	(20,322)	(22,398)	-	(42,720)
Transfers	30,544	1,995,075	(2,186,612)	(160,993)
Closing balance as at 31 March 2018	164,480,299	409,652,486	33,652,227	607,785,012
Accumulated depreciation and impairment losses				
Opening balance as at 1 January 2018	29,998,545	238,452,101	-	268,450,646
Discontinued operations (Note 4)	(2,230,423)	(4,255,160)	-	(6,485,583)
Depreciation of the period	469,766	9,002,292	-	9,472,058
Disposals	(256)	(908,017)	-	(908,273)
Exchange rate effect	(17,098)	(20,102)	-	(37,200)
Transfers	-	-	-	-
Closing balance as at 31 March 2018	28,220,534	242,271,114	-	270,491,648
Carrying amount as at 31 March 2018	136,259,765	167,381,372	33,652,227	337,293,364
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	191,451	8,306,748	8,499,199
Disposals	(92,263)	(4,950)	(342,120)	(439,333)
Exchange rate effect	(16,235)	5,388	-	(10,847)
Transfers	78,332	3,437,909	(3,777,118)	(260,877)
Closing balance as at 31 March 2017	166,623,789	382,225,739	31,497,236	580,346,764
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	508,279	7,832,160	-	8,340,439
Disposals	(54,663)	(59)	-	(54,722)
Exchange rate effect	(12,713)	2,874	-	(9,839)
Transfers	-	(219)	-	(219)
Closing balance as at 31 March 2017	28,582,562	219,299,284	-	247,881,846
Carrying amount as at 31 March 2017	138,041,227	162,926,455	31,497,236	332,464,918

8 GOODWILL

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

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

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

	31 Mar 2018		
	Portugal	Spain	Total
Sonae MC	444,654,444	-	444,654,444
Worten	53,422,018	-	53,422,018
Sports & Fashion	46,636,075	341,311	46,977,386
Sonae RP	2,563,501	-	2,563,501
	547,276,038	341,311	547,617,349

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

On 31 March 2018 and 2017, the movements in the caption goodwill as well as in the corresponding impairment losses, are as follows:

	31 Mar 2018	31 Mar 2017 Restated
Gross value:		
Opening balance	560,981,054	549,983,175
Re-allocation of Goodwill to fair value of assets acquired (Note 3.1)	-	1,731,680
Opening balance restated	560,981,054	551,714,855
Discontinued operations (Note 4)	(6,160,487)	-
Closing balance	554,820,567	551,714,855
Accumulated impairment losses:		
Opening balance	7,641,668	7,641,668
Transfers to "Discontinued operations" (Note 4)	(438,450)	-
Closing balance	7,203,218	7,641,668
Carrying amount	547,617,349	544,073,187

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 31 March 2018 and 31 December 2017 are as follows:

Company	Head Office	Percentage of capital held				Statement of financial position	
		31 Mar 2018		31 Dec 2017		31 Mar 2018	31 Dec 2017
		Total*	Direct*	Total*	Total*		
Sohi Meat Solutions - Distribuição de Carnes, SA	Santarém	50.00%	50.00%	100.00%	100.00%	2,554,760	2,361,045
MDS SGPS, SA (consolidated)	Maia	50.00%	50.00%	50.00%	50.00%	31,763,586	32,100,593
Investments in joint ventures						34,318,346	34,461,638
APOR- Agência para a Modernização do Porto, SA	Porto	22.75%	22.75%	22.75%	22.75%	281,655	290,475
1) ISRG Iberian Sports Retail Group, SL	Alicante	30.00%	30.00%	-	-	78,085,756	-
MOVVO, SA	Porto	25.58%	25.58%	25.58%	25.58%	-	-
S2 Mozambique, SA	Maputo	30.00%	30.00%	30.00%	30.00%	1,056,222	1,592,748
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	1,082,276	1,050,793
Ulabox, S.L.	Barcelona	41.89%	41.89%	41.89%	41.89%	3,553,246	4,046,829
Investments in associated companies						84,059,155	6,980,845
Total						118,377,501	41,442,483

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

1) In 2017 results from the agreement completion on January 2018, the date on which a Joint Venture has been consolidated using the equity method due the loss of control (Notes 3.2 and 4);

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

9.2 Summary financial information of financial investments

9.2.1 Joint ventures

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

Joint Ventures	Sohi Meat		MDS,SGPS,SA (consolidated)	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
Assets				
Investments Properties	-	-	857,259	857,259
Tangible and Intangible assets	20,727,021	20,771,255	2,385,509	2,376,935
Intangible assets	316,710	309,299	8,633,893	9,605,565
Goodwill	-	-	28,637,987	29,202,474
Investments in joint ventures and associates	-	-	9,116,148	9,098,383
Other non-current assets	204,757	204,757	2,361,769	3,426,579
Non-current assets	21,248,488	21,285,311	51,992,565	54,567,195
Trade account receivables	38,187,623	26,859,097	-	4,916,146
Cash and cash equivalents	734,554	367,901	15,991,568	10,448,200
Other current assets	8,105,735	9,110,188	12,034,047	3,981,786
Current assets	47,027,912	36,337,186	28,025,616	19,346,132
Total assets	68,276,400	57,622,497	80,018,181	73,913,327
Liabilities				
Borrowings	-	-	11,225,000	15,575,000
Provisions	62,850	-	-	-
Other non-current liabilities	-	-	9,604,033	9,357,967
Non-current liabilities	62,850	-	20,829,033	24,932,967
Borrowings	-	-	9,041,667	6,419,272
Trade creditors	61,338,984	50,874,796	-	2,590,507
Other current liabilities	2,381,993	2,642,558	23,261,861	13,197,002
Total current liabilities	63,720,977	53,517,354	32,303,527	22,206,781
Shareholders' funds excluding non-controlling interests	4,492,575	4,105,143	25,076,422	24,734,144
Non-controlling interests	-	-	1,809,199	2,039,435
Total Equity	4,492,575	4,105,143	26,885,622	26,773,579
Total equity and liabilities	68,276,400	57,622,497	80,018,181	73,913,327

Joint Ventures	Sohi Meat		MDS,SGPS,SA (consolidated)	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
Turnover	70,949,760	60,555,808	13,417,541	11,331,579
Other operating income	97,021	7,607,068	174,689	99,294
	71,046,781	68,162,876	13,592,230	11,430,873
Cost of goods sold and materials consumed	(65,113,282)	(56,421,310)	-	-
External supplies and services	(2,180,522)	(1,936,361)	(6,509,137)	(5,967,556)
Staff costs	(1,802,679)	(1,711,345)	(4,622,434)	(4,858,223)
Operational expenses	(950,287)	(7,575,936)	(1,618,047)	(1,642,936)
	(70,893,226)	(67,951,969)	(12,749,618)	(12,468,715)
Financial results	311,455	37	(132,958)	(264,549)
Results of joint ventures and associated companies	-	-	24,777	3,689
Income taxation	(77,579)	(48,174)	(122,702)	27,092
Consolidated net income/(loss) for the year	387,431	162,770	611,729	(1,271,610)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	387,431	162,770	611,729	(1,271,610)

9.2.2 Associated companies

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

Associated Companies	31 Mar 2018				
	Sempre a Postos	S2 Mozambique	Ulabox	Others	ISRG- Iberian Sports Retail Group
Non-current assets	624,706	5,515,116	1,755,671	14,219	280,590,165
Current assets	9,852,034	3,122,515	1,304,275	1,328,325	140,694,369
Non-current liabilities	-	45,181	1,050,000	-	28,819,319
Total current liabilities	6,147,636	5,071,712	1,576,096	104,501	160,003,068
Shareholders' funds and non-controlling interests	4,329,104	3,520,738	433,850	1,238,043	232,462,147

Associated Companies	31 Dec 2017				
	Sempre a Postos	S2 Mozambique	Ulabox	Others	
Non-current assets	725,966	5,677,724	1,654,169	678,593	
Current assets	10,326,802	2,383,755	1,253,456	2,356,130	
Non-current liabilities	-	-	-	1,955,112	
Total current liabilities	6,849,597	2,959,516	1,284,421	831,108	
Shareholders' funds and non-controlling interests	4,203,171	5,101,963	1,623,204	248,503	

Associated Companies	31 Mar 2018				
	Sempre a Postos	S2 Mozambique	Ulabox	Others	
Turnover	12,385,548	1,854,742	2,522,480	143,910	
Other operational income	644,551	75,856	114,270	-	
Operational expenses	(12,866,826)	(2,717,990)	(3,513,978)	(155,810)	
Net financial expense	1,065	(110,545)	-	688	
Taxation	(38,404)	-	-	(23)	
Consolidated net income/(loss) for the period	125,934	(897,937)	(877,228)	(11,236)	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	125,934	(897,937)	(877,228)	(11,236)	

Associated Companies	31 Mar 2017				
	Sempre a Postos	S2 Mozambique	Ulabox	Others	
Turnover	12,279,909	1,783,914	2,361,562	216,896	
Other operational income	723,466	46,363	99,522	21,697	
Operational expenses	(12,690,830)	(2,740,915)	(3,364,452)	(1,115,791)	
Net financial expense	1,813	204,866	-	(4,994)	
Taxation	(71,250)	(46,530)	-	-	
Consolidated net income/(loss) for the period	243,108	(752,302)	(903,368)	(882,191)	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	243,108	(752,302)	(903,368)	(882,191)	

9.3 Movements occurred in the period

During the period ended at 31 March 2018 and 2017, movements in investments in joint ventures and associates are as follows:

	31 Mar 2018			31 Mar 2017		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Joint ventures						
Initial balance as at January,1	17,301,187	17,160,451	34,461,638	-	-	-
Change of consolidation method	-	-	-	2,703,451	-	2,703,451
Equity method:						
Effect in gain or losses in joint ventures	178,406	-	178,406	78,792	-	78,792
Other effects on reserves	(321,699)	-	(321,699)	-	-	-
	<u>17,157,895</u>	<u>17,160,451</u>	<u>34,318,346</u>	<u>2,782,243</u>	<u>-</u>	<u>2,782,243</u>
Associated companies						
Initial balance as at January,1	5,431,436	1,549,408	6,980,844	22,403,095	28,658,523	51,061,618
Change of consolidation method (Note 4)	78,085,756	-	78,085,756	-	-	-
Acquisitions during the period	-	-	-	102,049	-	102,049
Equity method:						
Effect in gain or losses in associated companies	(898,189)	-	(898,189)	(1,674,765)	-	(1,674,765)
Other effects on reserves	(109,256)	-	(109,256)	131,772	-	131,772
	<u>82,509,747</u>	<u>1,549,408</u>	<u>84,059,155</u>	<u>20,962,151</u>	<u>28,658,523</u>	<u>49,620,674</u>
Total	<u>99,667,642</u>	<u>18,709,859</u>	<u>118,377,501</u>	<u>23,744,394</u>	<u>28,658,523</u>	<u>52,402,917</u>

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

- 78,085,756 euro refers to ISRG by the agreement signed in 2018 between Sonae Investimentos and JD Group (Notes 3.2 and 4); and
- 2,703,451 euro refers to Sohi Meat Solutions- Distribuição de Carnes, SA. This company results from the agreement signed on 3rd January 2017, the date on which a Joint Venture was formed between Sonae MC and Hilton Food Group PLC through a capital increase of this Group in Sohi Meat. Since then, Sohi Meat has been consolidated using the equity method.

10 OTHER INVESTMENTS

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

Company	Head Office	Percentage of capital held				Statement of financial position	
		31 Mar 2018		31 Dec 2017		31 Mar 2018	31 Dec 2017
		Direct	Total	Direct	Total		
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	14.28%	14.28%	14.28%	14.28%	9,976	9,976
Inscó - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	925,197	925,197
Other investments						11,459,024	11,388,210
						<u>12,394,197</u>	<u>12,323,383</u>

As at 31 March 2018 the caption "Other investments" includes, among others, 9,907,084 euro (9,919,677 euro in 31 December 2017) related to deposited amounts on an Escrow Account which is applied in investment funds with superior rating, which is a guarantee for contractual liabilities assumed in the disposal of a Brazil Retail business and for which provisions were recorded in the applicable situations (Notes 22 and 23).

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

	31 Mar 2018		31 Mar 2017	
	Non Current	Current	Non Current	Current
Other investments:				
Opening balance as at 1 January	12,323,383	-	10,910,647	-
Discontinued operations (Note 4)	(51,369)	-	-	-
Increases in the period	268,360	-	473	-
Transfer to "Associated companies"	(120,000)	-	-	-
Decreases in the period	(26,177)	-	(10,190)	-
Closing balance as at 31 March	12,394,197	-	10,900,930	-
Derivative financial instruments				
Fair value as at 1 January	-	179,881	-	4,207,972
Increase/(Decrease) in fair value	-	(21,468)	-	(3,519,854)
Fair value as at 31 March (Note 18)	-	158,413	-	688,118
Total of Other Investments	12,394,197	158,413	10,900,930	688,118

11 OTHER NON-CURRENT ASSETS

As at 31 March 2018 and 31 December 2017, "Other non-current assets" are detailed as follows:

	31 Mar 2018	31 Dec 2017
Trade accounts receivable and other debtors		
Bails (a)	3,768,578	5,120,591
Legal deposits (b)	3,807,742	3,916,334
Special regime for payment of tax and social security debts (c)	6,181,878	6,181,878
Amount receivable for selling the Modelo Cont.Seguros	1,000,000	1,000,000
Amount retained in the acquisition of the Salsa group	2,463,875	2,463,875
Others	1,929,966	1,202,046
	19,152,039	19,884,724
Other non-current assets	72,917	268,174
	19,224,956	20,152,898

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

- Amounts related with guarantees of lease contracts in group stores located in Spain, which have not matured until this date;
- Amounts related to legal deposits made by a Brazilian subsidiary, for which are recorded the correspondent liabilities in the caption "Other non-current liabilities" (Note 19), with no defined maturity;
- The amount disclosed as Special Regime for Payment of Tax and Social Security Debts corresponds to taxes paid, voluntarily, related to settlements of income tax on corporate income, which were already in judicial process. The judicial processes are still in progress, however the guarantees provided for the said

processes were cancelled. No impairment loss was recorded since it is the Board of Directors understanding that the claims presented will have a favourable end to Sonae Investimentos, reason why they were not object of provision.

12 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at 31 March 2018 and 31 December 2017, "Trade accounts receivable and other current assets" are detailed as follows:

	31 Mar 2018	31 Dec 2017
Trade accounts receivable	105,326,270	93,591,558
Taxes recoverable	56,832,000	67,709,755
Granted loans to related companies	3,856,186	4,409,042
Other debtors		
Trade suppliers - debtor balances	42,492,167	37,998,176
Disposal of investments	3,319,738	-
VAT recoverable on real estate assets	7,731,000	6,248,946
Accounts receivable from the disposal of tangible fixed assets	2,117,161	2,141,299
Vouchers and gift cards	1,519,863	2,449,037
Other debtors	18,628,851	19,487,251
	75,808,780	68,324,709
Other current assets		
Commercial discounts	42,532,159	25,214,880
Insurance premiums paid in advance	10,561,255	4,557,941
Prepayments - Rents	7,948,362	8,802,076
Software licenses	2,030,630	2,225,055
Commissions to be received	895,894	1,077,520
Insurance indemnities	100,462	122,335
Condominiums management fee's	131,992	115,382
Interests to be received	519,104	514,994
Other current assets	10,968,539	11,621,782
	75,688,397	54,251,965
Accumulated impairment losses (Note 22)	(15,078,328)	(15,457,040)
	302,433,305	272,829,989

The caption "Granted loans to related companies" includes the amount of 3.8 million euro (4.4 million euro as at 31 December 2017) relating to the amount receivable from Sonae SGPS, SA resulting from inclusion of group companies in the special scheme for the taxation of groups of companies.

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

13 DEFERRED TAX

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

	Deferred tax assets		Deferred tax liabilities	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
Difference between fair value and acquisition cost	4,933,142	4,933,142	33,539,561	33,865,461
Temporary differences on tangible and intangible assets	1,248,726	1,350,735	70,729,063	69,893,479
Provisions and impairment losses not accepted for tax purposes	19,032,886	20,751,517	-	-
Write off of tangible and intangible assets	35,294	28,517	-	-
Valuation of hedging derivatives	9,026	11,702	39,052	41,952
Amortisation of goodwill for tax purposes in Spain	-	-	17,457,039	17,457,039
Revaluation of tangible assets	-	-	888,925	916,509
Tax losses carried forward	20,403,830	25,703,398	-	-
Reinvested capital gains/(losses)	-	-	296,459	302,963
Tax benefits	293,835	402,854	-	-
Others	3,458,336	3,676,127	319,939	329,080
	49,415,076	56,857,992	123,270,038	122,806,483

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

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

As at 31 March 2018 and 31 December 2017, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	31 Mar 2018			31 Dec 2017			
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit	
With limited time use							
Generated in 2013	Portugal	587,829	123,444	2018	622,068	130,634	2018
Generated in 2014	Portugal	1,707,794	358,636	2026	1,673,556	351,447	2026
Generated in 2015	Portugal	69,902	14,680	2027	69,902	14,680	2027
Generated in 2016	Portugal	243,591	51,154	2028	243,591	51,154	2028
Generated in 2017	Portugal	5,638,684	1,184,124	2022	5,638,684	1,184,124	2022
Generated in 2018	Portugal	917,915	192,762	2023	-	-	2023
		9,165,715	1,924,800		8,247,801	1,732,039	
Without limited time use							
	Spain	73,916,118	18,479,029		95,885,439	23,971,359	
	Malta	-	-		-	-	
		83,081,833	20,403,829		104,133,240	25,703,398	

As at 31 March 2018 and 31 December 2017, the deferred taxes to be recognized arising from tax losses were evaluated. Deferred tax assets have only been recorded to the extent that future taxable profits will arise

which might be offset against available tax losses or against deductible temporary differences. This assessment was based on the business plans of Sonae Investimentos' companies, which are periodically reviewed and updated.

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

As at December 2017 the amount of deferred tax assets also includes the amount of 4.6 million euros related to tax losses carried forward and deductible temporary differences which will be derecognised as a result of the loss of control of the Sport Zone operation described in Note 4.

As at 31 March 2018, there are reportable tax losses in the amount of 236.7 million euro (343.4 million euro as at 31 December 2017), whose deferred tax assets are not recorded for prudence purposes.

		31 Mar 2018			31 Dec 2017		
		Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use							
Generated in 2016	Portugal	-	-	2028	412	87	2028
Generated in 2017	Portugal	-	-	2022	-	-	2022
		-	-		412	87	
With a time limit different from the							
	Holland	-	-	2022-2026	93,389	18,678	2022-2026
		-	-		93,389	18,678	
Without limited time use							
	Brazil	16,070,651	5,464,021		16,560,133	5,630,445	
	Malta	15,179	5,313		12,752	4,463	
	Spain	220,607,396	55,151,849		326,774,660	81,693,665	
		236,693,226	60,621,183		343,347,545	87,328,573	
		236,693,226	60,621,183		343,441,346	87,347,338	

14 CASH AND CASH EQUIVALENTS

As at 31 March 2018 and 31 December 2017 "Cash and cash equivalents" can be detailed as follows:

	31 Mar 2018	31 Dec 2017
Cash at hand	9,779,680	10,443,119
Bank deposits	136,179,321	151,925,814
Treasury applications	9,474	9,910
Cash and cash equivalents on the statement of financial position	145,968,475	162,378,843
Bank overdrafts (Note 17)	(185,571)	(2,815,638)
Cash and cash equivalents on the statement of cash flows	145,782,904	159,563,205

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

15 SHARE CAPITAL

As at 31 March 2018, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares which do not hold right to any fixed income, with a nominal value of 1 Euro each.

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

Company	31 Mar 2018	31 Dec 2017
Sonae, SGPS, S.A.	25.029%	25.029%
Sonaecenter Serviços, SA	51.827%	51.827%
Sonae Investments, BV	13.142%	13.142%
Sonae MC-Modelo Continente, SGPS, SA	10.000%	10.000%
Libra Serviços, Lda	0.002%	0.002%

As at 31 March 2018, Efanor Investimentos, SGPS, S.A. and its subsidiaries held 52.48% of the share capital of Sonae, SGPS, S.A., which holds directly and indirectly 100% of the other entities who hold the company's share capital.

As at 31 March 2018 and 31 December 2017, Sonae Investimentos, through a subsidiary controlled by it, owns 10% of its own shares. Following the acquisition of shares of Sonae Investimentos SGPS, S.A., legal reserves of an amount equal to the cost of acquisition were made unavailable pursuant to article 324 of the Commercial Companies Code. This reserve may only be transacted after the extinction or sale of said shares.

16 NON-CONTROLLING INTERESTS

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

	31 Mar 2018				
	Equity	Net Profit/ (Loss)	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests	Dividends attributable to non-controlling interests
Sonae MC	4,129,944	346,570	4,690,285	71,813	-
Worten	2,969,754	213,444	1,187,899	85,377	-
Sonae Sports & Fashion	91,237,107	(73,046,108)	32,069,051	391,624	-
Sonae RP	263,523,788	3,818,709	31,027,017	377,077	(187,328)
Maxmat	44,661,270	441,695	22,330,635	220,848	-
Others	(56,319)	(734,232)	334,930	(214,287)	-
Total	406,465,544	(68,959,922)	91,639,817	932,452	(187,328)

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

Movements in non-controlling interests during the periods ended as at 31 March 2018 and 2017 are as follows:

31 Mar 2018							
	Sonae MC	Worten	Sports & Fashion	Sonae RP	Maxmat	Others	Total
Balance as at 1 January	4,592,402	1,102,522	32,826,507	30,837,268	22,114,613	543,026	92,016,338
Dividends distributed	-	-	-	(67,224)	-	-	(67,224)
Income distribution from investment funds	-	-	-	(120,104)	-	-	(120,104)
Exchange rate effect	-	-	-	-	-	5,976	5,976
Constitution of affiliated companies	-	-	80,000	-	-	-	80,000
Changes in hedge and fair value reserves	32,299	-	(10,287)	-	(4,826)	-	17,186
Change in consolidation method	-	-	(1,211,039)	-	-	-	(1,211,039)
Others	(6,229)	-	(7,754)	-	-	215	(13,768)
Profit for the period attributable to non-controlling interests	71,813	85,377	391,624	377,077	220,848	(214,287)	932,452
Balance as at 31 March	4,690,285	1,187,899	32,069,051	31,027,017	22,330,635	334,930	91,639,817

31 Mar 2017							
	Sonae MC	Worten	Sports & Fashion	Sonae RP	Maxmat	Others	Total
Opening balance as at 1 January 2017 - Disclosed	526,934	801,820	31,302,349	31,039,028	20,073,395	1,277,262	85,020,788
Effect of Restatement (Note 3.1)	-	-	(1,731,680)	-	-	-	(1,731,680)
Balance as at 1 January 2017 Restated	526,934	801,820	29,570,669	31,039,028	20,073,395	1,277,262	83,289,108
Dividends distributed	-	-	-	(111,750)	-	-	(111,750)
Changes in shareholdings interests	-	-	-	(980,014)	-	-	(980,014)
Exchange rate effect	-	-	-	-	-	1,556	1,556
Changes in hedge and fair value reserves	23,465	-	(40,611)	-	(35,888)	-	(53,034)
Others	-	-	(67)	-	-	-	(67)
Profit for the period attributable to non-controlling interests	(135,777)	223,368	337,341	393,969	92,654	(126,070)	785,485
Balance as at 31 March	414,622	1,025,188	29,867,332	30,341,233	20,130,161	1,152,748	82,931,284

17 LOANS

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

	31 Mar 2018		31 Dec 2017	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae Investimentos, SGPS, S.A. - commercial paper	7,500,000	407,500,000	7,500,000	182,500,000
Subsidiary of Sonae Investimentos 2014/2020	-	50,000,000	-	50,000,000
Subsidiary of Sonae Investimentos 2015/2020	-	20,000,000	-	20,000,000
Subsidiary of Sonae Investimentos 2015/2019	5,000,000	30,000,000	5,000,000	30,000,000
Subsidiary of Sonae Investimentos 2017/2022	-	31,000,000	-	31,000,000
Subsidiary of Sonae Investimentos 2017/2025	-	20,000,000	-	-
Sonae Investimentos 2017/2018	-	-	100,000,000	-
Others	9,017,862	13,611,352	6,144,402	24,093,006
	<u>21,517,862</u>	<u>572,111,352</u>	<u>118,644,402</u>	<u>337,593,006</u>
Bank overdrafts (Note 14)	185,571	-	2,815,638	-
Up-front fees beared with the issuance of loans	(7,543)	(106,845)	(7,543)	(135,645)
Bank loans	<u>21,695,890</u>	<u>572,004,507</u>	<u>121,452,497</u>	<u>337,457,361</u>
Bonds				
Bonds Sonae Investimentos /June 2013/ 2018	50,000,000	-	50,000,000	-
Bonds Sonae Investimentos / December 2015/2020	-	50,000,000	-	50,000,000
Bonds Sonae Investimentos / May 2015/2020	-	75,000,000	-	75,000,000
Bonds Sonae Investimentos / December 2015/2020	-	30,000,000	-	30,000,000
Bonds Sonae Investimentos / June 2016/2021	-	95,000,000	-	95,000,000
Bonds Sonae Investimentos / September 2016/2021	3,000,000	9,000,000	3,000,000	9,000,000
Bonds IVN 2016/2023	5,000,000	25,000,000	5,000,000	25,000,000
Up-front fees beared with the issuance of loans	(57,991)	(1,756,465)	(29,194)	(1,693,455)
Bonds	<u>57,942,009</u>	<u>282,243,535</u>	<u>57,970,806</u>	<u>282,306,545</u>
Other loans	78,198	12,030	75,297	12,030
Derivative instruments (Note 18)	1,019,548	-	1,248,119	-
Other loans	1,097,746	12,030	1,323,416	12,030
Obligations under finance leases	576,203	665,742	491,416	708,477
	<u>81,311,848</u>	<u>854,925,814</u>	<u>181,238,135</u>	<u>620,484,413</u>

The average interest rate at 31 March 2018 of bonds and loans was 1.18% (1.32% on 31 December 2017). These bonds and bank loans bear interests at variable interest rates indexed to Euribor.

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

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

	31 Mar 2018	31 Dec 2017
N+1	80,357,834	180,026,753
N+2	137,443,670	50,721,362
N+3	167,900,288	165,550,634
N+4	234,533,434	193,121,884
N+5	268,745,065	165,669,633
After N+5	48,166,667	47,250,000
	<u>937,146,958</u>	<u>802,340,266</u>

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 292 million euro credit facilities available to meet its liquidity requirements, as follows:

	31 Mar 2018		31 Dec 2017	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities	45,500,000	246,000,000	94,443,125	242,750,000
Agreed credit facilities	53,000,000	660,000,000	105,760,000	537,500,000

Additionally, as at 31 March 2018, Sonae Investimentos has, as detailed in Note 14 “Cash and cash equivalents”, the value of 145,781,455 euro (159,563,205 euro on 31 December 2017).

18 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 1,019,548 euro as liabilities (1,248,119 euro as at 31 December 2017) and 158,413 euro as assets (179,881 euro as at 31 December 2017).

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

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

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

Interest rate derivatives

Sonae Investimentos does not have any interest rate hedging derivatives recorded as at 31 March 2018.

19 OTHER NON-CURRENT LIABILITIES

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

	31 Mar 2018	31 Dec 2017
Shareholders loans	400,002,166	400,003,610
Fixed assets suppliers	1,151,347	1,151,347
Other non-current liabilities	1,545,673	1,734,885
Share based payments (Note 20)	1,871,846	2,949,568
Deferred of revenue from the sale of warranties extention	7,778,464	7,551,397
Accruals and deferrals	2,350,246	2,398,958
Other non-current liabilities	414,699,741	415,789,765

The caption 'Shareholders loans' includes a subordinated debenture loan with a maturity of 10 years issued at market conditions by Sonae Investimentos SGPS, SA on 28 December 2010, amounting to 400,000,000 euros corresponding to 8,000 bonds with par value of 50,000 euro each, with fixed rate and repayment at the end of the loan period. The fair value of this loan as at 31 March 2018 is 52,134 euro (52,315 euro as at 31 December 2017) per bond and was determined based on the discounted cash flows method using the reference interest rate between Sonae SGPS, SA and Sontel BV. As at 31 March 2018, Sontel, BV had all of the obligations.

As at 31 March 2018, the caption 'Other non-current liabilities' includes 526,767 euro (542,812 euro as at 31 December 2017) related to the estimated amounts to comply with the judicial and tax obligations of the Brazilian subsidiary, which are considered sufficient to cover possible losses of tax and judicial proceedings in progress and for which there were judicial deposits in the caption Other non-current assets (Note 11), and it has no defined maturity.

20 SHARE BASED PAYMENT PLANS

In 2018 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 31 March 2018 and 31 December 2017 are made up as follows:

	Grant year	Vesting year	Number of participants	Number of shares		Fair Value	
				31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
Shares							
	2015	2018	69	1,737,573	1,737,573	1,902,643	1,956,507
	2016	2019	77	2,196,307	2,196,307	2,428,713	2,494,525
	2017	2020	82	3,427,809	3,427,809	3,741,740	3,859,715
	2018	2021	82	3,427,809	-	3,753,451	-
Total				10,789,498	7,361,689	11,826,547	8,310,747

As at 31 March 2018 and 31 December 2017 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:

	31 Mar 2018	31 Dec 2017
Staff costs	720,999	3,387,203
Recorded in previous years	4,875,025	1,504,078
	5,596,024	4,891,281
Other non-current liabilities (Note 19)	1,871,846	2,949,568
Other current liabilities (Note 21)	3,724,178	1,941,713
	5,596,024	4,891,281

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

21 TRADE CREDITORS AND OTHER CURRENT LIABILITIES

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

	31 Mar 2018	31 Dec 2017
Trade creditors	1,053,757,287	1,177,803,570
Taxes payable	65,114,184	85,027,366
Other creditors		
Tangible asset suppliers	39,199,221	69,345,980
Related undertakings	32,792,303	27,107,138
Other debts	45,919,571	48,504,274
	117,911,095	144,957,392
Other current liabilities		
Holiday pay and bonuses	117,847,197	116,998,013
Other external supplies and services	29,984,292	39,795,241
Deferred of revenue from the sale of warranties extention	58,610,504	57,862,718
Marketing expenses	9,228,362	15,347,936
Charges made on the sale of real estate	17,686,368	17,728,428
Accrued income - rents	5,229,666	6,914,805
Share based payments (Note 20)	3,724,178	1,941,713
Interest payable to Others	10,823,088	1,632,754
Real estate municipality tax	2,541,179	2,097,284
Others	10,553,435	9,898,801
	266,228,268	270,217,693
	1,503,010,833	1,678,006,021

As at 31 March 2018 and 31 December 2017 the caption “Trade accounts” includes amounts payable to suppliers resulting from Sonae Investimentos operating activity. Sonae Investimentos believes that the fair value of these balances does not differ significantly from its book value and the effect of discounting these amounts is not material.

The caption “Related undertakings” includes 32.8 million euro (27.1 million euro as at 31 December 2017) related to amount payable to Sonae SGPS, SA result of the inclusion companies in Special Regime of Taxing Groups of Companies.

The caption "Other debts" includes:

- 11,044,908 euro (10,421,939 euro as at 31 December 2017), of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente";
- 13,313,492 euro (16,150,935 euro as at 31 December 2017) related to means of payments owned by clients as vouchers, gift cards and discount tickets owned by clients; and
- 3,345,970 euro (3,447,882 euro as at 31 December 2017) related to amounts payable to Sonae Distribuição Brasil, SA buyer as a result of responsibilities assumed with that entity.

22 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in "Provisions and impairment losses", for the three-month period ended as at 31 March 2018 and 2017, were as follows:

Caption	Balance as at 1 Jan 2018	Increase	Decrease	Discontinued operations	Balance as at 31 Mar 2018
Accumulated impairment losses on investments	11,451,896	-	-	-	11,451,896
Accumulated impairment losses on tangible assets (Note 6)	114,815,604	-	(113,138)	(4,510,175)	110,192,291
Accumulated impairment losses on intangible assets	1,519,950	-	-	-	1,519,950
Accumulated impairment losses on trade accounts receivable and other debtors (Note 12)	15,457,040	350,435	(301,866)	(427,281)	15,078,328
Non current provisions	14,659,973	-	(264,452)	-	14,395,521
Current provisions	5,610,383	1,160,377	(1,465,293)	(311,467)	4,994,000
	<u>163,514,846</u>	<u>1,510,812</u>	<u>(2,144,749)</u>	<u>(5,248,923)</u>	<u>157,631,986</u>

Caption	Balance as at 1 Jan 2017	Increase	Decrease	Balance as at 31 Mar 2017
Accumulated impairment losses on tangible assets (Note 6)	119,536,814	-	(2,656,276)	116,880,538
Accumulated impairment losses on intangible assets	1,497,024	-	-	1,497,024
Accumulated impairment losses on other non current assets	2,450,000	48,383	-	2,498,383
Accumulated impairment losses on trade accounts receivable and other debtors	14,980,488	628,802	(992,358)	14,616,932
Non current provisions	16,006,272	139,335	(20,000)	16,125,607
Current provisions	3,204,001	4,565	-	3,208,566
	<u>157,674,599</u>	<u>821,085</u>	<u>(3,668,634)</u>	<u>154,827,050</u>

The caption "Non-current Provisions" and "Current Provisions" includes:

- 7,140,660 euro (7,358,151 euro as at 31 December 2017) relating to non-current contingencies assumed by the Company, when selling its subsidiary Sonae Distribuição Brasil, S.A. in 2005. The evolution of the provision between years is associated with the evolution of the real against the euro. This provision is being used in the moment at the liabilities are materialized, being constituted based on the best estimate of the expenses to be incurred with such liabilities and that result from a significant set of processes of a civil and labour nature and of small value; 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 759,344 euro (1,056,471 euro as at 31 December 2017). 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.

23 CONTINGENT ASSETS AND LIABILITIES

As at 31 March 2018 and 31 December 2017, the major “Contingent liabilities” were guarantees given, which can be detailed as follows:

	31 Mar 2018	31 Dec 2017
on tax claims	955,645,199	957,564,770
on judicial claims	321,523	327,624
on municipal claims	10,072,869	9,126,363
for proper agreement fulfillment	13,008,158	13,078,087
other guarantees	6,582,824	5,911,363

a) Tax claims

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

- Some retail operating segment subsidiaries of the Company granted guarantees in favor of the Portuguese Tax Administration, associated with tax claims for additional VAT payment amounting to 531.7 million euro (531.7 million euro as at 31 December 2017) related to the period from 2004 to 2013, related to the segments Sonae MC, Sonae Sports & Fashion and Worten, which the Company has presented, or has the intention of presenting, a tax appeal. Portuguese tax authorities claim that the Company should have invoiced VAT related to promotional discounts invoiced to suppliers which depend on the purchases made by the Group during the year, as it considers that the discounts correspond to services rendered by the company. Tax authorities also claim that the company should not have deducted VAT from discount vouchers used by its non-corporate clients.
- The caption guarantees given on tax claims include guarantees granted, in the amount of 146.6 million euro (146.6 million euro as at 31 December 2017), in favor of Tax authorities regarding 2007 up to 2014. Concerning these guarantees, the most significant amount relates to an increase in equity arising on the disposal of own shares to a third party in 2007, as well as to the disregard of the reinvestment concerning capital gains in share disposal, and the fact that demerger operations must be disregarded for income tax purposes. The Company has presented an appeal against this additional tax claim, being the Board of Directors understanding, based on its advisors’ assessment, that such appeal will be favorable.
- Sureties in the amount of, approximately, 60 million euro as a result of a tax appeal presented by the Company concerning an additional tax assessment by Tax authorities, relating to 31 December 2005, corresponding to a prior following the correction of taxable income for that period as Tax authorities did not accept the recognition of tax losses incurred after the liquidation of a subsidiary of Sonae Investimentos, since it considered that the cover of losses in that subsidiary should not be part of its acquisition cost, which is not in accordance with previous assessments of Tax Authorities.

- Fiscal lawsuit related to rent tax, concerning a subsidiary of the Company in Brazil, in the amount of, approximately, 16.4 million euro (65.3 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 48 million euro (190.9 million Brazilian real). The difference between the value of the contingency and the value of the guarantee relates with the update of the related responsibility.

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

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

As permitted by law, the Group maintains the legal proceedings, in order to establish the recovery of those amounts, having recorded as an asset the amounts related with income taxes paid under those plans (Note 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. 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 at 31 December 2016. Furthermore, there are other tax assessments totalling 56.1 million euro (56.1 million euro as at 31 December 2016) for which the Board of Directors, based on its lawyers' assessment, understands will not imply future losses to the former subsidiary.

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.

24 OTHER INCOME

As at 31 March 2018 and 2017, the caption "Other Income" is made up as follows:

	31 Mar 2018	31 Mar 2017 Restated
Supplementary income	6,103,387	6,414,784
Prompt payment discounts received	6,289,066	5,963,197
Exchange differences	6,878,695	5,424,564
Own work capitalised	1,985,974	2,404,416
Gains on disposal of assets	140,892	218,320
Impairment losses and provisions reversals	1,967,241	939,650
Others	656,604	418,597
	24,021,860	21,783,528

25 INCOME TAX

The income taxes recognized in the three-month period ended on 31 March 2018 and 2017 are detailed as follows:

	31 Mar 2018	31 Mar 2017 Restated
Current tax	9,865,006	(2,805,913)
Deferred tax	2,278,133	1,952,448
	12,143,139	(853,465)

26 RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	31 Mar 2018	31 Mar 2017 Restated	31 Mar 2018	31 Mar 2017 Restated
Parent company	353,506	378,082	415,515	443,933
Jointly controlled companies	2,160,029	9,748,897	68,667,095	59,494,640
Associated companies	8,063,977	9,872,070	-	120,605
Other related parties ¹⁾	14,180,041	12,826,312	14,461,026	12,835,095
	24,757,552	32,825,361	83,543,636	72,894,273

Transactions	Interest income		Interest expenses	
	31 Mar 2018	31 Mar 2017 Restated	31 Mar 2018	31 Mar 2017 Restated
Parent company	-	-	95,607	144,037
Associated companies	-	4,607	-	-
Other related parties ¹⁾	-	-	8,000,000	8,000,000
	-	4,607	8,095,607	8,144,037

Balances	Accounts receivable		Accounts payable	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
Parent company	3,919,682	4,705,299	32,522,418	28,449,648
Jointly controlled companies	4,934,660	7,907,193	77,991,022	27,360,753
Associated companies	1,521,870	1,618,834	1,843	1,843
Other related parties ¹⁾	17,118,066	22,859,938	23,202,489	21,715,021
	27,494,278	37,091,264	133,717,772	77,527,265

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

- 1) "Other related parties" are considered to be related party affiliates or companies under joint control of Efanor SGPS, SA that are not included in Sonae 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.

27 EARNINGS PER SHARE

Earnings per share for the three-month period ended on 31 March 2018 and 2017 were calculated taking into consideration the following amounts:

	31 Mar 2018		31 Mar 2017 Restated	
	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations (Note 3)
Net profit				
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	(18,094,156)	7,201,651	(3,097,222)	(4,266,606)
Net profit taken into consideration to calculate diluted earnings per share	(18,094,156)	7,201,651	(3,097,222)	(4,266,606)
Number of shares				
Weighted average number of shares used to calculated basic earnings per share	900,000,000	900,000,000	900,000,000	900,000,000
Weighted average number of shares used to calculated diluted earnings per share	900,000,000	900,000,000	900,000,000	900,000,000
Earnings per share (basic and diluted)	(0.020105)	0.008002	(0.003441)	(0.004741)

On 31 March 2018 and 2017 there is no dilutive effect on the number of shares outstanding.

28 CASH RECEIPTS AND CASH PAYMENTS OF INVESTMENTS

As at 31 March 2018 and 2017, cash receipts and cash payments related to investments can be detailed as follows:

- Investment Activities

Receipts	31 Mar 2018	31 Mar 2017 Restated
	Receipt of disposal of Imoconti	-
Disposal of Participações SDRS Á JDSH	28,628,150	-
	28,628,150	21,009,032
Payments	31 Mar 2018	31 Mar 2017 Restated
	Acquisition of Imosede's fund units	-
Acquisition of JD Sprinter shares	26,546,230	-
Others	544,000	102,521
	27,090,230	1,370,397

29 PRESENTATION OF CONSOLIDATED INCOME STATEMENTS

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

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

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

The reconciliation between consolidated income and direct-indirect income for the periods ended 31 March 2018 and 2017 can be summarised as follows:

	31 Mar 2018			31 Mar 2017 Restated		
	Consolidated accounts	Indirect income	Direct income	Consolidated accounts	Indirect income	Direct income
Turnover	1,309,987,221	-	1,309,987,221	1,203,477,474	-	1,203,477,474
Investment income						
Others	8	-	8	-	-	-
Impairment losses reversal	1,669,280	-	1,669,280	-	-	-
Reversal of impairment losses	297,961	-	297,961	954,384	-	954,384
Others	22,054,789	-	22,054,789	20,709,144	-	20,709,144
Total income	1,334,009,259	-	1,334,009,259	1,225,141,002	-	1,225,141,002
Total expenses	(1,275,467,396)	(1,023,944)	(1,274,443,452)	(1,169,841,856)	(194,030)	(1,169,647,826)
Depreciation and amortisation	(47,120,413)	-	(47,120,413)	(43,096,404)	-	(43,096,404)
Losses on tangible and intangible assets	(336,682)	-	(336,682)	(447,013)	-	(447,013)
Provisions and impairment:						
Provisions for warranty extensions	(1,372,153)	-	(1,372,153)	-	-	-
Others	(349,586)	-	(349,586)	(595,088)	-	(595,088)
Profit before financial results and share of results in joint ventures and associated companies	9,363,029	(1,023,944)	10,386,974	11,160,641	(194,030)	11,354,672
Non recurrent items	(1,962,710)	-	(1,962,710)	(1,310,526)	-	(1,310,526)
Financial profit/(loss)	(11,777,684)	-	(11,777,684)	(11,418,062)	-	(11,418,062)
Share of results in joint ventures and associated undertakings						
MDS	(15,310)	-	(15,310)	(774,098)	-	(774,098)
Ulabox	(493,583)	-	(493,583)	(572,310)	-	(572,310)
Others	(210,891)	-	(210,891)	(249,565)	-	(249,565)
Profit before taxation	(5,097,147)	(1,023,944)	(4,073,202)	(3,163,920)	(194,030)	(2,969,889)
Income tax	(12,143,139)	-	(12,143,139)	853,465	-	853,465
Profit/(Loss) from continuing operations	(17,240,286)	(1,023,944)	(16,216,341)	(2,310,455)	(194,030)	(2,116,424)
Profit/(Loss) from discontinued operations	7,280,231	7,280,231	-	(4,267,889)	(4,267,889)	-
Profit/(Loss) after taxation	(9,960,055)	6,256,287	(16,216,341)	(2,310,455)	(4,461,919)	(2,116,424)
Attributable to equity holders of Sonae	(10,892,505)	6,256,287	(17,148,792)	(7,363,828)	(4,461,919)	31,690,914
Non-controlling interests	932,452	-	932,452	785,484	-	785,484
"Underlying" EBITDA (b)			57,895,693			54,538,792
Direct EBITDA (a)			55,213,201			51,632,293
Direct EBIT (c)			7,704,482			8,448,172

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

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

(c) EBIT = EBT - financial results;

(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 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 15 May 2018.

31 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 31 March 2018 and 31 December 2017 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31 Mar 2018		31 Dec 2017	
		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%
Brio – Produtos de Agricultura Biológica, SA	a) Matosinhos	100,00%	100,00%	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%
Go Well – Promoção de Eventos, Catering e Consultoria, SA	a) Lisboa	51,00%	51,00%	51,00%	51,00%
MCCARE – Serviços de Saúde, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Make Notes Design, Lda	a) Maia	100.00%	100.00%	100.00%	100.00%

Modelo Continente Hipermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Marcas MC, zRT	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Pharmaconcept – Actividades em Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
SK Skin Health Cosmetics, SA	a)	Matosinhos	100,00%	100,00%	100,00%	100,00%
Worten						
HighDome PCC Limited (Cell Europe)	a)	La Valletta (Malta)	100.00%	100.00%	100.00%	100.00%
Infofield – Informática, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1) Worten Bussiness- Dist.Eletrodom., Eletronica e Informática, SA.	a)	Matosinhos	100.00%	100.00%	-	-
Worten Canarias, S.L.	a)	Tenerife (Spain)	60.00%	60.00%	60.00%	60.00%
Worten – Equipamento para o Lar, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Worten España Distribución, S.L.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Sonae Sports & Fashion						
Bright Brands Sports Goods, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Comercial Losan Polonia SP. Z.O.O.	a)	Warsaw (Poland)	100.00%	100.00%	100.00%	100.00%
Comercial Losan, S.L.U.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
Fashion Division, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fashion Division Canarias, SL	a)	Tenerife (Spain)	100.00%	100.00%	100.00%	100.00%
Irmãos Vila Nova, SA	b)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
Irmãos Vila Nova III - Imobiliária, SA	b)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
IVN - Serviços Partilhados, SA	b)	Vila Nova de Famalicão (Portugal)	50.00%	50.00%	50.00%	50.00%
IVN Asia Limited	b)	Hong Kong (China)	100.00%	50.00%	100.00%	50.00%
Losan Colombia, S.A.S.	a)	Bogotá (Colombia)	100.00%	100.00%	100.00%	100.00%

	Losan Overseas Textile, S.L	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
	Losan Russia	a)	Moscow (Russia)	100.00%	100.00%	100.00%	100.00%
	Losan Tekstil Urun.V E Dis Ticaret, L.S.	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
	Modalfa - Comércio e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1)	Modalfa Canarias, SL	a)	Tenerife (Espanha)	60.00%	60.00%	-	-
	Modalloop – Vestuário e Calçado, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Salsa Jeans Canarias SL	b)	Tenerife (Spain)	60,00%	30,00%	60,00%	30,00%
	Salsa DE GmbH	b)	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Salsa Distribution USA LLC	b)	New York (USA)	100.00%	50.00%	100.00%	50.00%
	Salsa France, S.A.R.L.	b)	Paris (France)	99.99%	50.00%	100.00%	50.00%
	Salsa Luxembourg, Sàrl	b)	Luxembourg	100.00%	50.00%	100.00%	50.00%
	SLS Salsa - Comércio e Difusão de Vestuário, S.A.	b)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
	SLS Salsa España - Comercio y Difusión de Vestuario, S.A.U.	b)	Pontevedra (Spain)	100.00%	50.00%	100.00%	50.00%
2)	SDSR – Sports Division SR, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
2)	Sport Zone Canarias, SL	a)	Tenerife (Spain)	60.00%	60.00%	60.00%	60.00%
2)	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.lth.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 Textil 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.lth.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%
Asprela – Sociedade Imobiliária, SA	a)	Matosinhos	100,00%	100,00%	100,00%	100,00%
Azulino Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100,00%	100,00%	100,00%	100,00%
Canasta - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fozimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Iмосede	a)	Maia	80.40%	80.40%	80.40%	80.40%
Fundo de Investimento Imobiliário Fechado Iмосonae Dois	a)	Maia	98.00%	98.00%	97.91%	97.91%
Igimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Iginha - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoestrutura - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoresultado - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imosistema - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
MJLF - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Ponto de Chegada - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Predicomercial - Promoção Imobiliária, SA	a)	Maia	100.00%	100,00%	100.00%	100.00%
Predilugar - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Selifa - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sesagest - Proj.Gestão Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Socijofra - Sociedade Imobiliária, SA	a)	Gondomar	100.00%	100.00%	100.00%	100.00%

Sociloures - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sonaegest- Sociedade Gestora de Fundos de Investimento, SA	a)	Maia	60,00%	60,00%	60,00%	60,00%
Sonaerp – Retail Properties, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sondis Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Valor N, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Maxmat						
Modelo - Distribuição de Materiais de Construção, SA	b)	Maia	50.00%	50,00%	50,00%	50,00%
Sonae FS						
SFS – Serviços de Gestão e Marketing, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Sonae Financial Services, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Others						
Modelo Continente International Trade, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
SCBrasil Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Soflorin, BV	a)	Amesterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae MC – Modelo Continente. SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sonae MC S2 Africa Limited	a)	La Valeta (Malta)	100.00%	100.00%	100.00%	100.00%
Sonae SR Malta Holding Limited	a)	La Valeta (Malta)	100.00%	100.00%	100.00%	100.00%
Sonae SR – Serviços e Logística, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sonaecenter Serviços II, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sonvecap, BV	a)	Amesterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Tlantic, BV	a)	Amesterdam (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 created in the period
 - 2) In 2017, an agreement was signed for the combination of Sport Zone with JD Sprinter Holdings that completion in January 2018 and this subsidiary was consolidated by the equity method, given the loss of control.

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

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Luis Miguel Mesquita Soares Moutinho

Luis Miguel Vieira de Sá da Mota Freitas

Luis Filipe Campos Dias de Castro Reis

**Condensed separate
financial statements**

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

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

(Amounts expressed in euro)	Notes	31 March 2018	31 March 2017	31 December 2017
ASSETS				
NON-CURRENT ASSETS:				
Intangible assets		54	183	86
Investments in subsidiaries and associates	4	1,637,142,459	1,624,961,811	1,636,342,459
Deferred tax assets		3,042	-	3,042
<u>Other non-current assets</u>	5	<u>1,430,229,956</u>	<u>1,147,454,999</u>	<u>1,444,692,956</u>
<u>Total non-current assets</u>		<u>3,067,375,511</u>	<u>2,772,416,993</u>	<u>3,081,038,543</u>
CURRENT ASSETS:				
Trade accounts receivable and other current assets	6	1,321,888,057	1,621,437,095	1,224,102,635
<u>Cash and cash equivalents</u>	7	<u>224,106</u>	<u>89,710</u>	<u>475,958</u>
<u>Total current assets</u>		<u>1,322,112,163</u>	<u>1,621,526,805</u>	<u>1,224,578,593</u>
TOTAL ASSETS		4,389,487,674	4,393,943,798	4,305,617,136
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	8	1,000,000,000	1,000,000,000	1,000,000,000
Reserves and retained earnings		1,797,628,866	1,796,785,082	1,796,785,082
<u>Profit/(Loss) for the period</u>		<u>(4,793,105)</u>	<u>(2,571,637)</u>	<u>843,784</u>
<u>TOTAL EQUITY</u>		<u>2,792,835,761</u>	<u>2,794,213,445</u>	<u>2,797,628,866</u>
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	9	695,922,288	610,186,370	470,806,545
<u>Other non-current liabilities</u>	10	<u>400,000,000</u>	<u>400,000,000</u>	<u>400,000,000</u>
<u>Total non-current liabilities</u>		<u>1,095,922,288</u>	<u>1,010,186,370</u>	<u>870,806,545</u>
CURRENT LIABILITIES:				
Loans	9	60,483,593	107,739,970	162,983,427
<u>Trade creditors and other current liabilities</u>	11	<u>440,246,032</u>	<u>481,804,013</u>	<u>474,198,298</u>
<u>Total current liabilities</u>		<u>500,729,625</u>	<u>589,543,983</u>	<u>637,181,725</u>
TOTAL EQUITY AND LIABILITIES		4,389,487,674	4,393,943,798	4,305,617,136

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

**CONDENSED SEPARATE INCOME STATEMENT FOR THE PERIODS ENDED
31 MARCH 2018 AND 2017**

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

(Amounts expressed in euro)	Notes	31 March 2018	31 March 2017
Gains or losses on investments	14	72,512	1,392,373
Financial income	15	7,308,607	7,612,519
Other income		147,975	80,268
External supplies and services		(695,131)	(796,835)
Staff costs		(7,345)	(8,764)
Depreciation and amortisation		(32)	(32)
Financial expenses	15	(11,609,617)	(11,904,271)
Other expenses		(10,074)	(15,888)
Profit/(Loss) before taxation		(4,793,105)	(3,640,630)
Taxation		-	1,068,993
Profit/(Loss) after taxation		(4,793,105)	(2,571,637)
Profit/(Loss) per share (basic and diluted)	16	(0.0053)	(0.0029)

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

CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 MARCH 2018 AND 2017

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

(Amounts expressed in euro)	31 March 2018	31 March 2017
Net Profit / (Loss) for the period	(4,793,105)	(2,571,637)
Total comprehensive income for the period	(4,793,105)	(2,571,637)

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

CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED AS AT 31 MARCH 2018 AND 2017

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

(Amounts expressed in euro)	Share capital	Total reserves			Net Profit/(Loss)	Total
		Legal reserve	Other reserves	Total reserves		
Balance as at 1 January 2017	1,000,000,000	170,940,266	1,587,734,790	1,758,675,056	78,110,026	2,836,785,082
Total comprehensive income for the period	-	-	-	-	(2,571,637)	(2,571,637)
Appropriation of profit of 2016:						
Transfer to reserves	-	3,905,502	34,204,524	38,110,026	(38,110,026)	-
Dividend distributed	-	-	-	-	(40,000,000)	(40,000,000)
Balance as at 31 March 2017	1,000,000,000	174,845,768	1,621,939,314	1,796,785,082	(2,571,637)	2,794,213,445
Balance as at 1 January 2018	1,000,000,000	174,845,768	1,621,939,314	1,796,785,082	843,784	2,797,628,866
Total comprehensive income for the period	-	-	-	-	(4,793,105)	(4,793,105)
Appropriation of profit of 2017:						
Transfer to reserves	-	42,190	801,594	843,784	(843,784)	-
Balance as at 31 March 2018	1,000,000,000	174,887,958	1,622,740,908	1,797,628,866	(4,793,105)	2,792,835,761

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

CONDENSED SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 31 MARCH 2018 AND 2017

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

(Amounts expressed in euro)	Notes	31 March 2018	31 March 2017
OPERATING ACTIVITIES			
Net cash flow from operating activities (1)		(1,176,840)	(1,540,363)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments		-	2,506,033
Interest and similar income		19,263,704	30,261,166
Others		5,287	-
Loans granted		607,352,000	715,242,046
		626,620,991	748,009,245
Cash payments arising from:			
Investments		(800,000)	(1,457,836)
Loans granted		(702,604,518)	(736,905,546)
		(703,404,518)	(738,363,382)
Net cash used in investment activities (2)		(76,783,527)	9,645,863
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		1,438,218,518	1,594,713,000
		1,438,218,518	1,594,713,000
Cash payments arising from:			
Loans obtained		(1,356,259,000)	(1,603,464,000)
Interest and similar charges		(1,738,383)	(1,664,503)
		(1,357,997,383)	(1,605,128,503)
Net cash used in financing activities (3)		80,221,135	(10,415,503)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		2,260,768	(2,310,003)
Cash and cash equivalents at the beginning of the period		(2,036,662)	(2,341,740)
Cash and cash equivalents at the end of the period	7	224,106	(4,651,743)

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

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2018

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

(Amounts expressed in euro)

1 INTRODUCTION

SONAE 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 2017, except for the adoption of the new accounting standards which had become effective at 1 January 2018. There were no significant impacts of IFRS 9 and IFRS 15 adoption.

4 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES COMPANIES

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

Companies	31 March 2018		31 December 2017	
	% held	Final balance	% held	Final balance
APOR - Agência para a modernização do Porto, SA	22.75%	300,000	22.75%	300,000
Elergone Energia, Lda	75.00%	1,196,862	75.00%	1,196,862
Fundo de Investimento Imobiliário Fechado Imosede	80.40%	103,497,607	80.40%	103,497,607
Fundo de Investimento Imobiliário Imosonae Dois	0.09%	143,429	-	143,429
MCCARE, Serviços de Saúde, SA	100.00%	2,050,000	100.00%	2,050,000
Modelo - Distribuição de Materiais de Construção, SA	50.00%	24,790,614	50.00%	24,790,614
MOVVO, SA	25.58%	-	25.58%	-
SFS - Serviços de Gestão e Marketing, SA	99.99%	30,980,000	99.99%	30,980,000
SK - Skin Health Cosmetics, SA	100.00%	2,050,000	100.00%	2,050,000
SCBrasil Participações, Ltda	37.00%	-	37.00%	-
Sonae Center Serviços II, SA	100.00%	60,032,319	100.00%	60,032,319
Sonae MC - Modelo Continente, SGPS, SA	100.00%	1,390,587,276	100.00%	1,390,587,276
Sonae Financial Services, SA	100.00%	21,130,000	100.00%	20,330,000
Sonae SR Malta Holding Limited	-	1	-	1
Sonaegest - Soc. Gest. de Fundos de Investimento, SA	40.00%	384,351	40.00%	384,351
Total		1,637,142,459		1,636,342,459

5 OTHER NON-CURRENT ASSETS

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

	31 March 2018	31 December 2017
Loans granted	1,429,229,956	1,443,692,956
Other debtors	1,000,000	1,000,000
Total	1,430,229,956	1,444,692,956

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

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

6 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

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

	31 March 2018	31 December 2017
Group companies:		
Short term loans	1,298,358,518	1,188,643,000
Interests charged but not received	304,564	19,560,207
Taxes - Special Regime for taxation of groups of companies	2,255,853	2,255,524
Dividends receivable	67,225	-
Additional tax payment	17,721	17,721
Special regime for payment of tax and social security debts (DL 248-A/2002, 14 November)	2,763,268	2,763,268
Special regime for payment of tax and social security debts (DL 151-A/2013, 31 October)	788,298	788,298
Special program for debt reduction to tax authorities (PERES) (DL 67/2016, 3 November)	1,002,114	1,002,114
Taxes recoverable	5,593,055	5,619,332
Accrued and deferred assets	10,615,571	3,234,157
Others	135,392	232,536
	<u>1,321,901,579</u>	<u>1,224,116,157</u>
Accumulated impairment losses	<u>(13,522)</u>	<u>(13,522)</u>
Total	<u>1,321,888,057</u>	<u>1,224,102,635</u>

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

The amount disclosed as 'Special regime for payment of tax and social security debts' (DL 248-A/2002, of 14 November, DL 151-A/2013, of 31 October and DL 67/2016, 3 November) relates to taxes paid which were previously disputed and subject to reimbursement claims. The tax litigations are still in progress, although, following the payment, the guarantees previously given were canceled. No impairment loss was recorded since it is Sonae 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 31 March 2018 and 31 December 2017, cash and cash equivalents can be detailed as follows:

	31 March 2018	31 December 2017
Bank deposits	224,106	475,958
Cash and cash equivalents on the statement of financial position	224,106	475,958
Bank overdrafts	-	(2,512,621)
Cash and cash equivalents on the cash flow statement	224,106	(2,036,662)

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

8 SHARE CAPITAL

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

A subsidiary company 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 31 March 2018 and 31 December 2017, the subscribed share capital was held as follows:

	31 March 2018	31 December 2017
Sonae, SGPS, SA	25.0287%	25.0287%
Sonae Investments BV	13.1419%	13.1419%
Sonae MC - Modelo Continente, SGPS, SA	10.0000%	10.0000%
Sonaecenter Serviços, SA	51.8269%	51.8269%
Libra Serviços, Sociedade Unipessoal, Lda	0.0025%	0.0025%

9 BORROWINGS

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

	31 March 2018	31 December 2017
Bonds Sonae Investimentos / December 2015/2022	50,000,000	50,000,000
Bonds Sonae Investimentos / May 2015/2020	75,000,000	75,000,000
Bonds Sonae Investimentos / December 2015/2020	30,000,000	30,000,000
Bonds Sonae Investimentos/ June 2016/2021	95,000,000	95,000,000
Bonds Sonae Investimentos/ September 2016/2021	9,000,000	9,000,000
Up-front fees not yet charged to income statement	(1,577,712)	(1,693,455)
Bonds loans	257,422,288	257,306,545
Commercial paper	407,500,000	182,500,000
Other bank loans	31,000,000	31,000,000
Bank Loans	438,500,000	213,500,000
Non-current loans	695,922,288	470,806,545
Bonds Sonae Investimentos / June 2013/2018	50,000,000	50,000,000
Bonds Sonae Investimentos/ September 2016/2021	3,000,000	3,000,000
Up-front fees not yet charged to income statement	(16,407)	(29,194)
Bonds loans	52,983,593	52,970,806
Commercial paper	7,500,000	7,500,000
Other bank loans	-	100,000,000
Bank overdrafts	-	2,512,621
Bank Loans	7,500,000	110,012,621
Current loans	60,483,593	162,983,427

Under the above mentioned lines of credit and commercial paper programs with firm commitments, the company had 213 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	53,000,000	575,000,000
Available credit facilities amounts	45,500,000	167,500,000

The interest rate as at 31 March 2018 of the bonds and bank loans was, on average, 1.11% (1.26% as at 31 December 2017).

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

	31 March 2018	31 December 2017
N+1	60,500,000	163,012,621
N+2	95,500,000	10,500,000
N+3	88,000,000	88,000,000
N+4	224,200,000	184,200,000
N+5	259,800,000	159,800,000
after N+5	30,000,000	30,000,000

10 OTHER NON-CURRENT LIABILITIES

The amount of 400,000,000 euro recorded in the caption loans obtained is related to a subordinated bond loan, with maturity of 10 years issued at market conditions by Sonae 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 31 March 2018 the fair value of this bond loan is 52,134 euro (52,315 euro on 31 December 2017) per bond, and was determined based on discounted cash flows method.

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

11 TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

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

	31 March 2018	31 December 2017
Suppliers	41,035	168,320
Group companies:		
Short term loans	424,779,246	467,819,727
Taxes - Special Regime for taxation of groups of companies	1,660,038	1,660,038
Taxes and contributions payable	1,909,000	1,893,882
Accrued and deferred liabilities	11,821,312	2,621,100
Others	35,401	35,231
Total	440,246,032	474,198,298

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

12 CONTINGENT LIABILITIES

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

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

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

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

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

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

13 RELATED PARTIES

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

Balance	31 March 2018	31 December 2017
Parent companies	2,266,633	2,300,467
Subsidiaries	8,888,338	21,083,764
Jointly controlled companies	1,015,527	1,000,000
Associated companies	41,316	27,794
Other related parties	69,441	-
Accounts receivable	12,281,255	24,412,025
Parent companies	228,783	966,463
Subsidiaries	2,837,951	2,048,451
Jointly controlled companies	19,704	19,704
Other related parties	8,355,868	355,746
Accounts payable	11,442,306	3,390,364
Subsidiaries	2,730,830,390	2,635,577,872
Loans granted	2,730,830,390	2,635,577,872
Subsidiaries	424,779,246	467,819,727
Other related parties	400,000,000	400,000,000
Loans obtained	824,779,246	867,819,727

Transactions	31 March 2018	31 March 2017
Parent companies	267,045	322,205
Associated companies	8,372	6,652
Other related parties	271	36
Purchases and services obtained	275,688	328,893
Parent companies	12,469	14,596
Subsidiaries	55,730	65,238
Other income	68,199	79,834
Subsidiaries	7,300,594	7,602,396
Associated companies	-	4,607
Interest income	7,300,594	7,607,003
Parent companies	95,607	8,144,037
Subsidiaries	788,238	811,741
Other related parties	8,000,000	-
Interest expenses	8,883,845	8,955,778
Subsidiaries	67,225	1,611,750
Dividend income	67,225	1,611,750
Subsidiaries	-	1,968,533
Investments disposal	-	1,968,533
Subsidiaries	-	2,000,000
Loans disposal	-	2,000,000
Subsidiaries	5,287	-
Income from Investment Fund Participation Units	5,287	-

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

14 INVESTMENT INCOME

As at 31 March 2018 and 2017 investment income is as follows:

	31 March 2018	31 March 2017
Dividends received	67,225	1,611,750
Income of financial investments	5,287	-
Losses on investments sales	-	(219,377)
Total	72,512	1,392,373

15 FINANCIAL INCOME / EXPENSES

As at 31 March 2018 and 2017, net financial expenses are as follows:

	31 March 2018	31 March 2017
Interest receivable		
related to bank deposits	8,013	3,731
related to loans granted	7,300,594	7,607,003
Other	-	1,785
Financial income	7,308,607	7,612,519
Interest payable		
related to bank deposits and overdrafts	(659,626)	(518,691)
related to non convertible bonds	(1,437,429)	(1,554,050)
related to loans obtained	(8,883,844)	(8,955,779)
Up front fees on the issuance of debt	(624,169)	(875,333)
Other	(4,549)	(418)
Financial expenses	(11,609,617)	(11,904,271)

16 EARNINGS PER SHARE

Earnings per share for the periods ended 31 March 2018 and 2017 were calculated taking into consideration the following amounts:

	31 March 2018	31 March 2017
Net Profit/(loss)		
Net profit/(loss) taken into consideration to calculate basic earnings per share (Net profit for the period)	(4,793,105)	(2,571,637)
Net profit/(loss) taken into consideration to calculate diluted earnings per share	(4,793,105)	(2,571,637)
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)	(0.0053)	(0.0029)

17 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 15 May 2018.

18 INFORMATION REQUIRED BY LAW

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

During the period ended as at 31 March 2018 shareholders' loan contracts were signed with the following companies:

SC Brasil Participações Ltda

During the period ended as at 31 March 2018, treasury application agreements were signed with the following companies:

BRIO – Produtos de Agricultura Biológica, SA

GO WELL - Promoção de Eventos, Catering e Consultadoria, SA

Sonae, SGPS, SA

As at 31 March 2018 amounts owed by subsidiaries can be detailed as follows:

Company	31 March 2018
BB Food Service, SA	677,000
Bertimóvel - Sociedade Imobiliária, SA	7,470,000
Bom Momento - Comércio Retalhista, SA	724,000
Citorres - Sociedade Imobiliária, SA	1,184,000
Contimobe - Imobiliária do Castelo de Paiva, SA	14,728,000
Continente Hipermercados, SA	159,619,246
Cumulativa - Sociedade Imobiliária, SA	2,203,000
Elergone Energia, Lda	346,000
Farmácia Seleção, SA	1,948,000
Fozimo – Sociedade Imobiliária, SA	1,324,000
Imoestrutura - Sociedade Imobiliária, SA	1,742,000
Imoresultado – Sociedade Imobiliária, SA	1,456,000
Make Notes Design, Lda	668,000
MJLF - Empreendimentos Imobiliários, SA	511,000
Modelo Hiper Imobiliária, SA	8,795,000
Pharmaconcept - Actividades em Saúde, SA	1,000
Pharmacontinente - Saúde e Higiene, SA	6,466,000
Predicomercial - Promoção Imobiliária, SA	12,915,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	7,094,000
Sesagest - Projectos e Gestão Imobiliária, SA	43,128,000
SFS - Serviços de Gestão e Marketing, SA	11,350,000
SK Skin Health Cosmetics, SA	872,000
Socijofra - Sociedade Imobiliária, SA	6,460,000
Sonaesr Serviços e Logística, SA	8,349,000
Têxtil do Marco, SA	643,000
Valor N, SA	244,000
Worten - Equipamentos para o Lar, SA	123,862,000
Total	424,779,246

The amounts due to group companies as at 31 March 2018 related to the mentioned contracts were the following:

Company	31 March 2018
Azulino - Imobiliária, SA	285,000
Asprela - Sociedade Imobiliária, SA	3,134,000
Bright Brands SportsGoods, SA	2,784,000
BRIO - Produtos de Agricultura Biológica, SA	276,000
Canasta - Empreendimentos Imobiliários, SA	73,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	668,000
Fashion Division, SA	6,827,000
GO WELL - Promoção de Eventos, Catering e Consultadoria, SA	150,000
Igímo – Sociedade Imobiliária, SA	371,000
Igíinha – Sociedade Imobiliária, SA	299,000
Imomuro - Sociedade Imobiliária, SA	31,000
Imosistema - Sociedade Imobiliária, SA	990,000
Infofield - Informática, SA	1,888,000
MCCARE - Serviços de Saúde, SA	1,261,000
Modalfa - Comércio e Serviços, SA	12,643,000
Modalloop - Vestuário e Calçado, SA	2,356,000
Modelo Continente Hipermercados, SA	712,982,000
Ponto de Chegada - Sociedade Imobiliária, SA	14,000
Predilugar - Sociedade Imobiliária, SA	210,000
Sempre à Mão - Sociedade Imobiliária, SA	978,000
Sociloures - Sociedade Imobiliária, SA	1,285,000
SCBrasil Participações, Lda	12,525,872
Sonae Center Serviços II, SA	20,572,000
Sonae MC - Modelo Continente, SGPS, SA	1,887,905,518
Sonaerp - Retail Properties, SA	48,677,000
Sondis Imobiliária, SA	3,400,000
Zippy - Comércio e Distribuição, SA	8,245,000
Total	2,730,830,390

Approved at the meeting of the Board of Directors held on 15 May 2018.

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