

**SONAE INVESTIMENTOS, SGPS, SA**

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

**Share Capital 1,000,000,000 Euro**

**Porto Commercial Registry and Fiscal Number 501 532 927**

**REPORT AND ACCOUNTS**

**30 June 2016**

## Management Report

### Sonae Investimentos – S.G.P.S., S.A.

In accordance with Portuguese Law and the company's articles of association, we hereby present the management report of Sonae Investimentos - S.G.P.S., S.A. for the first six months of 2016.

#### Activity evolution for the period

During the course of the first six months of 2016, the consolidated turnover of Sonae Investimentos totalled 2,353 million euros, which corresponds to an increase of 4.5% when compared to the same period in the previous year. Performance benefited from the increased contributions of MC and SR, which have more than compensated the lower turnover of RP, resulting from sale and leaseback transactions over the course of 2015 and in 1Q16.

The Company's operating cash-flow (EBITDA) reached 166 million euros, which represents a 3.3% increase versus last year (+5 million euros). This evolution is positively influenced by Sonae RP retail assets Sale & Lease Back operations, which generated capital gains of ca. 63 million euros in the semester, and improved contributions from Sonae SR and MaxMat. Sonae SR, in addition to the acquisition of Losan in 4Q15, completed in 2Q16 the acquisition of 50% of Salsa's capital, hence starting a promising partnership in an internationally renowned Portuguese jeanswear specialist.

EBITDA performance includes a reduction of the contribution of Sonae MC which continued to reinforce its competitive position (L4L +0.4% 1H16) and market share in a very mature and highly competitive market, improving its value proposition, perception on price and quality of perishables, launching innovative price campaigns, and implementing its programme for the expansion of local convenience and close proximity stores.

Overall, EBITDA margin stood at 7.1% of turnover, in line with that of 1H15.

Operating results (EBIT) amounted to 75 million euros in the period, decreasing 4 million euros when compared to the first six months of 2015, with margin decreasing 0.3pp to 3.2%.

Sonae Investimentos consolidated net result in the first six months of 2016 totalled 41 million euros, 10 million euros above the comparable period of 2015.

At the end of June, Sonae Investimentos operated in an overall portfolio of 1,416 stores, corresponding to a sales area of 1,123 thousand m<sup>2</sup>. During the period, the company continued to evolve its store network in both national and international markets. Sonae SR continued to consolidate its store networks and had, in particular, a total of 180 stores outside of Portugal, including 66 under franchising agreements.

Sonae MC also continued to further develop its store network, opening 1 Continente, 7 Continente Bom Dia, 37 Meu Super Stores (all under franchise agreements), 11 Well's (5 of which under franchise agreements), 3 Bom Bocado / Bagga and 1 note!.

In parallel to the expansion effort, the company carried out a refurbishment programme in a number of retail units so as to ensure they remain as a reference in their respective catchment areas. Total investment amounted to 202 million euros during the first six months of the year (112 million euros in 2015 comparable period).

**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, 16 of August 2016

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

## Glossary

### Turnover

Sale of articles + services rendered;

### EBITDA

total direct income - total direct expenses - reversal of direct impairment losses + Share of results in joint ventures and associated undertakings;

### “Underlying” EBITDA

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

### Direct EBIT

Direct EBT - financial results;

### Direct EBT

Direct results before non-controlling interests and taxes;

### Direct income

Results excluding contributions to indirect income;

### Indirect income

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

### Investments (CAPEX)

Investments in tangible and intangible assets and investments in acquisitions;

### Working Capital

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

### Net Invested capital

Total net debt + total shareholder funds

## Appendix

**Statement under the terms of Article 246, paragraph 1, c) of the Portuguese Securities Code**

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

Maia, 16 of August 2016

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

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

	Additions		Reductions		Position at 30.06.2016	Balance as of 30.06.2016	
	Date	Quantity	Aver. Price €	Quantity			Aver. Price €
<b>Duarte Paulo Teixeira de Azevedo (*) (**) (***) (****)</b>							
Efanor Investimentos, SGPS, SA (1)					Minority		
Migracom, SGPS, SA (9)					Dominant		
<b>Ângelo Gabriel Ribeirinho dos Santos Paupério (*) (**)</b>							
Enxomil - SGPS, SA (11)					Dominant		
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Position at 30.06.2016	Balance as of 30.06.2016
							Quantity
<b>(1) Efanor Investimentos, SGPS, SA</b>							
Sonae, SGPS, SA (3)						Dominant	
Pareuro, BV (2)						Dominant	
<b>(2) Pareuro, BV</b>							
Sonae, SGPS, SA (3)						Dominant	
<b>(3) Sonae, SGPS, SA</b>							
Sonae Investments, BV (6)						Dominant	
Sonae Investimentos, SGPS, SA (4)						Dominant	250,286,683
Sonaecenter, Serviços, SA (5)						Dominant	
<b>(4) Sonae Investimentos, SGPS, SA</b>							
Sonae MC - Modelo Continente, SGPS, SA (8)						Dominant	
<b>(5) Sonaecenter, Serviços, SA</b>							
Sonae Investimentos, SGPS, SA (4)							518,269,127
<b>(6) Sonae Investments BV</b>							
Sonae Investimentos, SGPS, SA (4)						Dominant	131,419,190
Libra Serviços, Sociedade Unipessoal, Lda (7)						Dominant	
<b>(7) Libra Serviços, Sociedade Unipessoal, Lda</b>							
Sonae Investimentos, SGPS, SA (4)							25,000
<b>(8) Sonae MC - Modelo Continente, SGPS, SA</b>							
Sonae Investimentos, SGPS, SA (4)							100,000,000
<b>(9) Migracom, SGPS, SA</b>							
Sonae, SGPS, SA (3)						Minority	
Imparfin, SGPS, SA (10)						Minority	
<b>(10) Imparfin, SGPS, SA</b>							
Sonae, SGPS, SA (3)						Minority	
<b>(11) Enxomil - SGPS, SA</b>							
Sonae, SGPS, SA (3)						Minority	
(*) Member of the Board of Directors of Sonae, Investimentos, SGPS, SA							
(**) Member of the Board of Directors of Sonae, SGPS, SA (directly and indirectly dominant company) (3)							
(***) Member of the Board of Directors of Efanor Investimentos SGPS, SA (1)							
(****) Member of the Board of Directors of Imparfin, SGPS, SA (10)							

## Qualified holdings

Shares held and voting rights attributable to shareholders owning 2% or more of the share capital of the Sonae Investimentos, SGPS, SA, calculated according to article 20 of the Portuguese Securities Code, as required by article 9 paragraph 1, subparagraph c), of the Portuguese Securities Market Commission (CMVM) Regulation nr. 05/2008:

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

Source: communications received by the Company regarding qualified shareholdings up to 30<sup>th</sup> June 2016

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

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

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

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



**Condensed consolidated  
financial statements**

## SONAE INVESTIMENTOS, SGPS, SA

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016 AND 2015 AND 31 DECEMBER 2015

(Amounts expressed in euro)

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

ASSETS	Notes	30 June 2016	30 June 2015	31 December 2015
<b>NON-CURRENT ASSETS:</b>				
Tangible assets	8	1,553,054,520	1,653,556,116	1,539,139,683
Intangible assets	9	211,544,785	195,838,085	204,399,410
Goodwill	10	685,221,457	498,933,536	518,417,011
Investments in associates	5	51,403,879	41,615,029	47,582,327
Other investments	6 and 11	10,931,751	11,772,388	12,164,765
Deferred tax assets	14	60,309,918	86,149,188	56,737,847
Other non-current assets	12	11,442,168	28,738,824	11,633,297
<b>Total Non-Current Assets</b>		<b>2,583,908,478</b>	<b>2,516,603,166</b>	<b>2,390,074,340</b>
<b>CURRENT ASSETS:</b>				
Inventories		653,674,724	564,037,858	634,365,983
Trade account receivable and other current assets	13	386,236,452	288,533,880	283,004,706
Investments	11	1,701,175	1,034,573	2,506,086
Cash and cash equivalents	15	80,096,949	159,003,885	89,020,049
<b>Total Current Assets</b>		<b>1,121,709,300</b>	<b>1,012,610,196</b>	<b>1,008,896,824</b>
Assets held for sale	16	-	4,525,381	131,044,139
<b>TOTAL ASSETS</b>		<b>3,705,617,778</b>	<b>3,533,738,743</b>	<b>3,530,015,303</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY:</b>				
Share capital	17	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		(55,138,416)	(84,868,583)	(86,593,045)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		41,363,917	30,794,804	70,039,847
<b>Equity attributable to the equity holders of the Parent Company</b>		<b>666,225,501</b>	<b>625,926,221</b>	<b>663,446,802</b>
<b>Equity attributable to non-controlling interests</b>	18	<b>126,901,326</b>	<b>60,643,711</b>	<b>52,292,885</b>
<b>TOTAL EQUITY</b>		<b>793,126,827</b>	<b>686,569,932</b>	<b>715,739,687</b>
<b>LIABILITIES:</b>				
<b>NON-CURRENT LIABILITIES:</b>				
Loans	19	719,000,373	415,849,821	596,135,078
Other non-current liabilities	21	438,549,494	441,274,283	437,223,223
Deferred tax liabilities	14	65,359,362	87,256,199	70,495,516
Provisions	24	11,609,143	18,860,779	11,585,642
<b>Total Non-Current Liabilities</b>		<b>1,234,518,372</b>	<b>963,241,082</b>	<b>1,115,439,459</b>
<b>CURRENT LIABILITIES:</b>				
Loans	19	198,947,687	507,502,847	143,582,795
Trade creditors and other current liabilities	23	1,475,986,442	1,372,986,625	1,552,433,412
Provisions	24	3,038,450	3,438,257	2,819,950
<b>Total Current Liabilities</b>		<b>1,677,972,579</b>	<b>1,883,927,729</b>	<b>1,698,836,157</b>
<b>TOTAL LIABILITIES</b>		<b>2,912,490,951</b>	<b>2,847,168,811</b>	<b>2,814,275,616</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,705,617,778</b>	<b>3,533,738,743</b>	<b>3,530,015,303</b>

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

The Board of Directors

## CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016 AND 2015

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

(Amounts expressed in euro)	Notes	2 <sup>nd</sup> Quarter 2016	2 <sup>nd</sup> Quarter 2015	30 June 2016	30 June 2015
Sales		1,149,265,644	1,129,030,121	2,308,997,929	2,224,032,379
Services rendered		25,008,843	13,918,289	44,256,947	27,202,359
Investment income investments recorded at fair value through profit		89,824	(4,735,080)	91,406	(4,735,080)
Financial income		593,936	1,396,312	1,091,915	5,491,562
Other income	26	180,027,525	205,977,046	407,019,529	354,133,920
Cost of goods sold and materials consumed		(965,103,240)	(929,438,586)	(1,936,716,445)	(1,821,811,855)
Changes in stocks of finished goods and work in progress		375,546	3,223	439,937	15,147
External supplies and services		(157,303,396)	(140,051,578)	(306,606,064)	(276,514,828)
Staff costs		(160,873,772)	(151,162,966)	(322,334,637)	(304,724,867)
Depreciation and amortisation	8 and 9	(40,774,899)	(40,042,382)	(80,984,704)	(80,115,975)
Provisions and impairment losses		(372,940)	(122,047)	(7,734,679)	(2,001,182)
Financial expense		(14,735,711)	(17,673,930)	(31,239,497)	(36,531,848)
Other expenses		(15,092,262)	(20,772,229)	(31,496,568)	(41,757,859)
Share of results of joint ventures and associated companies	5	77,266	(500,192)	(673,313)	(1,006,965)
Profit/(Loss) before taxation		1,182,364	45,826,001	44,111,756	41,674,908
Taxation	28	9,778,012	(8,091,592)	(807,465)	(9,658,463)
Profit/(Loss) after taxation		10,960,376	37,734,409	43,304,291	32,016,445
Attributable to:					
Equity holders of the Parent Company		9,859,353	37,170,685	41,363,917	30,794,804
Non-controlling interests	18	1,101,023	563,724	1,940,374	1,221,641
Profit/(Loss) per share					
Basic	29	0.010955	0.027132	0.045960	0.034216
Diluted	29	0.010955	0.027132	0.045960	0.034216

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

The Board of Directors

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 JUNE 2016 AND 2015

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

<i>(Amounts expressed in euro)</i>	2 <sup>nd</sup> Quarter 2016	2 <sup>nd</sup> Quarter 2015	30 June 2016	30 June 2015
Net Profit / (Loss) for the period	10,960,376	37,734,409	43,304,291	32,016,445
Items that maybe reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(657,967)	134,912	(773,175)	68,862
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method (Note 5.3)	1,369,038	80,048	1,783,926	(785,452)
Changes in hedge and fair value reserves	2,669,831	(2,326,168)	557,780	(2,741,926)
Deferred taxes related with other components of comprehensive income	(651,027)	569,671	(135,790)	675,180
Other comprehensive income for the period	2,729,875	(1,541,537)	1,432,741	(2,783,336)
Total comprehensive income for the period	13,690,251	36,192,873	44,737,032	29,233,109
Attributable to:				
Equity holders of parent company	12,505,984	35,661,116	42,744,919	28,060,505
Non controlling interests	1,184,267	531,757	1,992,113	1,172,604

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

The Board of Directors

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 30 JUNE 2016 AND 2015

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

<i>(Amounts expressed in euro)</i>	Attributable to Equity Holders of Parent Company											Non controlling Controlling Interests (Note 18)	Total Equity
	Reserves and Retained Earnings								Net Profit/(Loss)	Total			
	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					
Balance as at 1 January 2015	1,000,000,000	(320,000,000)	141,237,816	525,879	347,319	320,000,000	(573,574,449)	(111,463,435)	70,697,244	639,233,809	80,234,962	719,468,771	
Total comprehensive income for the period	-	-	-	77,933	(2,026,780)	-	(785,452)	(2,734,299)	30,794,804	28,060,505	1,172,604	29,233,109	
Appropriation of profit of 2014													
Transfer to legal reserves and retained earnings	-	-	29,702,450	-	-	-	40,994,794	70,697,244	(70,697,244)	-	-	-	
Dividends distributed	-	-	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)	(113,298)	(40,113,298)	
Partial disposal or acquisitions of affiliated companies	-	-	-	-	-	-	(1,368,093)	(1,368,093)	-	(1,368,093)	(20,650,557)	(22,018,650)	
Balance as at 30 June 2015	1,000,000,000	(320,000,000)	170,940,266	603,812	(1,679,461)	320,000,000	(574,733,200)	(84,868,583)	30,794,804	625,926,221	60,643,711	686,569,932	
Balance as at 1 January 2016	1,000,000,000	(320,000,000)	170,940,266	1,058,142	(239,492)	320,000,000	(578,351,961)	(86,593,045)	70,039,847	663,446,802	52,292,885	715,739,687	
Total comprehensive income for the period	-	-	-	(811,915)	408,991	-	1,783,926	1,381,002	41,363,917	42,744,919	1,992,113	44,737,032	
Appropriation of profit of 2015													
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	70,039,847	70,039,847	(70,039,847)	-	-	-	
Dividends distributed	-	-	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)	(114,810)	(40,114,810)	
Income distribution	-	-	-	-	-	-	-	-	-	-	(493,079)	(493,079)	
Partial disposal or acquisitions of affiliated companies	-	-	-	-	-	-	39,064	39,064	-	39,064	134,197	173,261	
Acquisitions of affiliated companies	-	-	-	-	-	-	-	-	-	-	73,090,000	73,090,000	
Others	-	-	-	-	-	-	(5,284)	(5,284)	-	(5,284)	20	(5,264)	
Balance as at 30 June 2016	1,000,000,000	(320,000,000)	170,940,266	246,227	169,499	320,000,000	(546,494,408)	(55,138,416)	41,363,917	666,225,501	126,901,326	793,126,827	

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

The Board of Directors

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2016 AND 2015

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

(Amounts expressed in euro)	Notes	2 <sup>nd</sup> Quarter 2016	2 <sup>nd</sup> Quarter 2015	30 June 2016	30 June 2015
<b>OPERATING ACTIVITIES</b>					
Net cash flow from operating activities (1)		9,409,541	35,510,568	(147,960,398)	(105,339,244)
<b>INVESTMENT ACTIVITIES</b>					
Cash receipts arising from:					
Tangible assets and investment properties	8 and 9	311,988	183,146,802	230,284,163	183,622,611
Interests and similar income		535,910	314,062	814,415	642,812
Loans granted		-	2,115,000	-	4,500,000
Dividends		455,023	296,843	455,023	296,843
Others		-	-	1,581	-
		1,302,921	185,872,707	231,555,182	189,062,266
Cash Payments arising from:					
Investments		(67,470,200)	(916,124)	(67,844,215)	(916,124)
Tangible assets and investment properties		(68,563,373)	(41,255,434)	(138,210,529)	(105,344,754)
Loans granted		-	(3,081,948)	-	(4,446,948)
		(136,033,573)	(45,253,506)	(206,054,744)	(110,707,826)
Net cash used in investment activities (2)		(134,730,652)	140,619,201	25,500,438	78,354,440
<b>FINANCING ACTIVITIES</b>					
Cash receipts arising from:					
Investments		2,667,422	449,453	2,840,683	575,347
Loans obtained		1,354,655,969	1,081,456,016	2,666,301,374	2,030,894,439
		1,357,323,391	1,081,905,469	2,669,142,057	2,031,469,786
Cash Payments arising from:					
Investments		-	(25,556,393)	-	(28,057,115)
Loans obtained		(1,260,394,996)	(1,111,889,811)	(2,569,172,231)	(1,928,189,197)
Interests and similar charges		(10,426,656)	(9,685,447)	(13,456,185)	(14,752,496)
Dividends		(607,868)	(113,299)	(607,868)	(113,299)
Others		(35,519)	(118,980)	(459,891)	(938,777)
		(1,271,465,039)	(1,147,363,930)	(2,583,696,175)	(1,972,050,884)
Net cash used in financing activities (3)		85,858,352	(65,458,461)	85,445,882	59,418,902
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(39,462,759)	110,671,308	(37,014,078)	32,434,098
Effect of foreign exchange rate		(232,120)	(337,101)	(48,183)	(307,839)
Cash and cash equivalents at the beginning of the period	15	78,705,756	23,431,620	76,441,012	101,698,092
Cash and cash equivalents at the end of the period	15	39,475,117	134,440,029	39,475,117	134,440,029

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

The Board of Directors

# SONAE INVESTIMENTOS, SGPS, SA

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2016

*(Amounts expressed in euro)*

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

### 1 INTRODUCTION

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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 4 to 6 the Sonae Investimentos Group (“Sonae Investimentos”). Sonae Investimentos’s operations and operating segments are described in Note 30.

### 2 PRINCIPAL ACCOUNTING POLICIES

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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 2015.

#### **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, issued by the International Accounting Standards Board (“IASB”), and interpretations issued by the IFRS Interpretations Committee (“IFRS-IC”) or by the previous Standing Interpretations Committee (“SIC”), as adopted by the European Union as at the consolidated financial statements issuance date.

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 financial statements approval date, the following Standards and Interpretations, some of which become effective in 2016, have been endorsed by the European Union:

With mandatory application from 1 January 2016: Effective Date (for financial years beginning on or after)

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IAS 19 (Amendment) – (Defined benefit Plans: Employee Contributions)	01 Feb 2015
Annual Improvements to IFRS (cycle 2010-2012)	01 Feb 2015
Annual Improvements to IFRS (cycle 2012-2014)	01 Jan 2016
IFRS 11 (Amendment) – (Accounting for Acquisitions of Interests in Joint Operations)	01 Jan 2016
IAS 1 (Amendment) – Presentation of Financial Statements	01 Jan 2016
IAS 16 and IAS 38 (Amendments) – (Clarification of Acceptable Methods of Depreciation and Amortisation)	01 Jan 2016
IAS 16 (Amendment) – Tangible Assets and IAS 41 (Amendments) Bearer Plants	01 Jan 2016
IAS 27 (Amendment) – Equity Method in Separate Financial Statements	01 Jan 2016

These standards were first applied by the Group in 2016. The application of these standards and interpretations had no material effect on the financial statements of the Group as at 30 June 2016.

The following standards, interpretations, amendments and revisions haven't been until the date of approval of these financial statements, endorsed by the European Union, whose application is mandatory in future financial years.

With mandatory application after 2016: Effective Date (for financial years beginning on or after)

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IFRS 9 - (Financial instruments – classification and measurement)	01 Jan 2018
IFRS 15 – (Revenues from Contracts with Customers )	01 Jan 2018
IFRS 16 –Leases - (recognition and measurement principles)	01 Jan 2019
IFRS 10, IFRS 12 and IAS 28 (Amendment) – Investment Entities – Applying the Consolidation Exception	01 Jan 2016
IFRS 10 and IAS 28 (Amendment) – (Elimination of the inconsistency between the requirements of these standards when dealing with the sale of contribution of assets between an investor and its associate or joint venture)	Undefined



IAS 12 (Amendment) – (Recognition of deferred tax assets for unrealised losses )	01 Jan 2017
IAS 7 (Amendment) – (Disclosure initiative about Statement of Cash Flows)	01 Jan 2017
IFRS 15 (Amendment) – (Revenues from Contracts with Customers)	01 Jan 2018
IFRS 2 (Amendment) – (Share based Payment transactions – classification and measurement)	01 Jan 2018

The Group did not proceed to earlier adoption of any of these standards on the financial statements for the period ended on the 30 June 2016, since their application is not yet mandatory. The impacts of the above mentioned standards are being analysed by the Group, and with the exception of IFRS 9, IFRS 15 and IFRS 16 important impacts are not to be expected.

### 3 CHANGES IN ACCOUNTING POLICIES

During the period it was adopted a set of accounting standards, interpretations, amendments and revisions issued in previous periods and whose implementation became mandatory after 1<sup>st</sup> January 2016 as disclosed in Note 2 and which didn't have any significant impacts on the financial statements as at 30 June 2016.

### 4 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 2016 and 31 December 2015 are as follows:

COMPANY	Head Office	Percentage of capital held			
		30 June 2016		31 December 2015	
		Direct*	Total*	Direct*	Total*
<b>Sonae Investimentos, SGPS, SA</b>	Matosinhos	Holding	Holding	Holding	Holding
<b>Sonae MC</b>					
BB Food Service, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Bom Momento – Restauração, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
1) Contibomba - Comércio e Distribuição de Combustíveis, SA	a) Matosinhos	100.00%	100.00%	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%

MJB – Design, Lda	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modelo Continente Hipermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Modelo Continente International Trade, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Pharmaconcept – Actividades em Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sonae MC – Modelo Continente. SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
<b>Sonae SR</b>						
Aduanas Caspe, S.L.U.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
Comercial Losan Polonia SP. Z.O.O.	a)	Warsaw (Poland)	100.00%	100.00%	100.00%	100.00%
Comercial Losan, S.L.U.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
Discovery Sports, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Fashion Division, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fashion Division Canárias, SL	a)	Tenerife (Spain)	100.00%	100.00%	100.00%	100.00%
Global Usebti, S.L.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
HighDome PCC Limited (Cell Europe)	a)	Valetta (Malta)	100.00%	100.00%	100.00%	100.00%
Infocfield – Informática, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
2) Irmãos Vila Nova, SA	a)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	-	-
2) Irmãos Vila Nova III - Imobiliária, SA	a)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	-	-
2) IVN - Serviços Partilhados, SA	a)	Vila Nova de Famalicão (Portugal)	50.00%	50.00%	-	-
2) IVN Asia Limited	a)	Hong Kong (China)	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 Tekstil Urun.V E Dis Ticaret, L.S.	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
Modalfa - Comércio e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%

	Modalloop – Vestuário e Calçado, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
1)	Modelo.com - Vendas p/Correspond., SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
2)	Salsa DE GmbH	a)	Dusseldorf (Germany)	100.00%	50.00%	-	-
2)	Salsa Distribution USA LLC	a)	New York (USA)	100.00%	50.00%	-	-
2)	Salsa France, S.A.R.L.	a)	Paris (France)	99.99%	50.00%	-	-
2)	Salsa Luxembourg, Sàrl	a)	Luxembourg	100.00%	50.00%	-	-
2)	SLS Salsa - Comércio e Difusão de Vestuário, S.A.	a)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	-	-
2)	SLS Salsa España - Comercio y Difusión de Vestuario, S.A.U.	a)	Pontevedra (Spain)	100.00%	50.00%	-	-
	SDSR – Sports Division SR, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae Retalho España - Servicios Generales, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Sonae SR Malta Holding Limited	a)	Valetta (Malta)	100.00%	100.00%	100.00%	100.00%
	Sonae SR – Serviços e Logística, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae Specialized Retail. SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sport Zone Canarias, SL	a)	Tenerife (Spain)	60.00%	60.00%	60.00%	5.00%
	Sport Zone España - Comércio de Articulos de Deporte, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Sport Zone Sport Maiz.Per.Satis.Ith.Ve tic Ltd Sti	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
	Têxtil do Marco, SA	a)	Marco de Canaveses	92.76%	92.76%	92.76%	92.76%
	Usebti Textile México S.A. de C.V.	a)	City of Mexico (Mexico)	100.00%	100.00%	100.00%	100.00%
	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%
	Zippy – Comércio e Distribuição, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Zippy - Comércio Y Distribución, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Zippy Cocuk Malz.Dag.Ith.Ve Tic Ltd.Sti	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
	ZYEvolution- Investig.e Desenvolvimento, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%

## Sonae RP

Arat Inmuebles, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100,00%	100,00%	100,00%	100,00%
Canasta - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fozimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosedede	a)	Maia	100.00%	100.00%	80.40%	80.40%
Fundo de Investimento Imobiliário Fechado Imosonaes Dois	a)	Maia	97.82%	97.82%	97.92%	97.92%
Igimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Iginha - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoconti - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoestrutura - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoresultado - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imosistema - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
MJLF - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Ponto de Chegada - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Predicomercial - Promoção Imobiliária, SA	a)	Maia	100.00%	100,00%	100.00%	100.00%
Predilugar - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Selifa - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sesagest - Proj.Gestão Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Socijofra - Sociedade Imobiliária, SA	a)	Gondomar	100.00%	100.00%	100.00%	100.00%

Sociloures - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sonaerp – Retail Properties, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sondis Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Valor N, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
<b>Others</b>						
Marcas MC, zRT	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
Modelo - Distribuição de Materiais de Construção, SA	b)	Maia	50.00%	50.00%	50.00%	50.00%
3) SFS – Serviços de Gestão e Marketing, SA	a)	Maia	100.00%	100.00%	-	-
SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Soflorin, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Sonae Financial Services, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sonaecenter Serviços II, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sonaegest- Sociedade Gestora de Fundos de Investimento, SA	a)	Maia	60.00%	60.00%	60.00%	60.00%
Sonvecap, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Tlantic, BV	a)	Amsterdam (Netherlands)	72.10%	72.10%	72.10%	72.10%
Tlantic Portugal - Sistemas de Informação, SA	a)	Matosinhos	100.00%	72.10%	100.00%	72.10%
Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	100.00%	72.10%	100.00%	72.10%

\*the percentage of ownership" total" represents the total percentage of interest held by the Group; the percentage of capital held "direct" corresponds to the percentage (s) subsidiary which owns the stake in question holds the share capital of this company.

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

b) Control held by management control.

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

2) Companies acquired at 30 June 2016;

3) Company created during the period.

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

## 5 ASSOCIATED COMPANIES

## 5.1 Detail of book value of Investment in associates

Associated companies included in the consolidated financial statements, their head offices and the percentage of share capital held at 30 June 2016 and 31 December 2015 are as follows:

Company	Head Office	Percentage of capital held				Statement of financial position	
		30 June 2016		31 December 2015		30 June 2016	31 December 2015
		Direct*	Total*	Direct*	Total*		
MDS SGPS, SA (consolidated)	Maia	47.53%	47.53%	47.53%	47.53%	44,640,601	43,093,084
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	1,025,872	1,236,445
APOR- Agência para a Modernização do Porto, SA	Porto	22.75%	22.75%	22.75%	22.75%	329,640	373,147
1) MOVVO, SA	Porto	22.89%	22.89%	16.00%	16.00%	2,063,874	-
Ulabox, S.L.	Barcelona	34.07%	34.07%	28.57%	28.57%	3,343,892	2,879,651
<b>Investments in associated companies</b>						<b>51,403,879</b>	<b>47,582,327</b>

\* the percentage of ownership "total" represents the total percentage of interest held by the Group; the percentage of capital held "direct" corresponds to the percentage (s) subsidiary which owns the stake in question holds the share capital of this company.

- 1) On May 27, 2016, the group proceeded to an increase of capital in MOVVO, now holds significant influence on that subsidiary allowing the latter to be included in consolidated by the equity method (Note 6).

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

## 5.2 Financial indicators of participations

As at 30 June 2016 and 2015 and 31 December 2015, financial information of associated companies can be analysed as follows:

Associated Companies	30 June 2016				31 December 2015			
	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	Others	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	Others
Non-current assets	69,329,428	1,483,590	913,370	19,422	64,452,910	1,778,633	1,923,349	18,619
Current assets	20,098,488	9,573,714	2,186,221	1,528,213	22,408,075	10,076,920	2,548,955	1,679,225
Non-current liabilities	25,745,862	1,263	-	-	27,481,551	8,594	-	-
Total current liabilities	26,156,179	6,952,554	343,021	98,667	25,670,040	6,901,181	103,517	57,638
Shareholders' funds excluding non-controlling interests	37,525,875	4,103,487	2,756,570	1,448,968	33,709,394	4,945,778	4,368,786	1,640,206

Associated Companies	30 June 2016				30 June 2015			
	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	Others	MDS SGPS, SA (Consolidated)	Sempre a Postos	Ulabox	Others
Turnover	21,537,784	24,751,981	3,479,264	11,316	21,721,019	24,040,342	1,755,230	51,669
Other operational income	356,697	1,884,819	109,194	-	309,175	2,199,498	76,423	-
Operational expenses	(21,067,922)	(25,905,348)	(5,377,075)	(214,924)	(22,806,413)	(25,425,935)	(2,454,086)	(127,637)
Net financial expense	(725,937)	5,331	-	11,280	(1,319,084)	7,859	-	18,062
Share of results of joint ventures and associated companies	(96,731)	-	-	-	-	-	-	-
Investment income investments recorded at fair value through profit	745	-	-	-	99	-	-	-
Taxation	41,741	(167,293)	-	-	269,295	(194,410)	-	(22)
Consolidated net income/(loss) for the period	46,377	569,490	(1,788,618)	(192,328)	(1,825,909)	627,354	(622,433)	(57,928)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	46,377	569,490	(1,788,618)	(192,328)	(1,825,909)	627,354	(622,433)	(57,928)

### 5.3 Movements occurred in the period

During the period ended at 30 June 2016 and 2015, movements in investments in associated companies are as follows:

	30 June 2016			30 June 2015		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
<b>Associated companies</b>						
Initial balance as at January,1	21,073,725	26,508,602	47,582,327	6,493,202	34,210,506	40,703,708
Acquisitions during the period	1,100,010	-	1,100,010	1,599,541	1,400,759	3,000,300
Transfer of "Other non-current Investments"	(176,938)	2,140,811	1,963,873	-	-	-
Equity method:						
Effect in gain or losses in associated companies	(673,313)	-	(673,313)	(1,006,965)	-	(1,006,965)
Distributed dividends	(352,945)	-	(352,945)	(296,562)	-	(296,562)
Other effects on reserves	1,783,927	-	1,783,927	(785,452)	-	(785,452)
<b>Total</b>	<b>22,754,466</b>	<b>28,649,413</b>	<b>51,403,879</b>	<b>6,003,764</b>	<b>35,611,265</b>	<b>41,615,029</b>

The effect on "other effects on reserves" is mainly a result of the exchange differences relating to the translation from the functional currencies of companies into Euro.

## 6 OTHER NON-CURRENT INVESTMENTS

Other non-current investments, their head offices, percentage of share capital held and book value as at 30 June 2016 and 31 December 2015 are as follows:

Company	Head Office	Percentage of capital held				Statement of financial position	
		30 June 2016		31 December 2015		30 June 2016	31 December 2015
		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	898,197
1) Solferias- Operadores Turísticos, SA	Lisbon	-	-	11.11%	11.11%	-	133,162
2) MOVVO, SA	Porto	22.89%	22.89%	16.00%	16.00%	-	991,315
Other investments						9,996,578	10,132,115
						10,931,751	12,164,765

1) Participation disposed in the period;

- 2) On May 27, 2016, the group proceeded to an increase of capital in MOVVO, now holds significant influence on that subsidiary allowing the latter to be included in consolidated by the equity method (Note 5).

On 30 June 2016, are included in “Other Investments”, among others 9,985,498 euro (9,996,932 euro as at 31 December 2015) related to deposited amounts on an *Escrow Account* which is invested in investment funds with superior rating and contractual liability guarantees assumed in the disposal of a Sonae Distribuição Brazil and for which provisions were recorded in the applicable situations (Note 24 and 25).

Although in accordance with the deadlines contractually established, the *Escrow Account* should have already been released by the buyer, that didn’t happen as there are some points of disagreement on the use of the *Escrow Account*, namely as whether or not, to retain the *Escrow Account* for on-going fiscal procedures that have not yet been decided (Note 25). It is the understanding of the Board of Directors, based on legal opinions of Brazilian and Portuguese lawyers that the reason attends to Sonae Investimentos.

The Other Investments are recorded at acquisition cost net of impairment losses. It is Sonae Investimentos understanding that no reliable fair value estimate can be made as there is no market data available for these investments.

## 7 CHANGES IN CONSOLIDATION PERIMETER

During the period ended at 30 June 2016, Sonae Investimentos acquired 50% of the Salsa group and the companies included in this group are:

COMPANY	Head Office	Direct	Total
<b>Sonae SR</b>			
Irmãos Vila Nova, SA	Vila Nova de Famalicão (Portugal)	100.00%	50.00%
Irmãos Vila Nova III - Imobiliária, SA	Vila Nova de Famalicão (Portugal)	100.00%	50.00%
IVN - Serviços Partilhados, SA	Vila Nova de Famalicão (Portugal)	50.00%	50.00%
IVN Asia Limited	Hong Kong (China)	100.00%	50.00%
Salsa DE GmbH	Dusseldorf (Alemanha)	100.00%	50.00%
Salsa Distribution USA LLC	New York (USA)	100.00%	50.00%
Salsa France, S.A.R.L.	Paris (France)	99.99%	50.00%
Salsa Luxembourg, Sàrl	Luxemburgo	100.00%	50.00%
SLS Salsa - Comércio e Difusão de Vestuário, S.A.	Vila Nova de Famalicão (Portugal)	100.00%	50.00%
SLS Salsa España - Comercio y Difusión de Vestuario, S.A.U.	Pontevedra (Spain)	100.00%	50.00%

Sonae Investimentos participates in 50% in IVN – Serviços Partilhados, SA, parent of a group company that sells “Salsa” brand. As at 30 June 2016, these entities are consolidated using the full consolidation method, considering that Sonae Investimentos began to exercise control over the activities of this Group.



The effects of this acquisition on the consolidated financial statements can be analyzed as follows:

	On the date of acquisition
<b>Net assets</b>	
Tangible and intangible assets (Note 8 and 9)	13,925,978
Inventories	21,955,255
Other assets	18,764,837
Cash and cash equivalents	7,501,069
Loans	(57,408,768)
Other liabilities	(26,105,866)
	(21,367,495)
Goodwill (Note 10)	167,547,490
Non-controlling interests (Note 18)	(73,090,000)
Acquisition cost	73,090,000
	73,090,000
Effective cash payment	73,090,000
	73,090,000
<b>Net cash-flow arising from acquisition</b>	
Effective cash payment	73,090,000
Cash and cash equivalents acquired	(7,501,069)
	65,588,931
	<b>6 months</b>
Sales	55,093,319
Other income	3,161,205
Cost of goods sold and materials consumed	(26,263,149)
External supplies and services	(12,529,272)
Other expenses	(14,643,610)
Net financial expenses	(2,658,302)
Share of results of joint ventures and associated undertakings	(352,513)
Profit/(Loss) before taxation	1,807,678
Profit/(Loss) before taxation	(724,435)
Profit/(Loss) after taxation	1,083,243

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, their products can be found in about 2,000 points of sale in 32 countries. In 2015, the company recorded a consolidated turnover of 106 million euro, 56% of which is generated out of Portugal.

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

Following the acquisition of these companies, a preliminary assessment was made regarding the fair value of the assets acquired and the liabilities assumed. However, given that the transaction occurred on 30 June 2016, it has not yet been possible to complete the fair value allocation and calculation of Goodwill which will be made in the maximum period of 12 months from the date of acquisition. The purchase price allocation can be done within one year of the date of acquisition as allowed by IFRS3 – Business Combinations.

## 8 TANGIBLE ASSETS

During the six months period ended at 30 June 2016 and 2015, movements in tangible assets as well as depreciation and accumulated 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
<b>Gross assets:</b>					
<b>Opening balance as at 1 January 2016</b>	1,339,900,206	1,319,040,930	180,728,612	24,060,810	2,863,730,558
Acquisitions	11,430,633	459,712	645,709	98,761,282	111,297,336
Acquisitions of subsidiaries (Note 7)	22,243,102	11,926,337	7,907,348	54,009	42,130,796
Disposals	(31,977,821)	(22,616,030)	(3,381,116)	(1,075,105)	(59,050,072)
Exchange rate effect	151,177	(56)	102,107	-	253,228
Transfers	17,963,919	70,255,045	7,491,882	(95,979,659)	(268,813)
<b>Closing balance as at 30 June 2016</b>	<b>1,359,711,216</b>	<b>1,379,065,938</b>	<b>193,494,542</b>	<b>25,821,337</b>	<b>2,958,093,033</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Opening balance as at 1 January 2016</b>	367,696,952	816,708,115	140,185,808	-	1,324,590,875
Depreciation of the period	9,949,140	51,867,014	7,519,137	-	69,335,291
Impairment losses for the period (Note 23)	6,536,987	-	-	-	6,536,987
Acquisitions of subsidiaries (Note 7)	16,818,072	7,593,307	6,270,703	-	30,682,082
Disposals	(4,956,061)	(17,660,026)	(3,244,183)	-	(25,860,270)
Exchange rate effect	143,890	-	83,275	-	227,165
Transfers	349,129	(511,653)	(311,093)	-	(473,617)
<b>Closing balance as at 30 June 2016</b>	<b>396,538,109</b>	<b>857,996,757</b>	<b>150,503,647</b>	<b>-</b>	<b>1,405,038,513</b>
<b>Carrying amount as at 30 June 2016</b>	<b>963,173,107</b>	<b>521,069,181</b>	<b>42,990,895</b>	<b>25,821,337</b>	<b>1,553,054,520</b>
<b>Tangible assets</b>					
	Land and buildings	Plant and machinery	Other tangible assets	Tangible assets in progress	Total tangible assets
<b>Gross assets:</b>					
<b>Opening balance as at 1 January 2015</b>	1,669,407,572	1,273,732,256	168,118,559	27,211,209	3,138,469,596
Acquisitions	2,931,922	846,115	58,681	58,351,487	62,188,205
Acquisitions of subsidiaries	24,896	1,674	18,033	-	44,603
Disposals	(167,524,716)	(25,351,840)	(4,130,137)	(1,108,245)	(198,114,938)
Exchange rate effect	(68,518)	-	(75,400)	-	(143,918)
Transfers	1,606,340	44,602,741	7,674,292	(54,712,523)	(829,150)
<b>Closing balance as at 30 de June 2015</b>	<b>1,506,377,496</b>	<b>1,293,830,946</b>	<b>171,664,028</b>	<b>29,741,928</b>	<b>3,001,614,398</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Opening balance as at 1 January 2015</b>	433,631,117	771,959,695	134,304,445	-	1,339,895,257
Depreciation of the period	12,370,898	52,103,225	6,043,401	-	70,517,524
Impairment losses for the period	-	36,762	-	-	36,762
Acquisitions of subsidiaries	7,396	474	12,940	-	20,810
Disposals	(36,360,239)	(21,374,285)	(3,944,960)	-	(61,679,484)
Exchange rate effect	(65,993)	-	(56,553)	-	(122,546)
Transfers	(2,490)	(351,055)	(256,496)	-	(610,041)
<b>Closing balance as at 30 de June 2015</b>	<b>409,580,689</b>	<b>802,374,816</b>	<b>136,102,777</b>	<b>-</b>	<b>1,348,058,282</b>
<b>Carrying amount as at 30 June 2015</b>	<b>1,096,796,807</b>	<b>491,456,130</b>	<b>35,561,251</b>	<b>29,741,928</b>	<b>1,653,556,116</b>

The investment during the period ended at 30 June 2016 and 2015 includes, approximately, 111.3 million euro (62.2 million euro in 2015) of assets acquisition primarily associated with the opening and remodelling of stores;

During the period several sale and leaseback transactions were accounted. The accounting values of the disposed assets, approximately, 170.1 million euro (134 million euro as at 30 June 2015), corresponds to 16 real estate food retail assets located in Portugal and 3 stores Worten on Spain (15 real estate food retail assets located in Portugal in 2015). These operations resulted in a cash inflow of 230 million euro (184.7 million euro as at 30 June 2015) and generated a net capital gain of approximately, 63.1 million euro (Note 26).

The most significant values included in the caption “Tangible assets in progress” refer to the following projects:

	30 June 2016	30 June 2015
Refurbishment and expansion of stores located in Portugal	20,170,106	14,889,110
Refurbishment and expansion of stores located in Spain	1,921,489	816,444
Projects of stores for which advance payments were made	1,206,600	8,804,900
Others	2,523,142	5,231,474
	25,821,337	29,741,928

The caption “Impairment losses” as at 30 June 2016 can be detailed as follows:

	Land and Buildings	Plant and Machinery	Other tangible assets	Total tangible assets
<b>Impairment losses</b>				
Opening balance as at 1 January 2016	100,289,797	33,179,777	531,381	134,000,955
Impairment losses (Note 24)	6,536,987	-	-	6,536,987
Acquisitions of subsidiaries (Note 7)	416,568	-	-	416,568
Disposals	(14,011,634)	(2,751,317)	(53,744)	(16,816,695)
Transfers	-	(17,029)	(9,774)	(26,803)
<b>Closing balance as at 30 June 2016 (Note 24)</b>	<b>93,231,718</b>	<b>30,411,431</b>	<b>467,863</b>	<b>124,111,012</b>

## 9 INTANGIBLE ASSETS

During the six months period ended at 30 June 2016 and 2015, movements in intangible assets as well as depreciation and accumulated impairment losses, are made up as follows:

	Intangible assets			
	Patents and other similar rights	Other intangible assets	Intangible assets in progress	Total intangible assets
<b>Gross assets</b>				
<b>Opening balance as at 1 January 2016</b>	104,002,453	284,976,051	26,896,520	415,875,024
Acquisitions	48,000	380,254	16,688,666	17,116,920
Acquisitions of subsidiaries (Note 7)	-	5,818,744	99,731	5,918,475
Disposals	(94,666)	(15,219)	(145,743)	(255,628)
Exchange rate effect	(3,478)	125,457	-	121,979
Transfers	128,901	14,664,215	(15,503,291)	(710,175)
<b>Closing balance as at 30 June 2016</b>	<b>104,081,210</b>	<b>305,949,502</b>	<b>28,035,883</b>	<b>438,066,595</b>
<b>Accumulated depreciation and impairment losses</b>				
<b>Opening balance as at 1 January 2016</b>	27,000,338	184,475,276	-	211,475,614
Depreciation of the period	404,974	11,244,439	-	11,649,413
Acquisitions of subsidiaries (Note 7)	-	3,441,211	-	3,441,211
Disposals	(94,666)	(2,471)	-	(97,137)
Exchange rate effect	(2,640)	67,830	-	65,190
Transfers	(47)	(12,434)	-	(12,481)
<b>Closing balance as at 30 June 2016</b>	<b>27,307,959</b>	<b>199,213,851</b>	<b>-</b>	<b>226,521,810</b>
<b>Carrying amount as at 30 June 2016</b>	<b>76,773,251</b>	<b>106,735,651</b>	<b>28,035,883</b>	<b>211,544,785</b>
<b>Gross assets</b>				
<b>Opening balance as at 1 January 2015</b>	103,463,568	234,715,645	36,352,643	374,531,856
Acquisitions	12,165	4,016	20,346,125	20,362,306
Acquisitions of subsidiaries	1,000	-	-	1,000
Disposals	(63,330)	(661,171)	(208,546)	(933,047)
Exchange rate effect	(22,230)	(57,279)	-	(79,509)
Transfers	175,385	13,191,175	(13,338,661)	27,899
<b>Closing balance as at 30 de June 2015</b>	<b>103,566,558</b>	<b>247,192,386</b>	<b>43,151,561</b>	<b>393,910,505</b>
<b>Accumulated depreciation and impairment losses</b>				
<b>Opening balance as at 1 January 2015</b>	25,933,771	163,155,297	-	189,089,068
Depreciation of the period	615,486	8,982,965	-	9,598,451
Disposals	(61,994)	(507,623)	-	(569,617)
Exchange rate effect	(14,995)	(30,463)	-	(45,458)
Transfers	(24)	-	-	(24)
<b>Closing balance as at 30 de June 2015</b>	<b>26,472,244</b>	<b>171,600,176</b>	<b>-</b>	<b>198,072,420</b>
<b>Carrying amount as at 30 June 2015</b>	<b>77,094,314</b>	<b>75,592,210</b>	<b>43,151,561</b>	<b>195,838,085</b>

## 10 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 and Sonae SR, being afterwards distributed by each homogenous group of cash generating units, namely to each insignia within each segment and country, distributed by country and each of the properties in case of operating segment Sonae RP;

On 30 June 2016 and 31 December 2015, the caption “Goodwill” was made up as follows by insignia and country:

	30 June 2016			
	Portugal	Spain	Other countries	Total
Sonae MC	435,008,109	-	-	435,008,109
Sonae SR				
electronics	53,422,018	-	-	53,422,018
fashion	169,087,471	18,200,352	692,020	187,979,843
sports	5,722,036	-	-	5,722,036
Sonae RP	3,089,451	-	-	3,089,451
	666,329,085	18,200,352	692,020	685,221,457

  

	31 December 2015			
	Portugal	Spain	Other countries	Total
Sonae MC	435,008,109	-	-	435,008,109
Sonae SR				
electronics	53,422,018	-	-	53,422,018
fashion	1,539,982	18,363,680	692,020	20,595,682
sports	5,722,036	-	-	5,722,036
Sonae RP	3,669,166	-	-	3,669,166
	499,361,311	18,363,680	692,020	518,417,011

On 30 June 2016 and 2015, the movements in the caption goodwill as well as in the corresponding impairment losses, are as follows:

	30 June 2016	30 June 2015
<b>Gross value:</b>		
Opening balance	526,058,679	505,807,904
Goodwill generated in the period (Note 7)	167,547,490	767,300
Other variations	(743,044)	-
Closing balance	692,863,125	506,575,204
<b>Accumulated impairment losses:</b>		
Opening balance	7,641,668	7,641,668
Increases	-	-
Closing balance	7,641,668	7,641,668
<b>Carrying amount</b>	<b>685,221,457</b>	<b>498,933,536</b>

## 11 OTHER CURRENT AND NON CURRENT INVESTMENTS

During the six months period ended at 30 June 2016 and 30 June 2015, the movements in the caption "Other Investments" can be detailed as follows:

	30 June 2016		30 June 2015	
	Non Current	Current	Non Current	Current
<b>Other investments:</b>				
Opening balance as at 1 January	12,164,765	-	11,572,032	6,123
Increases in the period	1,000,412	-	200,509	147
Transfer to "Associated companies"	(1,963,874)	-	-	-
Decreases in the period	(269,552)	-	-	(6,270)
Increase/(Decrease) in fair value	-	-	(153)	-
Closing balance as at 30 June	10,931,751	-	11,772,388	-
Accumulated impairment losses	-	-	-	-
Closing balance as at 30 June	10,931,751	-	11,772,388	-
<b>Derivative financial instruments</b>				
Fair value as at 1 January	-	2,506,086	-	3,995,221
Acquisitions in the period	-	175,134	-	-
Disposals in the period	-	-	-	(2,779,557)
Increase/(Decrease) in fair value	-	(980,045)	-	(181,091)
Fair value as at 30 June (Note 20)	-	1,701,175	-	1,034,573
<b>Total of Other Investments</b>	<b>10,931,751</b>	<b>1,701,175</b>	<b>11,772,388</b>	<b>1,034,573</b>

In other financial investments non-current, are recorded 9,985,498 euro (9,999,892 euro as at 30 June 2015), related to deposited amounts on an *Escrow Account* (Note 6).

## 12 OTHER NON-CURRENT ASSETS

As at 30 June 2016 and 31 December 2015, "Other non-current assets" are detailed as follows:

	30 June 2016	31 December 2015
<b>Loans granted to related parties</b>	<b>651,119</b>	<b>620,688</b>
<b>Trade accounts receivable and other debtors</b>		
Bails (a)	4,810,281	4,633,112
Legal deposits (b)	728,435	605,316
Special regime for payment of tax and social security debts (c)	5,207,108	5,207,108
Amount receivable for selling the Modelo Cont.Seguros	2,450,000	2,450,000
Amount receivable for selling the Raso SGPS	-	527,618
Others	42,110	36,268
	13,846,943	13,459,422
Accumulated impairment losses in other debtors (Note 24)	(2,450,000)	(2,450,000)
	10,787,934	11,009,422
Other non-current assets	3,115	3,187
	11,442,168	11,633,297

"Loans granted to associated companies" refer to MDS SGPS, SA 651,119 euro (620,688 euro as at 31 December 2015). This loan bears interests at usual market rates and do not have a defined maturity.

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

- a) Amounts related with guarantees of lease contracts in group stores located in Spain, which have not matured until this date;
- b) Amounts related to legal deposits made by a Brazilian subsidiary, for which are recorded the correspondent liabilities in the caption “Other non-current liabilities” (Note 21), with no defined maturity;
- c) The amount disclosed as 'Special regime for payment of tax and social security debts' corresponds to taxes voluntarily paid which were previously disputed and subject to reimbursement claims. The tax litigations are still in progress, although following the payment of guarantees previously given where cancelled. No impairment loss was recorded since it's the Board of Directors understanding that the decisions over the appeals will be in favour of Sonae Investimentos.

### 13 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at 30 June 2016 and 31 December 2015, “Trade accounts receivable and other current assets” are detailed as follows:

	30 June 2016	31 December 2015
Trade accounts receivable	77,336,783	62,290,001
Taxes recoverable	60,960,659	48,839,730
Granted loans to related companies	67,438,802	39,811,954
Other debtors		
Trade suppliers - debtor balances	56,174,551	37,291,228
VAT recoverable on real estate assets	1,554,699	2,560,040
Disposal of investments	571,629	2,482,072
Accounts receivable from the disposal of tangible fixed assets	3,251,717	2,463,910
Vouchers and gift cards	1,033,532	1,214,062
Other debtors	16,454,404	26,808,419
	79,040,532	72,819,731
Other current assets		
Prepayments - Rents	80,396,246	47,661,848
Insurance premiums paid in advance	9,054,303	6,353,493
Condominiums management fee's	7,498,272	6,484,212
Commissions to be received	4,106,587	1,996,911
Software licenses	875,251	892,705
Interests to be received	613,198	836,631
Commercial discounts	104,133	928,439
Other current assets	15,595,827	9,325,279
	118,243,817	74,479,518
Accumulated impairment losses (Note 24)	(16,784,141)	(15,236,228)
	386,236,452	283,004,706

In other accounts receivable from related companies are included about 67.4 million euro (39.8 million euro as at 31 December 2015) of amount receivable from the Sonae SGPS, SA resulting of companies inclusion in Special Regime of Taxing Groups of Companies.

## 14 DEFERRED TAX

Deferred tax assets and liabilities as at 30 June 2016 and 31 December 2015 are as follows, taking into consideration its temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Difference between fair value and acquisition cost	6,127,552	6,127,552	17,576,302	20,849,622
Temporary differences on tangible and intangible assets	1,786,174	1,616,131	44,007,550	45,720,732
Provisions and impairment losses not accepted for tax purposes	6,839,076	6,580,316	-	-
Write off of tangible and intangible assets	207	73,408	-	-
Valuation of hedging derivatives	170,872	242,175	433,085	364,824
Revaluation of tangible assets	-	-	1,101,791	1,160,205
Tax losses carried forward	40,212,388	38,050,179	-	-
Reinvested capital gains/(losses)	-	-	353,424	547,219
Tax benefits	503,953	1,030,619	-	-
Others	4,669,696	3,017,467	1,887,210	1,852,914
	60,309,918	56,737,847	65,359,362	70,495,516

In accordance with the tax statements and tax estimates presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 30 June 2016 and 31 December 2015, and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	30 June 2016			31 December 2015		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
<b>With limited time use</b>						
Generated in 2014	1,194,236	250,790	2026	1,194,236	250,790	2026
Generated in 2015	207,816	43,641	2027	230,791	48,466	2027
Generated in 2016	264,140	55,469	2028	-	-	
	1,666,192	349,900		1,425,027	299,256	
<b>Without limited time use</b>	159,312,548	39,862,488		150,883,958	37,750,923	
	160,978,740	40,212,388		152,308,985	38,050,179	

As at 30 June 2016 and 31 December 2015, deferred tax assets resulting from tax losses carried forward were assessed against each company's business plans, which are regularly updated, and available tax planning opportunities. Deferred tax assets have only been recorded to the extent that future taxable profits will arise which may be offset against available tax losses or against deductible temporary differences. This evaluation centered on the business plan of Sonae Investimentos entities, which were reviewed and updated periodically and on the available and identified fiscal opportunities.

As at 30 June 2016, there was tax losses carried forward, amounting to 179.5 million euro (176.6 million euro as at 31 December 2015) for which no deferred tax assets were recognized due to uncertainties of their future use.



	30 June 2016			31 December 2015		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
<b>With limited time use</b>						
Generated in 2012	3,143,366	660,107	2017	3,746,735	786,814	2017
Generated in 2013	809,338	169,961	2018	809,338	169,961	2018
Generated in 2016	-	-	2028	-	-	
	<u>3,952,704</u>	<u>830,068</u>		<u>4,556,073</u>	<u>956,775</u>	
<b>Without limited time use</b>	175,486,205	45,254,530		172,029,996	44,079,419	
<b>With a time limit different from the above mentioned</b>	31,842	6,368		26,561	5,312	
	<u>179,470,751</u>	<u>46,090,966</u>		<u>176,612,630</u>	<u>45,041,506</u>	

## 15 CASH AND CASH EQUIVALENTS

As at 30 June 2016 and 31 December 2015 "Cash and cash equivalents" can be detailed as follows:

	30 June 2016	31 December 2015
Cash at hand	7,898,757	9,257,191
Bank deposits	72,185,652	79,759,028
Treasury applications	12,540	3,830
Cash and cash equivalents on the statement of financial position	80,096,949	89,020,049
Bank overdrafts (Note 19)	(40,621,832)	(12,579,037)
Cash and cash equivalents on the statement of cash flows	39,475,117	76,441,012

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

## 16 NON-CURRENT ASSETS HELD FOR SALE

As at 31 December 2015 were transferred to "Non-Current Assets held for sale" 131 million euro which corresponded to the net value of the assets disposed in 2016 but to this date the transactions were already in advanced process of negotiation.

The above-mentioned transactions occurred in the 1<sup>st</sup> quarter of 2016, and include:

- a sale and leaseback transaction of 12 food retail real estate assets located in Portugal, this operation totalled 164 million euro; and
- a Sale and Leaseback transaction of three Worten stores in Spain, located in Madrid, Barcelona and Valencia, this transaction totalled to 26.8 million euro.

## 17 SHARE CAPITAL

As at 30 June 2016, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares which do not hold right to any fixed income, with a nominal value of 1 Euro each.

As at 30 June 2016 and 31 December 2015, the subscribed share capital was held as follows:

Company	30 June 2016	31 December 2015
Sonae, SGPS, S.A.	25.029%	25.029%
Sonaecenter Serviços, SA	51.827%	51.827%
Sonae Investments, BV	13.142%	13.142%
Sonae MC-Modelo Continente, SGPS, SA	10.000%	10.000%
Libra Serviços, Lda	0.002%	0.002%

As at 30 June 2016, 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 others entities who hold the company's share capital.

As at 30 June 2016 and 31 December 2015, Sonae Investimentos holds 10% of treasury shares. Following the mentioned acquisition free reserves amounting to the cost of the above mentioned shares were made unavailable, in accordance with commercial legislation (Art. 324 of "CSC"). The distribution of this reserve depends on the termination or disposal of the treasury shares.

## 18 NON-CONTROLLING INTERESTS

As at 30 June 2016 and 31 December 2015, non-controlling interests are detailed as follows:

	30 June 2016				
	Equity	Net Profit/ (Loss)	Statement of financial position	Proportion in income	Dividends/ Income received
Investments Funds	272,698,017	24,512,724	31,151,465	1,119,926	(493,079)
IVN - Serviços Partilhados, SA	(21,367,490)	-	73,090,000	-	-
Others	51,954,352	2,299,600	22,659,861	820,448	(114,810)
<b>Total</b>	<b>303,284,879</b>	<b>26,812,324</b>	<b>126,901,326</b>	<b>1,940,374</b>	<b>(607,889)</b>

	31 December 2015				
	Equity	Net Profit/ (Loss)	Statement of financial position	Proportion in income	Dividends/ Income received
Investments Funds	270,752,269	28,699,386	30,390,421	1,942,152	(1,522,396)
Others	47,664,617	2,359,356	21,902,464	896,845	(113,299)
<b>Total</b>	<b>318,416,886</b>	<b>31,058,742</b>	<b>52,292,885</b>	<b>2,838,997</b>	<b>(1,635,695)</b>

Movements in non-controlling interests during the periods ended as at 30 June 2016 and 2015 are as follows:

	30 June 2016		
	Investments Funds	Others	Total
Balance as at 1 January	30,390,421	21,902,464	52,292,885
Dividends distributed	-	(114,810)	(114,810)
Income distribution from investment funds	(493,079)	-	(493,079)
Changes in shareholding interests	134,197	-	134,197
Exchange rate effect	-	38,739	38,739
Acquisition of subsidiaries	-	-	73,090,000
Changes in hedge reserves	-	13,020	13,020
Profit for the period attributable to non-controlling interests	1,119,926	820,448	1,940,374
<b>Closing balance</b>	<b>31,151,465</b>	<b>22,659,861</b>	<b>126,901,326</b>

  

	30 June 2015		
	Investments Funds	Others	Total
Balance as at 1 January	60,290,573	19,944,389	80,234,962
Dividends distributed	-	(113,298)	(113,298)
Changes in shareholding interests	(20,650,557)	-	(20,650,557)
Exchange rate effect	-	(9,071)	(9,071)
Changes in hedge reserves	-	(39,966)	(39,966)
Profit for the period attributable to non-controlling interests	1,232,706	(11,065)	1,221,641
<b>Closing Balance</b>	<b>40,872,722</b>	<b>19,770,989</b>	<b>60,643,711</b>

## 19 LOANS

As at 30 June 2016 and 31 December 2015, “Loans” are made up as follows:

	30 June 2016		31 December 2015	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
<b>Bank loans</b>				
Sonae Investimentos, SGPS, S.A. - commercial paper	102,500,000	235,000,000	60,000,000	160,000,000
Subsidiary of Sonae Investimentos 2014/2020	-	50,000,000	-	50,000,000
Subsidiary of Sonae Investimentos 2015/2020	-	55,000,000	-	55,000,000
Subsidiary of Sonae Investimentos 2015/2019	-	25,000,000	-	25,000,000
Subsidiary of Sonae Investimentos 2016/2023	7,883,333	41,367,912	-	-
Others	20,419,527	12,772,785	17,011,550	5,036,532
	130,802,860	419,140,697	77,011,550	295,036,532
Bank overdrafts (Note 15)	40,621,832	-	12,579,037	-
Up-front fees beared with the issuance of loans	-	(276,379)	-	(343,038)
<b>Bank loans</b>	<b>171,424,692</b>	<b>418,864,318</b>	<b>89,590,587</b>	<b>294,693,494</b>
<b>Bonds</b>				
Bonds Sonae Investimentos/ 2012/ 2017	-	-	50,000,000	95,000,000
Bonds Sonae Investimentos /June 2013/ 2018	-	50,000,000	-	50,000,000
Bonds Sonae Investimentos SGPS/ December 2015/2020	-	50,000,000	-	50,000,000
Bonds Sonae Investimentos SGPS/ May 2015/2020	-	75,000,000	-	75,000,000
Bonds Sonae Investimentos SGPS/ December 2015/2020	-	30,000,000	-	30,000,000
Bonds Sonae Investimentos SGPS/ June 2016/2021	25,000,000	95,000,000	-	-
Up-front fees beared with the issuance of loans	(37,920)	(2,393,260)	(37,920)	(2,329,027)
<b>Bonds</b>	<b>24,962,080</b>	<b>297,606,740</b>	<b>49,962,080</b>	<b>297,670,973</b>
<b>Other loans</b>	<b>17,860</b>	<b>1,347,110</b>	<b>26,974</b>	<b>1,347,110</b>
Derivative instruments (Note 20)	686,475	-	860,503	-
<b>Other loans</b>	<b>704,335</b>	<b>1,347,110</b>	<b>887,477</b>	<b>1,347,110</b>
Obligations under finance leases	1,856,580	1,182,205	3,142,651	2,423,501
	198,947,687	719,000,373	143,582,795	596,135,078

The average interest rate at 30 June 2016 of bonds and loans was 1.71% (2.48% on 31 December 2015). These bonds and bank loans bear interests at variable interest rates indexed to Euribor.

The derivative instruments are recorded at fair value (Note 20).

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

	30 June 2016	31 December 2015
N+1	198,299,132	142,760,212
N+2	138,347,770	184,528,813
N+3	65,755,334	57,779,959
N+4	336,229,167	45,873,483
N+5	181,337,741	310,438,521
After N+5	-	186,367
	919,969,144	741,567,355

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

Under the credit facilities and commercial paper programs with firm commitments, the Group has 221 million euro credit facilities available to meet its liquidity requirements, as follows:

	30 June 2016		31 December 2015	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities	21,433,453	200,000,000	60,806,401	340,000,000
Agreed credit facilities	173,260,000	470,000,000	142,060,000	535,000,000

Additionally, as at 30 June 2016, Sonae Investimentos has, as detailed in Note 15 “Cash and cash equivalents”, the value of 80,096,949 euro (89,020,049 euro on 31 December 2015).

## 20 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.

As at 30 June 2016 there are no exchange rate derivatives considered of speculation (522,124 euro as at 31 December 2015).

The fair value of exchange rate derivatives hedging instruments, calculated based on present market value of equivalent financial instruments of exchange rate, is 686,475 euro as liabilities (860,503 euro as at 31 December 2015) and 1,524,383 euro as assets (1,983,962 euro as at 31 December 2015).

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

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

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

## Interest rate derivatives

Sonae Investimentos does not have any interest rate hedging derivatives recorded as at 30 June 2016.

## Interest rate and exchange rate derivatives

As at 30 June 2016 no contracts existed related to interest rate and exchange rate derivatives at the same time.

## Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets		Liabilities	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Derivatives not qualified as hedging				
Exchange rate	-	522,124	-	-
Hedging derivatives				
Exchange rate	1,524,383	1,983,962	686,475	860,503
Other derivatives	176,792	-	-	-
	<u>1,701,175</u>	<u>2,506,086</u>	<u>686,475</u>	<u>860,503</u>

## 21 OTHER NON-CURRENT LIABILITIES

As at 30 June 2016 and 31 December 2015, the caption “Other non-current liabilities” is detailed as follows:

	30 June 2016	31 December 2015
Shareholders loans	402,800,110	402,325,936
Other non-current liabilities	1,826,171	1,695,334
Share based payments (Note 22)	951,425	2,307,197
Deferred of revenue from the sale of warranties extension	28,573,321	28,196,895
Accruals and deferrals	4,428,466	2,697,861
Other non-current liabilities	<u>438,549,494</u>	<u>437,223,223</u>

The caption “Shareholders loans” includes:

- a subordinate bond loan, with a fixed interest rate, repayable after 10 years issued by Sonae Investimentos at market conditions on 28 December 2010 amounting to 400,000,000 euro corresponding to 8,000 bonds with a nominal value of 50,000 euro each, with a flat rate of 7% and repayment at the end of the loan period. The fair value of this loan on 30 June 2016 is 52,118 euro (56,404 euro as at 31 December 2015) per obligation having been determined based on discounted cash flows method and using as reference stock market values and there is no indication of impairment of the loan ;

- loans in affiliated undertakings related to a shareholders’ loan granted by a minority shareholder to a subsidiary that bears interest at usual market rate. The fair value of this loan is similar to its book value with no defined maturity.

As at 30 June 2016, the caption “Other non-current liabilities” includes 600,735 euro (500,156 euro as at 31 December 2015) mainly refers to the estimated amounts to fulfil the legal and tax obligations of a Brazilian subsidiary which were considered appropriate to face up to future losses on lawsuits and for which legal deposits exist, which are recorded under the caption “Other non-current assets” (Note 12).

## 22 SHARE BASED PAYMENT PLANS

In 2016 and in previous years, Sonae Investimentos Group granted deferred performance bonuses to its directors and eligible employees. These are based on shares to be acquired at nil cost or with discount, three years after they were attributed to the employee. The purchase can be exercised during the period between the third anniversary of the grant date and the end of that year. The company has the choice to settle its responsibilities in cash instead of shares. The option can only be exercised if the employee still works for Sonae Group on the vesting date.

Liabilities arising from deferred performance bonuses as at 30 June 2016 and 31 December 2015 are made up as follows:

	Grant year	Vesting year	Number of participants	Number of shares		Fair Value	
				30 June 2016	31 December 2015	30 June 2016	31 December 2015
<b>Shares</b>							
	2013	2016	71	-	4,340,974	-	4,505,516
	2014	2017	60	2,324,951	2,386,903	1,639,091	2,501,474
	2015	2018	73	1,849,732	1,830,764	1,304,061	1,918,641
	2016	2019	81	2,649,103	-	1,796,365	-
<b>Total</b>				6,823,786	8,558,641	4,739,517	8,925,631

As at 30 June 2016 and 31 December 2015 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	30 June 2016	31 December 2015
Staff costs	(333,765)	4,673,927
Recorded in previous years	2,651,099	2,138,786
	2,317,334	6,812,713
Other non-current liabilities (Note 21)	951,425	2,307,197
Other current liabilities (Note 23)	1,365,909	4,505,516
	2,317,334	6,812,713

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

## 23 TRADE CREDITORS AND OTHER CURRENT LIABILITIES

As at 30 June 2016 and 31 December 2015 the caption “Trade creditors and other current liabilities” can be detailed as follows:

	30 June 2016	31 December 2015
Trade creditors	970,182,462	1,143,806,164
Taxes payable	69,601,662	65,321,335
Other creditors		
Tangible asset suppliers	34,566,533	45,731,837
Related undertakings	111,252,685	41,380,237
Other debts	40,295,302	42,688,239
	<u>186,114,520</u>	<u>129,800,313</u>
Other current liabilities		
Holiday pay and bonuses	116,244,259	98,487,910
Other external supplies and services	35,394,694	40,576,691
Deferred of revenue from the sale of warranties extention	27,562,811	24,471,084
Marketing expenses	9,226,560	13,791,241
Charges made on the sale of real estate	18,324,530	10,031,166
Accrued income - rents	9,885,713	6,685,283
Share based payments (Note 22)	1,365,909	4,505,516
Interest payable to parent companies	16,533,323	-
Interest payable to Others	1,150,562	2,893,228
Real estate municipality tax	2,651,197	2,372,162
Others	11,748,239	9,691,320
	<u>250,087,798</u>	<u>213,505,600</u>
	<u>1,475,986,442</u>	<u>1,552,433,412</u>

The caption “Related undertakings” includes:

- 40 million euro related to dividends assigned but not yet paid; and
- 71.2 million euro (41.3 million euro as at 31 December 2015) related to amount payable to Sonae SGPS, SA result of the inclusion companies in Special Regime of Taxing Groups of Companies.

The caption "Other debts" includes:

- 12,100,988 euro (14,219,757 euro as at 31 December 2015), of attributed discounts not yet redeemed related to loyalty card “Cartão Cliente”;
- 12,462,714 euro (14,365,426 euro as at 31 December 2015) related to means of payments owned by clients as vouchers, gift cards and discount tickets owned by clients; and
- 3,815,806 euro (3,176,938 euro as at 31 December 2015) related to amounts payable to Sonae Distribuição Brasil, SA buyer as a result of responsibilities assumed with that entity.



## 24 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in “Provisions and impairment losses”, for the six months period ended as at 30 June 2016 and 2015, were as follows:

Caption	Balance as at 1 January 2016	Increase	Decrease	Changes in consolidation perimeter	Balance as at 30 June 2016
Accumulated impairment losses on tangible assets (Note 8)	134,000,955	6,536,987	(16,843,498)	416,568	124,111,012
Accumulated impairment losses on intangible assets	1,497,024	-	-	-	1,497,024
Accumulated impairment losses on other non current assets (Note 12)	2,450,000	-	-	-	2,450,000
Accumulated impairment losses on trade accounts receivable and other debtors (Note 13)	15,236,228	1,707,044	(2,149,380)	1,990,249	16,784,141
Non current provisions	11,585,642	1,490,505	(1,467,004)	-	11,609,143
Current provisions	2,819,950	-	-	218,500	3,038,450
	167,589,799	9,734,536	(20,459,882)	2,625,317	159,489,770

  

Caption	Balance as at 1 January 2015	Increase	Decrease	Transfers	Balance as at 30 June 2015
Accumulated impairment losses on investments	10,031,409	-	(2,262,691)	(7,768,718)	-
Accumulated impairment losses on tangible assets	144,059,960	36,762	(4,584,981)	-	139,511,741
Accumulated impairment losses on intangible assets	1,497,101	-	-	-	1,497,101
Accumulated impairment losses on other non current assets	2,450,000	-	-	-	2,450,000
Accumulated impairment losses on trade accounts receivable and other debtors	18,346,622	8,559,225	(2,588,102)	-	24,317,745
Non current provisions	22,396,928	-	(3,536,149)	-	18,860,779
Current provisions	3,438,257	-	-	-	3,438,257
	202,220,277	8,595,987	(12,971,923)	(7,768,718)	190,075,623

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

- 8,143,340 euro (6,779,929 euro as at 31 December 2015) relating to non-current contingencies assumed by the company, when selling its subsidiary Sonae Distribuição Brasil, S.A. in 2005. This provision is being used as costs are incurred, and it is recorded taking into account the best estimate of costs to be incurred which results from a significant number of civil and labour lawsuits of reduced amount. During 2015, the group made an estimate change taking into consideration the outcome of recent lawsuits, with the buyer of the former subsidiary in Brazil, with respect to the related contingencies, having reinforced the provision in 23,700,000 reais (6,505,887 euro). Additionally during the year the Group proceeded with the offsetting of a provision of contingencies in Brazil, with an amount of 9,607,850 euro received during this year from Carrefour. This amount received included accrued interests of amounts wrongly received by that entity as a result of the usage of a bank guarantee in previous periods, which was contested at that time by the group.
- the estimated liabilities incurred by the Group on the sale of warranty extension programs on products traded by the Sonae SR operating segment in the amount of 1,896,330 euro (3,363,334 euro as at 31 December 2015). These extensions are granted for a period of one to three years after the end of the legal mandatory warranty provided by the manufacturers.

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

## 25 CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2016 and 31 December 2015, the major “Contingent liabilities” were guarantees given, which can be detailed as follows:

Guarantees and sureties given	30 June 2016	31 December 2015
on tax claims	971,272,862	929,791,189
on judicial claims	854,593	624,472
on municipal claims	8,533,084	8,268,603
for proper agreement fulfillment	13,775,724	17,165,647
other guarantees	8,071,543	4,940,068

## a) Tax claims

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

- Some retail operating segment subsidiaries of the Company granted guarantees or securities in favour of the Portuguese Tax Administration, associated with tax claims for additional VAT payment amounting to 546.9 million euro (520 million euro as at 31 December 2015) related to the period from 2004 to 2013, which the Company has presented, or has the intention of presenting, a tax appeal. 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 144.3 million euro (144.3 million euro as at 31 December 2015), in favour of Tax authorities regarding 2007 up to 2012. 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 favourable.
- Sureties in the amount of, approximately, 60 million euro as a result of a tax appeal presented by the Company concerning an additional tax assessment by Tax authorities, relating to 31 December 2005, following the correction of taxable income for that period as Tax authorities did not accept the recognition of tax losses incurred after the liquidation of a subsidiary of Sonae Investimentos, since it considered that the cover of losses in that subsidiary should not be part of its acquisition cost, which is not in accordance with previous assessments of Tax Authorities;
- Sureties in the amount of, approximately 50 million euro, following a tax appeal presented by the Company concerning additional tax assessments made by Tax authorities, relating to 31 December 2002, which refer to the non-acceptance by Tax authorities of tax losses arising on the sale and liquidation of a subsidiary of the Group;

- Fiscal lawsuit related to rent tax, concerning a subsidiary of the Company in Brazil, in the amount of, approximately, 18.3 million euro (65.6 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 37.6 million euro (135 million Brazilian real). The difference between the value of the contingency and the value of the guarantee relates with the update of the related responsibility.

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

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

As permitted by law, the Group maintains the legal proceedings, in order to establish the recovery of those amounts, having recorded as an asset the amounts related with income taxes paid under those plans (Note 12).

c) Contingent liabilities related to discontinued activities in subsidiaries in Brazil

In addition to the previously disclosed guarantees, as a consequence of the sale of a subsidiary in Brazil, Sonae guaranteed to the buyer of the subsidiary all the losses incurred by that company arising on unfavourably decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euro. As at 31 December 2015, 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 31.4 million at 31 December 2015).

Furthermore, there are other tax assessments totalling 44.5 million euro, for which the Board of Directors, based on its lawyers' assessment, understands will not imply future losses to the former subsidiary. No provision has been recorded to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for Sonae Investimentos.

## 26 OTHER OPERATIONAL INCOME

As at 30 June 2016 and 2015, "Other operational income" is as follows:

	30 June 2016	30 June 2015
Supplementary income	310,615,982	270,206,633
Prompt payment discounts received	12,056,089	11,336,420
Exchange differences	8,964,699	19,543,211
Own work capitalised	6,211,676	5,140,173
Gains on disposal of assets	63,351,400	41,729,923
Impairment losses and provisions reversals	3,457,465	5,531,827
Subsidies	501,470	51,164
Others	1,860,747	594,569
	407,019,529	354,133,920

The caption "Gains in disposals of assets" includes:

- 13.6 million euro relating to the operations of "Sale and Leaseback" of 4 food retail assets located in Portugal (Note 8); and
- 49.5 million euro from the disposal of assets classified as held for sale in 2015 (Note 16).

## 27 RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Parent company	710,308	630,302	500,743	892,383
Subsidiaries	-	661,510	-	3,172,826
Associated companies	18,137,217	17,907,987	78,757	43,217
Other related parties 1)	28,674,922	29,384,883	18,275,790	31,171,387
	47,522,447	48,584,682	18,855,290	35,279,813

  

Transactions	Interest income		Interest expenses	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Parent company	-	-	17,070,012	17,096,929
Subsidiaries	-	188,051	-	-
Associated companies	9,905	136,038	-	-
Other related parties 1)	-	-	149,338	51,466
	9,905	324,089	17,219,350	17,148,395

  

Balances	Accounts receivable		Accounts payable	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Parent company	67,416,669	39,852,783	128,675,380	43,503,785
Associated companies	5,264,368	5,853,840	232,820	995,073
Other related parties 1)	20,797,552	21,499,121	14,054,043	17,640,121
	93,478,589	67,205,744	142,962,243	62,138,979

  

Balances	Loans			
	Obtained		Granted	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Parent company (Note 21)	400,000,000	400,000,000	-	-
Associated companies	-	-	661,024	651,119
Other related parties 1)	2,440,297	2,414,770	-	-
	402,440,297	402,414,770	661,024	651,119

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

Granted loans to associated companies, refer to values of loans granted to associate company MDS, SGPS, SA.

## 28 INCOME TAX

Income tax for the six months period ended on 30 June 2016 and 2015 is detailed as follows:

	30 June 2016	30 June 2015
Current tax	8,077,477	17,187,202
Deferred tax	(7,270,012)	(7,528,739)
	807,465	9,658,463

## 29 EARNINGS PER SHARE

Earnings per share for the six months period ended on 30 June 2016 and 2015 were calculated taking into consideration the following amounts:

	30 June 2016	30 June 2015
<b>Net profit</b>		
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	41,363,917	30,794,804
Net profit taken into consideration to calculate diluted earnings per share	41,363,917	30,794,804
<b>Number of shares</b>		
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
<b>Earnings per share (basic and diluted)</b>	0.045960	0.034216

On 30 June 2016 and 2015 there is no dilutive effect on the number of shares outstanding.

## 30 SEGMENT INFORMATION

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

- Sonae MC is our food retail unit, operating 526 stores directly and 266 stores operated under franchise and joint venture agreements under Continente, Continente Modelo, Continente Bom Dia, Meu Super business concepts and even some adjacent business concepts Bom Bocado, Bagga, Note!, Makenotes and Well's;

- Sonae SR is our specialised retail unit, with a presence in the electronics, sports and fashion market operating 515 stores directly and 79 stores under franchising agreements under the Worten, Sport Zone, MO, Zippy and Losan;

- Sonae RP is our retail real estate unit which actively manages retail real estate properties of Sonae, composed principally of stores operating under the brand Continente and under other brands of Sonae SR.

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

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

The main operating segment information for the periods ended 30 June 2016 and 2015 can be detailed as follows:

Turnover	30 June 2016	Inter-segment income	30 June 2015	Inter-segment income		
Sonae MC	1,691,397,582	(3,012,155)	1,632,893,816	(3,010,750)		
Sonae SR	614,028,919	(12,852,894)	581,920,978	(13,125,862)		
Sonae RP	46,861,403	(38,957,232)	64,194,354	(59,929,534)		
Others, eliminations and adjustments	966,972	-	(27,774,409)	-		
<b>Total consolidated</b>	<b>2,353,254,876</b>	<b>(54,822,280)</b>	<b>2,251,234,738</b>	<b>(76,066,146)</b>		
	Depreciation and amortisation		Provisions and impairment losses		EBIT	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Sonae MC	44,300,200	42,848,316	381,801	1,302,451	29,363,440	39,528,824
Sonae SR	23,390,906	21,725,374	814,455	693,034	(40,622,449)	(39,194,411)
Sonae RP	11,822,963	14,279,818	6,536,987	-	85,925,926	83,554,570
Others, eliminations and adjustments	1,470,635	1,262,466	1,436	5,697	(1,121)	(4,952,751)
<b>Total direct consolidated</b>	<b>80,984,704</b>	<b>80,115,975</b>	<b>7,734,679</b>	<b>2,001,182</b>	<b>74,665,795</b>	<b>78,936,232</b>
	Investment (CAPEX)		Invested capital			
	30 June 2016	30 June 2015	30 June 2016	31 December 2015		
Sonae MC	69,430,184	49,645,556	618,213,771	466,999,988		
Sonae SR	101,540,711	29,716,573	468,097,211	171,408,087		
Sonae RP	27,673,184	29,651,931	887,728,266	1,046,536,798		
Others, eliminations and adjustments	2,860,792	2,506,729	48,527,685	70,161,809		
<b>Total consolidated</b>	<b>201,504,871</b>	<b>111,520,789</b>	<b>2,022,566,933</b>	<b>1,755,106,682</b>		

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

	Turnover		EBIT	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Inter-segment income	(54,822,280)	(76,066,146)	-	-
Equity method	-	-	(750,579)	(506,773)
Contribution from companies not included in the segments	55,789,252	48,291,737	(161,089)	(470,431)
Others	-	-	(4,039,805)	(2,663,748)
<b>Eliminations and adjustments</b>	<b>966,972</b>	<b>(27,774,409)</b>	<b>(1,121)</b>	<b>(4,952,751)</b>

	Investment (Capex)		Invested capital	
	30 June 2016	30 June 2015	30 June 2016	31 December 2015
Investments and loans granted to associated companies	-	-	52,054,998	48,203,015
Dividends	-	-	(40,114,810)	-
Investment acquisition	-	2,500,557	-	-
Contribution from companies not included in the segments	360,532	301,009	34,206,853	34,670,458
Others	2,500,259	(294,837)	2,380,645	(12,711,664)
Others, eliminations and adjustments	2,860,792	2,506,729	48,527,685	70,161,809

### Glossary:

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

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;

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

## 31 PRESENTATION OF CONSOLIDATED INCOME STATEMENT

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

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

The reconciliation between consolidated income and direct-indirect income for the periods ended 30 June 2016 and 2015 can be summarised as follows:

	30 June 2016			30 June 2015		
	Consolidated accounts	Indirect income	Direct income	Consolidated accounts	Indirect income	Direct income
Turnover	2,353,254,876	-	2,353,254,876	2,251,234,738	-	2,251,234,738
Investment income						
Dividends and other adjustments	102,077	-	102,077	282	282	-
Others	(10,671)	-	(10,671)	(4,735,362)	(4,735,362)	-
Other income						
Impairment losses reversal	1,998,137	-	1,998,137	2,973,647	-	2,973,647
Others	341,876,579	-	341,876,579	351,160,273	-	351,160,273
Total income	2,697,220,998	-	2,697,220,998	2,600,633,578	(4,735,080)	2,605,368,658
Total expenses	(2,584,725,988)	(508,533)	(2,584,217,455)	(2,476,964,373)	(1,485,958)	(2,475,478,415)
Depreciation and amortisation	(80,984,704)	-	(80,984,704)	(80,115,975)	-	(80,115,975)
Losses on tangible and intangible assets	(4,603,797)	-	(4,603,797)	(2,553,537)	-	(2,553,537)
Provisions and impairment:						
Others	(7,734,679)	-	(7,734,679)	(2,001,182)	-	(2,001,182)
<b>Profit before financial results and share of results in joint ventures and associated companies</b>	19,171,830	(508,533)	19,680,363	38,998,511	(6,221,038)	45,219,549
Non recurrent items	55,760,823	-	55,760,823	34,723,648	-	34,723,648
Financial profit/(loss)	(30,147,582)	-	(30,147,582)	(31,040,286)	-	(31,040,286)
Share of results in joint ventures and associated undertakings						
MDS	(236,409)	-	(236,409)	(1,116,804)	-	(1,116,804)
Ulabox	(535,770)	-	(535,770)	(33,820)	-	(33,820)
Others	98,866	-	98,866	143,659	-	143,659
<b>Profit before taxation</b>	44,111,758	(508,533)	44,620,291	41,674,908	(6,221,038)	47,895,946
Income tax	(807,465)	-	(807,465)	(9,658,463)	-	(9,658,463)
<b>Profit/(Loss) after taxation</b>	43,304,293	(508,533)	43,812,826	32,016,445	(6,221,038)	38,237,483
<b>Attributable to equity holders of Sonae</b>	41,363,917	(508,533)	41,872,450	30,794,804	(6,221,038)	37,015,842
<b>Non-controlling interests</b>	1,940,374	-	1,940,374	1,221,641	-	1,221,641
<b>"Underlying" EBITDA (b)</b>			110,903,329			126,916,596
<b>Direct EBITDA (a)</b>			165,990,839			160,633,279
<b>Direct EBIT (c)</b>			74,665,796			78,936,232

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

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

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

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

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

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



## 32 APPROVAL OF THE FINANCIAL STATEMENTS

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The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 16 August 2016.

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

## Condensed individual financial statements

## CONDENSED INDIVIDUAL STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016 AND 2015 AND 31 DECEMBER 2015

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

(Amounts expressed in euro)	Notes	30.June.2016	30.June.2015	31.December.2015
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS:</b>				
Intangible assets		321	139	435
Investments in subsidiaries and associates companies	4	1,681,791,219	788,272,745	1,676,827,937
Other non-current assets	5	1,176,996,036	691,725,991	1,194,041,341
<b>Total non-current assets</b>		<b>2,858,787,576</b>	<b>1,479,998,875</b>	<b>2,870,869,713</b>
<b>CURRENT ASSETS:</b>				
Trade account receivables and other current assets	6	2,215,606,312	3,037,460,760	2,119,175,183
Cash and cash equivalents	7	1,593,992	1,321,920	131,553
<b>Total current assets</b>		<b>2,217,200,304</b>	<b>3,038,782,680</b>	<b>2,119,306,736</b>
<b>Non-current assets held for sale</b>		<b>-</b>	<b>4,525,381</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>5,075,987,880</b>	<b>4,523,306,936</b>	<b>4,990,176,449</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY:</b>				
Share capital	8	1,000,000,000	1,000,000,000	1,000,000,000
Reserves and retained earnings		1,758,675,056	1,818,831,465	1,818,831,465
Profit for the period		6,338,854	8,059,112	(20,156,409)
<b>TOTAL EQUITY</b>		<b>2,765,013,910</b>	<b>2,826,890,577</b>	<b>2,798,675,056</b>
<b>LIABILITIES:</b>				
<b>NON-CURRENT LIABILITIES:</b>				
Loans	9	532,606,740	332,625,251	457,670,973
Other non-current liabilities	10	400,234,375	400,000,000	400,234,375
Deferred tax liabilities		-	31	-
<b>Total non-current liabilities</b>		<b>932,841,115</b>	<b>732,625,282</b>	<b>857,905,348</b>
<b>CURRENT LIABILITIES:</b>				
Loans	9	176,787,928	479,382,155	122,415,679
Trade creditors and other current liabilities	11	1,201,344,927	484,408,922	1,211,180,366
<b>Total current liabilities</b>		<b>1,378,132,855</b>	<b>963,791,077</b>	<b>1,333,596,045</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,075,987,880</b>	<b>4,523,306,936</b>	<b>4,990,176,449</b>

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

The Board of Directors

## CONDENSED INDIVIDUAL INCOME STATEMENT FOR THE PERIODS ENDED 30 JUNE 2016 AND 2015

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

(Amounts expressed in euro)	Notes	2 <sup>nd</sup> quarter 2016	2 <sup>nd</sup> quarter 2015	30.June.2016	30.June.2015
Gains or losses on investments	14	5,466,283	(4,735,362)	5,581,093	(4,622,063)
Financial income	15	16,888,927	31,977,350	34,454,049	52,966,837
Other income		91,926	97,414	191,786	206,016
External supplies and services		(761,678)	(670,957)	(1,615,794)	(1,599,821)
Staff costs		(17,972)	(8,396)	(26,690)	(18,598)
Depreciation and amortisation		(57)	(40)	(114)	(96)
Financial expenses	15	(17,084,061)	(16,779,748)	(35,170,819)	(34,209,865)
Other expenses		(9,847)	(123,038)	(33,435)	(123,189)
<b>Profit/(Loss) before taxation</b>		<b>4,573,521</b>	<b>9,757,223</b>	<b>3,380,076</b>	<b>12,599,221</b>
Taxation		2,709,935	(3,858,296)	2,958,778	(4,540,109)
<b>Profit/(Loss) after taxation</b>		<b>7,283,456</b>	<b>5,898,927</b>	<b>6,338,854</b>	<b>8,059,112</b>
<b>Profit/(Loss) per share</b>	16	<b>0.0080</b>	<b>0.0066</b>	<b>0.0070</b>	<b>0.0090</b>

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

The Board of Directors

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**CONDENSED INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 JUNE 2016 AND 2015**

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

(Amounts expressed in euro)	2nd quarter 2016	2nd quarter 2015	30.June.2016	30.June.2015
Net Profit / (Loss) for the period	7,283,456	5,898,927	6,338,854	8,059,112
Total comprehensive income for the period	7,283,456	5,898,927	6,338,854	8,059,112

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

The Board of Directors

## CONDENSED INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED AS AT 30 JUNE 2016 AND 2015

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

(Amounts expressed in euro)	Share capital	Legal reserve	Other reserves	Total reserves and retained earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2015	1,000,000,000	141,237,816	1,123,544,829	1,264,782,645	594,048,820	2,858,831,465
Total comprehensive income for the period	-	-	-	-	8,059,112	8,059,112
Appropriation of profit of 2014:						
Transfer to legal reserves and other reserves	-	29,702,450	524,346,370	554,048,820	(554,048,820)	-
Dividends distributed	-	-	-	-	(40,000,000)	(40,000,000)
Balance as at 30 June 2015	1,000,000,000	170,940,266	1,647,891,199	1,818,831,465	8,059,112	2,826,890,577
Balance as at 1 January 2016	1,000,000,000	170,940,266	1,647,891,199	1,818,831,465	(20,156,409)	2,798,675,056
Total comprehensive income for the period	-	-	-	-	6,338,854	6,338,854
Appropriation of profit of 2015:						
Transfer to other reserves	-	-	(20,156,409)	(20,156,409)	20,156,409	-
Reserves distributed	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)
Balance as at 30 June 2016	1,000,000,000	170,940,266	1,587,734,790	1,758,675,056	6,338,854	2,765,013,910

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

The Board of Directors

## CONDENSED INDIVIDUAL STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 30 JUNE 2016 AND 2015

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

(Amounts expressed in euro)	Notes	2nd quarter 2016	2nd quarter 2015	30.June.2016	30.June.2015
<b>OPERATING ACTIVITIES</b>					
Net cash flow from operating activities (1)		(2,898,691)	3,006,785	(4,750,834)	2,649,291
<b>INVESTMENT ACTIVITIES</b>					
Cash receipts arising from:					
Investments		2,540,000	1,435,757,800	2,540,000	1,435,757,800
Interest and similar income		246,043	81,845	21,039,676	21,655,693
Dividends		114,810	113,299	114,810	113,299
Others		5,479,445	-	5,479,445	-
Loans granted		677,614,281	223,584,471	1,412,077,599	462,497,011
		685,994,579	1,659,537,415	1,441,251,530	1,920,023,803
Cash payments arising from:					
Investments		(7,930,838)	(23,951,130)	(11,423,591)	(27,381,687)
Loans granted		(753,571,518)	(1,677,757,664)	(1,478,154,165)	(1,928,536,782)
		(761,502,355)	(1,701,708,794)	(1,489,577,756)	(1,955,918,469)
Net cash used in investment activities (2)		(75,507,776)	(42,171,379)	(48,326,226)	(35,894,666)
<b>FINANCING ACTIVITIES</b>					
Cash receipts arising from:					
Loans obtained		1,667,956,227	1,967,409,032	3,358,004,556	3,477,505,620
		1,667,956,227	1,967,409,032	3,358,004,556	3,477,505,620
Cash payments arising from:					
Loans obtained		(1,611,167,100)	(1,920,844,032)	(3,319,793,072)	(3,495,133,269)
Interest and similar charges		(9,514,508)	(8,730,809)	(11,702,234)	(12,871,876)
		(1,620,681,608)	(1,929,574,841)	(3,331,495,306)	(3,508,005,145)
Net cash used in financing activities (3)		47,274,620	37,834,191	26,509,250	(30,499,525)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(31,131,848)	(1,330,403)	(26,567,810)	(63,744,900)
Cash and cash equivalents at the beginning of the period		(7,758,008)	(21,804,723)	(12,322,046)	40,609,774
Cash and cash equivalents at the end of the period	7	(38,889,856)	(23,135,126)	(38,889,856)	(23,135,126)

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

The Board of Directors

# SONAE INVESTIMENTOS, SGPS, SA

## NOTES TO THE CONDENSED INDIVIDUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

*(Amounts expressed in euro)*

### 1 INTRODUCTION

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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

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

### 3 PRINCIPAL ACCOUNTING POLICIES

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The accounting policies adopted are consistent with those described in the file of the annual financial statements for the year ended 31 December 2015.



## 4 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES COMPANIES

As at 30 June 2016 and 31 December 2015, the investments in subsidiaries and associates companies are made up as follows:

Company	30.June.2016		31.December.2015	
	% held	Final balance	% held	Final balance
Apor - Agência para a Modernização do Porto, SA	22.75%	300,000	22.75%	300,000
Azulino - Imobiliária, SA	100.00%	498,025	100.00%	498,025
Bertimóvel - Sociedade Imobiliária, SA	100.00%	1,565,000	100.00%	1,565,000
Canasta - Empreendimentos Imobiliários, SA	100.00%	112,000	100.00%	112,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	100.00%	-	100.00%	-
Citorres - Sociedade Imobiliária, SA	100.00%	477,848	100.00%	477,848
Cumulativa - Sociedade Imobiliária, SA	100.00%	1,445,000	100.00%	1,445,000
Elergone Energia, Lda	75.00%	1,118,737	75.00%	1,118,737
Fozimo - Sociedade Imobiliária, SA	100.00%	24,940	100.00%	24,940
Fundo de Investimento Imobiliário Fechado Imosedo	80.40%	103,497,607	80.40%	103,497,607
Fundo de Investimento Imobiliário Imosonae Dois	18.28%	27,334,891	18.28%	27,334,891
Igíinha - Sociedade Imobiliária, SA	100.00%	1,359,000	100.00%	1,359,000
Imoestrutura - Sociedade Imobiliária, SA	100.00%	24,940	100.00%	24,940
Imomuro - Sociedade Imobiliária, SA	100.00%	1,123,885	100.00%	-
Imoresultado - Sociedade Imobiliária, SA	100.00%	109,736	100.00%	109,736
MDS, SGPS, SA	47.53%	50,196,920	47.53%	50,196,920
MJLF - Empreendimentos Imobiliários, SA	100.00%	190,000	100.00%	190,000
Modelo - Distribuição de Materiais de Construção, SA	50.00%	21,510,614	50.00%	21,510,614
Modelo Hiper Imobiliária, SA	100.00%	10,012,648	100.00%	10,012,648
MOVVO, SA	22.89%	2,063,874	16.00%	991,315
Ponto de Chegada - Promoção Imobiliária, SA	100.00%	100,000	100.00%	50,000
Predicomercial - Promoção Imobiliária, SA	100.00%	6,372,293	100.00%	6,372,293
Predilugar - Sociedade Imobiliária, SA	100.00%	50,000	100.00%	50,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	100.00%	565,000	100.00%	565,000
SFS - Serviços de Gestão e Marketing, Lda	100.00%	50,000	-	-
Socijofra - Sociedade Imobiliária, SA	100.00%	550,000	100.00%	550,000
Soliférias - Operadores Turísticos, SA	-	-	11.12%	133,162
Sonae Capital Brasil, Ltda	37.00%	-	37.00%	-
Sonae Center Serviços II, SA	100.00%	58,032,319	100.00%	58,032,319
Sonae MC - Modelo Continente, SGPS, SA	100.00%	1,375,504,275	100.00%	1,375,504,275
Sonae Financial Services, SA	100.00%	15,130,000	100.00%	12,330,000
Sonae SR Malta Holding Limited	-	1	-	1
Sonaegest - Soc. Gest. de Fundos de Investimentos, SA	40.00%	384,351	40.00%	384,351
Valor N, SA	100.00%	2,087,315	100.00%	2,087,315
<b>Total</b>		<b>1,681,791,219</b>		<b>1,676,827,937</b>

## 5 OTHER NON-CURRENT ASSETS

As at 30 June 2016 and 31 December 2015 the other non-current assets were as follows:

	30.June.2016	31.December.2015
Loans granted	1,176,956,036	1,193,513,723
Other debtors	40,000	527,618
<b>Total</b>	<b>1,176,996,036</b>	<b>1,194,041,341</b>

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

As at 30 June 2016 and 31 December 2015 the loans granted are no past due.

## 6 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at 30 June 2016 and 31 December 2015 the trade accounts receivable and other current assets were as follows:

	30.June.2016	31.December.2015
Group companies:		
Short term loans	2,151,153,015	2,062,612,216
Interests charged but not received	128,717	20,752,285
Taxes - Special Regime for taxation of groups of companies	8,856,995	13,148,034
Additional tax payment	17,722	17,722
Special regime for payment of tax and social security debts (DL 248-A/2002, 14 November)	2,795,018	2,795,019
Special regime for payment of tax and social security debts (DL 151-A/2013, 31 October)	788,298	788,298
Receivables on the sale of investments	571,629	2,482,072
Taxes recoverable	9,679,628	8,323,773
Accrued income and prepayments	41,540,690	8,192,564
Others	74,600	63,200
<b>Total</b>	<b>2,215,606,312</b>	<b>2,119,175,183</b>

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 and DL 151-A/2013, of 31 October) 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 income and prepayments include mainly receivables relating to interest, from loans granted to group companies.

## 7 CASH AND CASH EQUIVALENTS

As at 30 June 2016 and 31 December 2015, cash and cash equivalents can be detailed as follows:

	30.June.2016	31.December.2015
Bank deposits	1,593,992	131,553
Cash and cash equivalents on the balance sheet	1,593,992	131,553
Bank overdrafts	(40,483,848)	(12,453,599)
Cash and cash equivalents on the cash flow statement	(38,889,856)	(12,322,046)

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

## 8 SHARE CAPITAL

As at 30 June 2016 and 31 December 2015, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares, with a nominal value of 1 euro each.

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

As at 30 June 2016 and 31 December 2015, the subscribed share capital was held as follows:

	30.June.2016	31.December.2015
Sonae, SGPS, SA	25.0287%	25.0287%
Sonae Investimentos BV	13.1419%	13.1419%
Sonae MC - Modelo Continente, SGPS, SA	10.0000%	10.0000%
Sonaecenter Serviços, SA	51.8269%	51.8269%
Libra Serviços, Sociedade Unipessoal, Lda	0.0025%	0.0025%

## 9 BORROWINGS

As at 30 June 2016 and 31 December 2015, this caption included the following loans:

	30.June.2016	31.December.2015
Bonds Sonae Investimentos / 2012/2017	-	95,000,000
Bonds Sonae Investimentos / June 2013/2018	50,000,000	50,000,000
Bonds Sonae Investimentos / December 2015/2020	50,000,000	50,000,000
Bonds Sonae Investimentos / May 2015/2020	75,000,000	75,000,000
Bonds Sonae Investimentos / December 2015/2020	30,000,000	30,000,000
Bonds Sonae Investimentos / June 2016/2021	95,000,000	-
Up-front fees not yet charged to income statement	(2,393,260)	(2,329,027)
<b>Bonds loans</b>	<b>297,606,740</b>	<b>297,670,973</b>
Commercial paper	235,000,000	160,000,000
Bank loans	235,000,000	160,000,000
<b>Non-current loans</b>	<b>532,606,740</b>	<b>457,670,973</b>
	30.June.2016	31.December.2015
Bonds Sonae Investimentos / September 2012/2017	-	50,000,000
Bonds Sonae Investimentos / June 2016/2021	25,000,000	-
Up-front fees not yet charged to income statement	(37,920)	(37,920)
<b>Bonds loans</b>	<b>24,962,080</b>	<b>49,962,080</b>
Commercial paper	102,500,000	60,000,000
Other bank loans	8,842,000	-
Bank overdrafts	40,483,848	12,453,599
<b>Bank loans</b>	<b>151,825,848</b>	<b>72,453,599</b>
<b>Current loans</b>	<b>176,787,928</b>	<b>122,415,679</b>

Under the above mentioned lines of credit and commercial paper programs with firm commitments, the company had 221million 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	173,000,000	435,000,000
Available credit facilities amounts	21,173,453	200,000,000

The interest rate as at 30 June 2016 of the bonds and bank loans was, on average, 1.77% (2.73% as at 31 December 2015).

As at 30 June 2016 and 31 December 2015 the analysis of maturity of loans excluding the derived instruments having in consideration its nominal value is as follows:

	30.June.2016	31.December.2015
N+1	176,825,848	122,453,599
N+2	120,000,000	175,000,000
N+3	50,000,000	50,000,000
N+4	185,000,000	30,000,000
N+5	180,000,000	205,000,000

## 10 OTHER NON-CURRENT LIABILITIES

As at 30 June 2016 and 31 December 2015 this caption is as follows:

	30.June.2016	31.December.2015
Loans obtained	400,000,000	400,000,000
Other debtors	234,375	234,375
Total	400,234,375	400,234,375

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

At 30 June 2016 the fair value of this bond loan is 52,118 euro (56,404 euro on 31 December 2015) per bond, and was determined based on discounted cash flows method.

As at 30 June 2016 and 31 December 2015 Sonae, SGPS, SA and Sonae Investments, BV held 6,948 and 1,052 bonds, respectively.

The amount of 234,375 euro recorded in payables on the acquisitions of investments is related to the amount owed for the acquisition of Elergone Energia, Lda, to be settled on September 2017.

## 11 TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

As at 30 June 2016 and 31 December 2015, this heading is made up as follows:

	30.June.2016	31.December.2015
Suppliers	132,379	27,692
Group companies:		
Short term loans	1,124,282,870	1,187,413,386
Taxes - Special Regime for taxation of groups of companies	5,263,763	14,023,723
Dividends payable	40,000,000	-
Taxes and contributions payable	1,898,640	1,921,801
Accrued expenses	28,846,049	6,144,439
Others	921,226	1,649,325
Total	1,201,344,927	1,211,180,366

The caption accrued expenses includes mainly accrued interests not yet due relating to loans obtained.

## 12 CONTINGENT LIABILITIES

As at 30 June 2016 and 31 December 2015 the contingent liabilities were detailed as follows:

	30.June.2016	31.December.2015
Guarantees rendered:		
related to tax claims awaiting outcome		
Guarantees provided by financial institutions	86,763,780	86,763,780
Guarantees provided by parent company	255,152,531	255,152,531
related to local and municipal claims awaiting outcome	28,938	28,938
others	12,403,113	10,633,113
Guarantees given in favour of subsidiaries (a)	62,974,843	62,926,569

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

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

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

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

## 13 RELATED PARTIES

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

Balance:	30.June.2016	31.December.2015
Parent companies	7,350,485	11,600,933
Subsidiaries	42,021,340	29,131,749
Associated companies	202,004	77,645
Accounts receivable	49,573,829	40,810,327
Parent companies	57,906,029	9,494,044
Subsidiaries	15,189,936	8,344,335
Associated companies	-	511,213
Other related parties	191	191
Accounts payable	73,096,156	18,349,783
Subsidiaries	3,323,031,076	3,262,315,137
Associated companies	8,319,891	2,928,832
Loans granted	3,331,350,966	3,265,243,970
Parent companies	400,000,000	400,000,000
Subsidiaries	1,124,282,870	1,187,413,386
Loans obtained	1,524,282,870	1,587,413,386

Transactions:	30.June.2016	30.June.2015
Parent companies	709,466	673,305
Subsidiaries	-	288
Associated companies	8,295	-
Other related parties	70	71
<b>Purchases and services obtained</b>	<b>717,831</b>	<b>673,664</b>
Parent companies	32,211	34,630
Subsidiaries	143,198	153,457
Jointly controlled companies	-	69
<b>Other income</b>	<b>175,409</b>	<b>188,156</b>
Subsidiaries	33,985,571	52,653,472
Jointly controlled companies	-	136,038
Associated companies	47,351	-
<b>Interest income</b>	<b>34,032,922</b>	<b>52,789,510</b>
Parent companies	17,071,012	17,096,929
Subsidiaries	8,286,611	4,881,769
Other related parties	111,892	11,789
<b>Interest expenses</b>	<b>25,469,515</b>	<b>21,990,487</b>
Subsidiaries	114,810	113,299
<b>Dividend income</b>	<b>114,810</b>	<b>113,299</b>
Subsidiaries	5,479,445	-
<b>Income from Investment Fund Participation Units</b>	<b>5,479,445</b>	<b>-</b>

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

During 1<sup>st</sup> semester 2016 and 2015 did not occur any transactions including granted loans to the Company's Directors.

## 14 INVESTMENT INCOME

As at 30 June 2016 and 2015 investment income is as follows:

	30.June.2016	30.June.2015
Dividends received	114,810	113,299
Income of financial investments	5,479,445	-
Reverse of impairment losses	-	2,262,690
Impairment losses	-	(6,998,052)
Losses on investments sales	(13,162)	-
<b>Gains or losses on investments</b>	<b>5,581,093</b>	<b>(4,622,063)</b>

## 15 FINANCIAL INCOME / EXPENSES

As at 30 June 2016 and 2015, net financial expenses are as follows:

	30.June.2016	30.June.2015
Interest receivable		
related to bank deposits	6,159	3,877
related to loans granted	34,032,922	52,789,510
Others	21,939	173,450
Other financial income	393,029	-
<b>Financial income</b>	<b>34,454,049</b>	<b>52,966,837</b>
Interest payable		
related to bank deposits and overdrafts	(1,326,383)	(542,832)
related to non convertible bonds	(5,933,777)	(8,870,916)
related to loans obtained	(25,469,515)	(21,990,486)
Other financial expenses		
Up front fees on the issuance of debt	(2,345,780)	(2,345,367)
Others	(95,364)	(460,264)
<b>Financial expenses</b>	<b>(35,170,819)</b>	<b>(34,209,865)</b>

## 16 EARNINGS PER SHARE

Earnings per share for the periods ended 30 June 2016 and 2015 were calculated taking into consideration the following amounts:

	30.June.2016	30.June.2015
<b>Net Profit</b>		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	6,338,854	8,059,112
Net profit taken into consideration to calculate diluted earnings per share	6,338,854	8,059,112
<b>Number of shares</b>		
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)	0.0070	0.0090

## 17 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 16<sup>th</sup> August 2016.

## 18 INFORMATION REQUIRED BY LAW

### Decree-Law n<sup>er</sup> 318/94 art. 5<sup>th</sup> n<sup>er</sup> 4<sup>th</sup>

During the period ended as at 30 June 2016 shareholders' loan contracts were signed with the following companies:

Sonae Capital Brasil Ltda

During the period ended as at 30 June 2016, treasury application agreements were signed with the following companies:

Bertimóvel – Sociedade Imobiliária, SA

Chão Verde – Sociedade de Gestão Imobiliária, SA

Contimobe – Imobiliária do Castelo de Paiva, SA

Efanor Investimentos, SGPS, SA

Elergone Energia, Lda

Fashion Division, SA

Imoestrutura – Sociedade Imobiliária, SA

MJLF – Empreendimentos Imobiliários, SA

Pharmacontinente - Saúde e Higiene, SA

Predicomercial – Promoção Imobiliária, SA

Sonae, SGPS, SA

Sonae Financial Services, SA

Tlantic Portugal, SA

As at 30 June 2016 amounts owed by subsidiaries can be detailed as follows:

Company	30.June.2016
Azulino - Imobiliária, SA	3,333,478
Bertimóvel - Sociedade Imobiliária, SA	39,000
Canasta - Empreendimentos Imobiliários, SA	609,767
Chão Verde - Sociedade de Gestão Imobiliária, SA	9,084,000
Citorres - Sociedade Imobiliária, SA	1,390,608
Cumulativa - Sociedade Imobiliária, SA	556,890
Discovery Sports, SA	3,397,304
Farmácia Selecção, SA	697,204
Fashion Division, SA	71,350,304
Fozimo – Sociedade Imobiliária, SA	902,127
Igímo – Sociedade Imobiliária, SA	573,243
Iginha – Sociedade Imobiliária, SA	11,789,388
Imoconti – Sociedade Imobiliária, SA	511,304
Imoestrutura - Sociedade Imobiliária, SA	234,743
Imomuro - Sociedade Imobiliária, SA	3,658,304
Imoresultado – Sociedade Imobiliária, SA	516,899
Imosistema - Sociedade Imobiliária, SA	120,243
MJB - Design, Lda	664,500
MJLF - Empreendimentos Imobiliários, SA	2,018,684
Modalfa - Comércio e Serviços, SA	18,695,882
Modalloop - Vestuário e Calçado, SA	2,364,305
Modelo - Distribuição de Materiais de Construção, SA	2,308,144
Modelo Continente Hipermercados, SA	318,881,660
MDS, SGPS, SA	651,119
Pharmaconcept - Actividades em Saúde, SA	4,304
Ponto de Chegada - Sociedade Imobiliária, SA	6,817,000
Predicomercial - Promoção Imobiliária, SA	117,000
Predilugar - Sociedade Imobiliária, SA	9,337,000
SDSR - Sport Division SR, SA	21,518,181
Selifa - Sociedade de Empreendimentos Imobiliários, SA	1,716,473
Sempre à Mão - Sociedade Imobiliária, SA	128,027
Socijofra - Sociedade Imobiliária, SA	3,574,574
Sociloures - Sociedade Imobiliária, SA	432,785
Sonae Capital Brasil, Ltda	5,360,628
Sonae Center Serviços II, SA	44,231,708
Sonae MC - Modelo Continente, SGPS, SA	2,759,431,305
Sonaerp - Retail Properties, SA	18,511,388
Sondis Imobiliária, SA	332,247
Valor N, SA	2,321,636
Zippy - Comércio e Distribuição, S.A.	2,447,305
Zyevolution - Investigação e Desenvolvimento, SA	720,305
<b>Total</b>	<b>3,331,350,966</b>



The amounts due to group companies as at 30 June 2016 related to the mentioned contracts were the following:

<u>Company</u>	<u>30.June.2016</u>
BB Food Service, SA	683,696
Bertimóvel - Sociedade Imobiliária, SA	7,349,933
Bom Momento - Comercio Retalhista, SA	161,696
Contimobe - Imobiliária do Castelo de Paiva, SA	6,053,501
Continente Hipermercados, SA	96,675,696
Chão Verde - Sociedade de Gestão Imobiliária, SA	6,211,757
Elergone Energia, Lda	711,000
Infofield - Informática, SA	2,724,696
Modelo Hiper Imobiliária, SA	4,285,696
Pharmacontinente - Saúde e Higiene, SA	1,294,696
Predicomercial - Promoção Imobiliária, SA	18,587,131
Sesagest - Projectos e Gestão Imobiliária, SA	38,930,162
Sonae Specialized Retail, SGPS, SA	815,715,695
Sonaesr Serviços e Logística, SA	2,696,000
Têxtil do Marco, SA	1,494,819
Tlantic Portugal - Sistemas de Informação, SA	492,000
Worten - Equipamentos para o Lar, SA	120,214,696
<b>Total</b>	<b>1,124,282,870</b>

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério