

REPORT AND ACCOUNTS

31 MARCH 2018



SONAE CAPITAL

REPORT AND ACCOUNTS

31 March 2018

INDEX

PART I - REPORT OF THE BOARD OF DIRECTORS

PART II - CONSOLIDATED FINANCIAL STATEMENTS

PART III - SEPARATED FINANCIAL STATEMENTS

PART I

**REPORT OF THE BOARD
OF DIRECTORS**

31 MARCH 2018



SONAE CAPITAL

REPORT AND ACCOUNTS – MARCH 2018

Report of the Board of Directors

1. CEO MESSAGE & MAIN HIGHLIGHTS

"During the first quarter of the year we remained focused implementing the defined strategy, namely in what concerns the:

- Improvement of the Business Units' competitive position, visible in the Top Line 31.0% growth;*
- In the integration of the investments made over the last months, being of particular relevance (i) the contribution, in the Energy segment, of the operations acquired in the 2Q2017; and (ii) in 1Q2018, the contribution of PUMP, in the Fitness segment, to the sustainability and stability of the Group's results. In the case of Adira, a new business, we are still investing for growth, providing the company with adequate resources to implement the defined growth strategy;*
- Alongside with the improvement of the competitive position, both organically and through acquisition, it is worth to point out the profitability improvement visible in the Business Units' EBITDA margin YoY growth of 2.1pp;*
- We've also continued to focus on the sale of real estate assets: (i) in Troia, the value of deeds already signed and the amounts we still have in Reserves and PPSAs, totals 9.0M€; and (ii) on the other real estate assets, the value of the deeds carried out and the amount of PPSAs in the portfolio amounts to 5.3M€. Taking into account the assets portfolio and the favorable environment, important steps have been taken to achieve relevant sales during the year, a mandatory condition to continue implementing the defined corporate strategy."*

Cláudia Azevedo, CEO

1Q18 MAIN HIGHLIGHTS

- Strong growth in the Business Units' Turnover (+31.0%), particularly in the Fitness (+52.1%) and Energy (+21.6%) segments;
- Completion of the acquisition and integration of the PUMP Fitness chain, which operates seven clubs in Lisbon and one in Algarve, contributing to the significant improvement of the segment's competitive position;
- The contribution, in 1Q18, of the operations acquired (Energy and Fitness) amounts to 5.49M€ and 1.37M€ in consolidated Turnover and Ebitda, corresponding to 53% and 83% of its growth, respectively;
- In 1Q18, 6 deeds of residential touristic units in Troia were signed, corresponding to 2.4M€. Additionally, as of the date of this report, another deed has already been signed and there are still 15 contracts in Reserve / PPSA, for a total amount of 6.6M€;
- Promissory Purchase and Sale Agreements (PPSA) in Real Estate Assets (excluding Troia units) amounted to 4.5M€ in addition to the 0.78M€ deeds signed in 1Q18;
- Net Debt increased by 15.9M€ compared to the end of 2017, strongly influenced by the investments in the PUMP Fitness clubs acquisition and the beginning of the investment in the Biomass project, which will only start to generate returns in the second half of 2019. Net Debt remains under control and is adequate to the type of business and assets held by the Group: LTV of 18.3% and Net Debt/Ebitda of 2.70x;
- 1Q18 Consolidated Net Results are penalized on a non-recurrent way with, approximately, 3.0M€ of costs driven, mainly, to the recognition of the most recent estimated total cost concerning the discontinuation of the Brazilian RACE operation, amounting to 2.0M€.

REPORT AND ACCOUNTS – MARCH 2018

Report of the Board of Directors

2. OVERALL PERFORMANCE

Consolidated Profit and Loss Account			
Million euro	1Q 2018	1Q 2017	Δ 18/17
Turnover			
Business Units	39.06	29.81	+31.0%
Energy	11.90	9.79	+21.6%
Industrial Engineering	3.32	-	-
Fitness	8.94	5.88	+52.1%
Hospitality	2.86	2.76	+3.5%
Refrigeration & HVAC	10.79	10.22	+5.5%
Troia Resort - Operations	1.25	1.16	+8.0%
Real Estate Assets	4.55	3.44	+32.1%
Troia Resort	2.87	1.31	>100%
Other Real Estate Assets	1.67	2.13	-21.3%
Eliminations & Adjustments	-1.29	-1.30	+0.6%
Consolidated Turnover	42.32	31.95	+32.4%
Other Operational Income	0.62	0.66	-6.2%
Total Operational Income	42.94	32.62	+31.7%
EBITDA			
Business Units	1.99	0.88	>100%
Energy	3.18	2.10	+51.5%
Industrial Engineering	-0.22	-	-
Fitness	1.17	0.90	+30.5%
Hospitality	-1.45	-1.50	+3.6%
Refrigeration & HVAC	-0.07	0.27	-
Troia Resort - Operations	-0.63	-0.89	+29.4%
Real Estate Assets	0.55	0.52	+6.4%
Troia Resort	-0.07	-0.11	+32.6%
Other Real Estate Assets	0.62	0.62	-0.3%
Eliminations & Adjustments	-0.47	-1.01	+54.2%
Consolidated EBITDA	2.08	0.38	>100%
Amortization & Depreciation	-5.81	-4.07	-42.8%
Provisions & Impairment Losses	-0.14	0.29	-
Non-recurrent costs/income (1)	-0.68	-0.24	<-100%
EBIT			
Business Units	-2.53	-1.37	-83.9%
Real Estate Assets	-1.15	-1.26	+8.7%
Eliminations & Adjustments	-0.88	-1.00	+12.1%
Consolidated EBIT	-4.55	-3.63	-25.4%
Net Financial Expenses	-1.11	-0.99	-11.8%
Investment Inc. and Results from Assoc. Undertakings	0.20	0.07	>100%
EBT	-5.46	-4.55	-20.1%
Taxes	-0.37	-0.28	-32.8%
Net Results - Continued Businesses	-5.83	-4.82	-20.8%
Net Results - Discontinued Businesses	-2.03	-0.02	<-100%
Net Results - Total	-7.86	-4.85	-62.1%
Attributable to Equity Holders of Sonae Capital	-7.47	-5.05	-47.9%
Attributable to Non-Controlling Interests	-0.40	0.20	-

(1) Non-recurrent items mainly related to restructuring costs and one-off income

- The Industrial Engineering segment, namely Adira, continues to carry out the integration in the Group's processes in parallel with the investment that is being done in providing the company with the adequate resources to implement in an effective way the defined growth strategy;
- Sustained growth in the Fitness segment Top Line (+52.1%), due to the continued growth in the number of active members and the expansion plan that is being implemented, including the acquisition of the PUMP Fitness clubs and the opening of two Solinca clubs in the period, which produced a positive impact at Ebitda level (+30.5%);
- The Hospitality segment continues to deliver a positive performance showing improvements in the main indicators, particularly RevPAR (+17.2%). Top Line and Ebitda registered a growth of 3.5% and 3.6% respectively;
- The Ref. & HVAC segment recorded a positive evolution of 5.5% in Turnover which was not conveyed with the correspondent operating results that were penalized by a deterioration in operating margins in some specific works that have not proceed as forecasted;
- Finally, regarding Troia Resort Operations, efficiency and profitability measures continue to be implemented.

The Group's consolidated Turnover amounted to 42.32M€ in 1Q18. Ebitda reached 2.08M€, generating a 4.9% margin, an evolution of 3.7pp over the same period of the previous year. It should be noted the significant evolution of Business Units' profitability of +125%.

2.1. BUSINESS UNITS

Business Units' Turnover in the quarter amounted to 39.06M€, a 31.0% increase over the same period last year. Ebitda more than doubled to 1.99M€, generating a 5.1% margin and an improvement of 2.1pp compared to the margin recorded in 1Q17.

In relation to the Business Units' performance, it should be highlighted:

- The Energy segment continued to present increases in both Turnover (+21.6%) and, mainly, EBITDA (+51.5%), to 11.90M€ and 3.18M€, respectively. The operations acquired in 2017 were the main contributors to the significant performance improvement;

REPORT AND ACCOUNTS – MARCH 2018

Report of the Board of Directors

2.2. REAL ESTATE ASSETS

- In 1Q18, Troia Resort recorded 6 deeds signings an increase of 4 deeds compared to the same period last year, correspondent to 2.38M€. As of the date of this report, one additional deed has already been signed, and there are still 15 promissory purchase and sale agreements and reserves, corresponding to a total amount of 6.6M€. A significant part of these contracts is foreseen to be signed over the next quarters;
- In relation to other Real Estate Assets, a set of sales deeds were signed regarding several assets totalling 0.78M€. It should be noted that remain in stock a set of PPSAs over a diverse real estate assets, totalling 4.5M€.

2.3. CONSOLIDATED NET RESULTS & CAPITAL STRUCTURE

Consolidated Net Results (continued operations) were 5.83M€ negative, representing a decrease of 1M€ compared to the same period of the previous year, which, despite the improvement in Ebitda (+1.7M€), was mainly affected by: (i) higher Amortization & Depreciations (+1.7M€), mainly due to the recent acquisitions in the Energy segment; and (ii) Non-Recurring Costs of 0.68M€, which include staff restructuring costs and an Impairment related to a business made through RACE Brazil. Altogether, the remaining items, namely, Financial Results, Investment Results and Taxes, do not show any evolution compared to the previous year.

It should be highlighted the costs recognized with the discontinuation of RACE's Brazilian operation, in the amount of 2.0M€. This cost recognition results from the accounting, in 1Q18, of the forecasted total cost related to the operation closing process which includes, besides the declining on-going activity, the most recent estimate of (i) current works operational margins; (ii) severance costs; and (iii) all the contingencies that a process of this nature on this geography conveys.

Following the above mentioned, Consolidated Net Results in 1Q18 stood at 7.86M€ negative, 3.0M€ down from the same period last year, mostly due to the closing process of RACE in Brazil.

Capital Structure/Capex/Ratios

Million euro	Mar 2018	Dec 2017	Δ 18/17
Net Capital Employed	404.6	400.7	+1.0%
Fixed Assets	332.4	322.6	+3.0%
Non-Current Investments (net)	5.7	8.6	-33.9%
Working Capital	70.3	71.8	-2.2%
Capex (end of period)	16.2	61.6	-73.7%
% Fixed Assets	4.9%	19.1%	-14.2 pp
Net Debt	125.3	109.4	+14.6%
% Net Capital Employed	31.0%	27.3%	+3.7 pp
Debt to Equity	44.9%	37.5%	+7.3 pp
Capital Structure Ratios			
Loan to Value (Real Estate)	18.3%	15.9%	
Net Debt/EBITDA (recurrent)	2.70x	2,57x	

- Capex in the period amounted to 16.2M€, an increase of 11M€ compared to the previous year, mainly as a result of investments made in the PUMP Fitness clubs acquisition (8.4M€) and in the beginning of the biomass-fueled cogeneration project development (5.0M€), in the energy segment.

- Levered Free Cash Flow, at the end of March, stood at 15.8M€ negative, mainly due to the above-mentioned Investments.

REPORT AND ACCOUNTS – MARCH 2018

Report of the Board of Directors

Consolidated Balance Sheet

Million euro	Mar 2018	Dec 2017	Δ 18/17
Total Assets	516.6	516.1	+0.1%
Tangible and Intangible Assets	280.3	275.3	+1.8%
Goodwill	52.1	47.4	+10.0%
Non-Current Investments	2.3	2.0	+16.5%
Other Non-Current Assets	30.9	34.4	-10.2%
Stocks	92.7	94.4	-1.8%
Trade Debtors and Other Current Assets	52.1	53.0	-1.7%
Cash and Cash Equivalents	4.0	7.3	-44.7%
Assets held for sale	2.2	2.4	-9.7%
Total Equity	279.3	291.4	-4.1%
Total Equity - Equity Holders of Sonae Capital	269.6	280.5	-3.9%
Total Equity - Non-Controlling Interests	9.6	10.9	-11.6%
Total Liabilities	237.3	224.8	+5.6%
Non-Current Liabilities	133.5	116.2	+14.9%
Non-Current Borrowings	106.0	88.5	+19.8%
Deferred Tax Liabilities	21.6	21.6	-0.1%
Other Non-Current Liabilities	5.9	6.1	-3.5%
Current Liabilities	103.8	108.6	-4.4%
Current Borrowings	23.4	28.2	-17.2%
Trade Creditors and Other Current Liabilities	74.5	75.5	-1.4%
Liabilities associated to assets held for sale	5.9	4.8	+23.5%
Total Equity and Liabilities	516.6	516.1	+0.1%

- Due to the Investments previously detailed, Net Debt registered an increase when compared to the end of 2017 to 125.3M€. However the capital structure maintains an adequate level regarding the Group's portfolio: Loan To Value (LTV) of 18.3% and Net Debt/Ebitda of non Real Estate businesses of 2.70x.
- Net Capital Employed increased 1.0% when compared to the end of 2017, to 404.6M€, driven by the increase of Fixed Assets under management.
- Due to the increase in net debt above mentioned, Debt to Equity ratio reached 44.9%, +7.3pp compared to YE2017.

3. BUSINESS UNITS

3.1. ENERGY



Profit and Loss Account - Energy

Million euro	1Q 2018	1Q 2017	Δ 18/17
Total Operational Income	12.11	9.93	+22.0%
Turnover	11.90	9.79	+21.6%
Other Operational Income	0.21	0.14	+47.6%
Total Operational Costs	-8.93	-7.83	-14.0%
Cost of Goods Sold	-6.23	-5.73	-8.7%
External Supplies and Services	-1.52	-1.32	-14.8%
Staff Costs	-0.77	-0.59	-30.5%
Other Operational Expenses	-0.42	-0.20	<-100%
EBITDA	3.18	2.10	+51.5%
EBITDA Margin (% Turnover)	26.7%	21.5%	+5.3 pp
EBIT	0.88	1.05	-16.2%
EBIT Margin (% Turnover)	7.4%	10.8%	-3.3 pp
Capex	5.58	3.53	+58.0%
EBITDA-Capex	-2.40	-1.43	-67.5%
Total Capacity (MW)	65.5	57.6	+13.8%
Owned & Operated	62.3	47.4	+31.5%
Operated (not consolidated)	3.2	10.2	-68.4%

- Turnover in the Energy segment amounted to 11.90M€, an increase of 21.6% over the previous year, mainly due to the operations acquired during 2017, with an impact of around 2M€. These acquisitions contribute to the total 65MW owned or operated capacity.
- As a result of the positive Turnover performance, Ebitda amounted to 3.18M€, a strong increase of 51.5% over the previous year, translated into a 26.7% margin (+5.3pp), reinforcing the continuous improvement of the previously verified performance.
- The contribution of the acquired operations was critical for the 1Q18 results performance, amounting to 2.0M€ and 1.16M€ in Turnover and Ebitda, respectively.
- It should be noted that, despite the Ebitda improvement, Ebit registered a decreased of 16.2%, due to the 1.3M€ Depreciations & Amortizations increase driven by the operations acquired during 2017 (which are being accounted for on a linear basis whilst the solar resource is well asymmetric over the year).
- Capex amounted to 5.58M€ and represents the beginning of the development of the new biomass-fueled cogeneration power plant announced in the last quarter of 2017 and expected to be operational in the second half of 2019.

REPORT AND ACCOUNTS – MARCH 2018

Report of the Board of Directors

3.2. INDUSTRIAL ENGINEERING



Profit and Loss Account - Industrial Engineering			
Million euro	1Q 2018	1Q 2017	Δ 18/17
Total Operational Income	3.45	-	-
Turnover	3.32	-	-
Other Operational Income	0.12	-	-
Total Operational Costs	-3.67	-	-
Cost of Goods Sold	-2.19	-	-
External Supplies and Services	-0.37	-	-
Staff Costs	-0.95	-	-
Other Operational Expenses	-0.15	-	-
EBITDA	-0.22	-	-
EBITDA Margin (% Turnover)	-6.6%	-	-
EBIT	-0.45	-	-
EBIT Margin (% Turnover)	-13.5%	-	-
Capex	0.25	-	-
EBITDA-Capex	-0.46	-	-

- During 1Q18, we continued focused on investing in providing the company with adequate and sufficient resources to successfully implement the defined growth strategy, namely in what concerns the Commercial team restructuring plan that is being implemented.
- 42 machines were produced during the 1Q18. It should be highlighted the progresses in the number of machines delivered on-time, a crucial aspect in current Adira's strategy (100% of *Standard* machines delivered on-time).
- This segment's contribution to the Group's consolidated results in the quarter was, 3.32M€ and -0.22M€ at Turnover and Ebitda, respectively.
- Due to its importance, it should be highlighted the restructuring plan being implemented and the reinforcement of the Commercial Team, including the Agents network. In fact, since the acquisition, ADIRA's headcount has already grown by 15 employees (11 in 1Q18) mainly to reinforce the Commercial, Customer Service and Engineering Teams.

3.3. FITNESS



Profit and Loss Account - Fitness			
Million euro	1Q 2018	1Q 2017	Δ 18/17
Total Operational Income	8.99	5.95	+51.2%
Turnover	8.94	5.88	+52.1%
Other Operational Income	0.05	0.07	-21.3%
Total Operational Costs	-7.82	-5.05	-54.9%
Cost of Goods Sold	-0.06	-0.05	-31.9%
External Supplies and Services	-4.60	-2.97	-55.1%
Staff Costs	-2.72	-1.72	-57.6%
Other Operational Expenses	-0.44	-0.31	-41.9%
EBITDA	1.17	0.90	+30.5%
EBITDA Margin (% Turnover)	13.1%	15.3%	-2.2 pp
EBIT	0.09	0.45	-80.0%
EBIT Margin (% Turnover)	1.0%	7.6%	-6.6 pp
Capex	9.58	0.53	>100%
EBITDA-Capex	-8.40	0.37	-
# Health Clubs in Operation	28	17	+11

- Fitness segment continues to deliver positive performances strengthening its competitive position, reflected, on the one hand, on an increase in the number of active members (+23% like-for-like) and average monthly fees (+2% like-for-like) when compared to the same period last year and, on the other hand, the activity's expansion with the acquisition of the PUMP fitness clubs.
- As a result, Turnover in the period registered a significant increase of 52.1% over the same period last year.
- The performance verified at the Turnover level is also reflected in the Ebitda performance, which increased by 30.5% in the comparable quarter, generating a 13.1% margin which, being below 1Q17, is above the last three quarters and FY2017.
- It should be noted that the PUMP Fitness chain, acquired at the beginning of 1Q18, accounted for 1.74M€ and 0.43M€ at the Turnover and Ebitda level, respectively, recording a margin of 24.7%.
- In 2018, the Management Team will continue to focus on improving its competitive position, materializing expansion opportunities as the acquisition of eight PUMP fitness clubs proves. The investment in opening new clubs, following a capital light approach, allowed the Fitness segment to close 1Q18 with 28 clubs in operation: two new openings in the quarter - "Loures" and "Lumiar" - and the discontinuation of the Crossfit operation, in "Cascais", whose profitability was not meeting expectations (it should be noted that this discontinuation implied an impairment loss of 0.26M€ penalizing EBIT's evolution).

REPORT AND ACCOUNTS – MARCH 2018

Report of the Board of Directors

3.4. HOSPITALITY

PORTO PALÁCIO
CONGRESS HOTEL & SPA
★★★★★

AQUALUZ
Troia

THE ARTIST
PORTO HOTEL
& BISTRO

THE HOUSE
RIBEIRA HOTEL
★★★★★

TROIARESIDENCE

Profit and Loss Account - Hospitality

Million euro	1Q 2018	1Q 2017	Δ 18/17
Total Operational Income	2.98	2.87	+3.7%
Turnover	2.86	2.76	+3.5%
Other Operational Income	0.12	0.11	+7.2%
Total Operational Costs	-4.43	-4.37	-1.4%
Cost of Goods Sold	-0.50	-0.44	-14.4%
External Supplies and Services	-2.37	-2.38	+0.8%
Staff Costs	-1.39	-1.36	-2.2%
Other Operational Expenses	-0.17	-0.19	+6.9%
EBITDA	-1.45	-1.50	+3.6%
EBITDA Margin (% Turnover)	-50.7%	-54.5%	+3.8 pp
EBIT	-1.55	-1.59	+2.3%
EBIT Margin (% Turnover)	-54.3%	-57.5%	+3.3 pp
Capex	0.15	0.22	-31.9%
EBITDA-Capex	-1.60	-1.72	+7.2%
# Units	5	5	

- The main operational indicators in the Hospitality segment (including Troia Residence operation) continue to show favorable evolutions, especially RevPAR which showed a YoY performance improvement of 17.2% in 1Q18.
- It should be highlighted the positive performance achieved in the period, both at the Turnover and Ebitda levels, increasing by 3.5% and 3.6% respectively. However, there was a slowdown in Q1 YoY growth to which the adverse climacteric conditions during the 1Q18, particularly in Tróia, played an important role. A recover in growth is foreseen for the next quarters.
- Excluding rents, it should be noted that EBITDAR in the Hospitality segment amounted to negative 0.40M€, a slight improvement of 0.3% over the same period last year. It should be noted that, due to the typical seasonality of this business segment, the first and fourth quarters usually record negative EBITDAR which are more than offset by the positive value observed in the second and mainly third quarters.
- Capex remained at a reduced level of 0.15M€, 31.9% lower than in the same period of the previous year, allowing for an improvement, together with the Ebitda performance, of 7.2% in Ebitda-Capex figure.

3.5. REFRIGERATION & HVAC



Profit and Loss Account - Refrigeration & HVAC

Million euro	1Q 2018	1Q 2017	Δ 18/17
Total Operational Income	10.81	10.45	+3.5%
Turnover	10.79	10.22	+5.5%
Other Operational Income	0.02	0.23	-89.4%
Total Operational Costs	-10.88	-10.18	-6.9%
Cost of Goods Sold	-5.17	-4.53	-14.1%
External Supplies and Services	-3.47	-3.26	-6.5%
Staff Costs	-2.10	-2.21	+4.8%
Other Operational Expenses	-0.13	-0.18	+24.3%
EBITDA	-0.07	0.27	-
EBITDA Margin (% Turnover)	-0.7%	2.7%	-3.3 pp
EBIT	-0.43	0.01	-
EBIT Margin (% Turnover)	-3.9%	0.1%	-4.1 pp
Capex	0.10	0.06	+81.0%
EBITDA-Capex	-0.17	0.22	-

- Turnover in 1Q18 increased 5.5% to 10.79M€ compared to the same period last year. The volume of contracts/works in Portugal at the end of the period amounted to 19.2M€, representing approximately 5 months of activity.
- Ebitda in 1Q18 decreased 0.34M€ to negative 0.07M€, impacting the Ebitda margin by 3.3pp due to the recognition of a set of operating costs and potential contingencies in order to limit the losses to be recognized in the future in specific works that were not running according to the initial plan

REPORT AND ACCOUNTS – MARCH 2018

Report of the Board of Directors



3.6. TROIA RESORT - OPERATIONS

Profit and Loss Account - Troia Resort: Operations			
Million euro	1Q 2018	1Q 2017	Δ 18/17
Total Operational Income	1.36	1.31	+4.2%
Turnover	1.25	1.16	+8.0%
Other Operational Income	0.11	0.15	-26.0%
Total Operational Costs	-1.99	-2.19	+9.4%
Cost of Goods Sold	-0.08	-0.08	+9.1%
External Supplies and Services	-0.99	-1.12	+11.7%
Staff Costs	-0.75	-0.80	+6.1%
Other Operational Expenses	-0.17	-0.19	+9.7%
EBITDA	-0.63	-0.89	+29.4%
EBITDA Margin (% Turnover)	-49.9%	-76.4%	+26.4 pp
EBIT	-1.07	-1.30	+17.3%
EBIT Margin (% Turnover)	-85.7%	-111.9%	+26.2 pp
Capex	0.04	0.03	+18.7%
EBITDA-Capex	-0.67	-0.92	+27.6%

- Turnover from Troia Resort operations, excluding real estate, amounted to 1.25M€ in 1Q18, an increase of 8.0% over the previous year. All the operations posted positive performances being worth to highlight the volume increase in the Atlantic Ferries river transport operation and also the greater activity in the "Marina de Troia".
- Capex remained at controlled levels and was mainly due to investments of renovation / improvements in the marine and river transport operation.

4. REAL ESTATE ASSETS



4.1. TROIA RESORT

The Real Estate Assets Unit of Troia Resort registered a turnover of 2.87M€, due to the following contributions:

- Signing of 6 deeds of touristic real estate units, corresponding to 2.38M€, compared to 2 deeds and 0.8M€ recorded in the same period last year. Five of the six deeds signed were made under the guaranteed income product.
It should be noted that already in the 2Q and up to this report's date, an additional deed was signed and 15 Promissory Purchase and Sale Agreements and Reserves are still in stock, for a total amount of 6.6M€.
- Rents related to the operations of assets held (Hotels, Troia Shopping, Parking lots, Touristic Units in operation) amounted to 0.4M€, in line with the previous year.

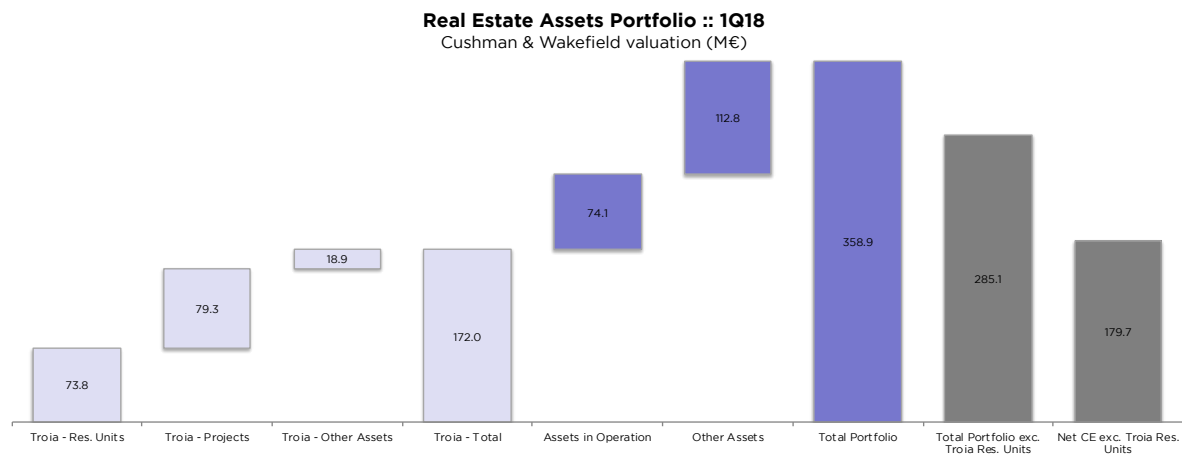
4.2. OTHER REAL ESTATE ASSETS

Within the Group's current real estate portfolio there are diversified assets with different licensing and construction stages, including land plots with and without construction viability, residential units, construction projects, offices, industrial premises and commercial areas, with wide geographical dispersion.

This block considers all the real estate assets of the Sonae Capital Group, except the units already developed and in commercialization in the Troia Resort and the assets held by the WTC Fund.

REPORT AND ACCOUNTS – MARCH 2018

Report of the Board of Directors



- At 31 March 2018, the capital employed in this set of real estate assets amounted to 179.7M€, which are evaluated in 285.1M€ according to valuation made at the end of 2016 by the independent reference entity Cushman & Wakefield.
- During the 1Q18, deeds amounting to 0.78M€ were signed in respect to diverse real estate assets and, in the portfolio, there are still PPSAs signed on a group of assets, totalling 4.5M€, providing good insights for the coming quarters.
- It should be noted that Sonae Capital's Real Estate assets portfolio, including the WTC Fund valuation, amounts to 429.5M€.

REPORT AND ACCOUNTS – MARCH 2018

Report of the Board of Directors

5. CORPORATE INFORMATION

5.1. CORPORATE INFORMATION 1Q18

There were no corporate events to register.

5.2. SUBSEQUENT CORPORATE EVENTS

- On 3 May 2018, the Shareholders' General Meeting of Sonae Capital, SGPS, SA was held at the company's headquarters. Among the proposals presented, a dividend payment to the shareholders was approved in the amount of 0.06€ per share.

REPORT AND ACCOUNTS – MARCH 2018

Report of the Board of Directors

6. METHODOLOGICAL NOTES

The quarterly consolidated financial information presented in this report is non-audited and has been prepared in accordance with the International Financial Reporting Standards ("IAS / IFRS"), issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union.

With the aim of continuing to provide the best financial information not only at the Consolidated level, but also, at each Business Unit level and aligning with the best market practices, the international operations (Mozambique and Brazil) of the Refrigeration & HVAC segment are considered as assets held for sale and therefore their contribution to the consolidated results is recognized as discontinued operations.

GLOSSARY

- HVAC = Heating, Ventilation and Air Conditioning.
- Operational Cash Flow = EBITDA - Capex.
- PPSA = Promissory Purchase and Sale Agreement.
- Net Debt = Non-Current Loans + Current Loans - Cash and Cash Equivalents - Current Investments.
- EBITDA = Operational Profit (EBIT) + Amortization and Depreciation + Provisions and Impairment Losses + Impairment Losses of Real Estate Assets in Stocks (included in Costs of Goods Sold) - Reversal of Impairment Losses and Provisions (including in Other Operation Income).
- EBITDA, excluding Guaranteed Income Provisions = EBITDA + Provisions related to the estimated present value of potential costs for the full period of the Guaranteed Income from real estate sales at Troia Resort.
- EBITDAR = EBITDA + Building Rents.
- Capex = Investment in Tangible and Intangible Assets.
- Loan to Value = Net Debt of real estate assets / Real estate assets Valuation.
- Gearing: Debt to Equity = Net Debt / Equity.
- RevPAR = Revenue Per Available Room.

PART II
**CONSOLIDATED FINANCIAL
STATEMENTS**

31 MARCH 2018



SONAE CAPITAL

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018 AND 31 DECEMBER 2017

(Amounts expressed in euro)

ASSETS	Notes	31/03/2018	31/12/2017
NON-CURRENT ASSETS:			
Tangible assets	8	270 620 247	265 431 974
Intangible assets	8	9 664 824	9 822 521
Goodwill	9	52 091 158	47 376 371
Investments in associated companies and joint ventures	5	1 694 096	1 419 028
Other investments	6	632 974	578 430
Deferred tax assets	13	27 667 900	27 774 060
Other non-current debtors	10	6 554 325	6 601 994
Total non-current assets		368 925 524	359 004 378
CURRENT ASSETS:			
Inventories	11	92 655 944	94 396 634
Trade account receivables and other current assets	12	48 760 954	53 002 698
Cash and cash equivalents	14	4 041 166	7 307 069
Total Current Assets		145 458 064	154 706 401
Assets held for sale		2 181 523	2 415 830
TOTAL ASSETS		516 565 111	516 126 609
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	15	250 000 000	250 000 000
Own Shares	15	(1 192 808)	(1 305 839)
Reserves and retained earnings	15	28 294 591	38 273 437
Profit/(Loss) for the year attributable to the equity holders of Sonae Capital		(7 466 372)	(6 513 485)
Equity attributable to the equity holders of Sonae Capital		269 635 411	280 454 113
Equity attributable to non-controlling interests	16	9 646 405	10 915 176
Total Equity		279 281 816	291 369 289
NON-CURRENT LIABILITIES:			
Loans	17	105 810 452	88 468 498
Other non-current creditors	18	2 799 701	3 015 213
Deferred tax liabilities	13	21 619 549	21 638 983
Provisions	21	3 079 824	3 079 824
Total Non-Current Liabilities		133 309 526	116 202 517
CURRENT LIABILITIES:			
Loans	17	23 569 546	28 211 633
Trade creditors and other current liabilities	20	70 159 357	71 146 195
Provisions	21	4 324 111	4 403 401
Total Current Liabilities		98 053 014	103 761 230
		-	-
TOTAL LIABILITIES		231 362 540	219 963 747
Liabilities associated with assets held for sale		5 920 755	4 793 573
TOTAL EQUITY AND LIABILITIES		516 565 111	516 126 609

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE THREE MONTHS ENDED 31 MARCH 2018 AND 2017

(Amounts expressed in euro)

	Notes	31/03/2018	31/03/2017 Restated
Sales		24 533 422	12 563 763
Services rendered		15 739 681	18 989 222
Other operating income	22	1 320 944	823 383
Cost of sales		(12 590 750)	(10 982 080)
Changes in stocks of finished goods and work in progress		(1 774 072)	(593 871)
External supplies and services		(13 975 953)	(11 494 693)
Staff costs		(10 222 681)	(8 122 369)
Depreciation and amortisation		(5 812 621)	(4 070 622)
Provisions and impairment losses (Increases)/Decreases		(514 845)	200 708
Other operating expenses		(1 254 974)	(944 217)
Operational profit/(loss)		(4 551 849)	(3 630 776)
Financial Expenses		50 570	57 617
Financial Income		(1 156 846)	(1 047 230)
Net financial income / (expenses)		(1 106 276)	(989 613)
Profit/(Loss) in associated and jointly controlled companies measured using the equity method	5	193 402	47 098
Investment income	24	4 816	27 596
Profit/(Loss) before taxation		(5 459 907)	(4 545 695)
taxation	25	370 463	279 044
Profit/(Loss) for the year - continued operations		(5 830 370)	(4 824 739)
Profit/(Loss) for the year - discontinued operations		(2 027 527)	(23 503)
Profit/(Loss) for the year	26	(7 857 897)	(4 848 242)
Attributable to:			
Equity holders of Sonae Capital		(7 466 372)	(5 049 378)
Non-controlling interests	16	(391 525)	201 136
Profit/(Loss) per share - continued operations			
Basic	28	(0,021923)	(0,020330)
Diluted	28	(0,021923)	(0,020330)
Profit/(Loss) per share - discontinued operations			
Basic	28	(0,008173)	(0,000095)
Diluted	28	(0,008173)	(0,000095)

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2018 AND 2017

(Amounts expressed in euro)

	31/03/2018	31/03/2017
Consolidated net profit/(loss) for the period	(7 857 897)	(4 848 242)
Items that may be reclassified subsequently to net profit / (loss):		
Changes in the currency translation differences	23 591	(5 575)
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)	-	-
Change in the fair value of assets available for sale	-	-
Change in the fair value of cash flow hedging derivatives	-	1 366
Tax related to other comprehensive income captions	-	-
Other comprehensive income for the period - continued operations	-	(4.209)
Other comprehensive income for the period - discontinued operations	23 591	(63.916)
Total comprehensive income for the period	<u>(7 834 306)</u>	<u>(4.916.367)</u>
Attributable to:		
Equity holders of Sonae Capital	(7 442 781)	(5 095 167)
Non-controlling interests	(391 525)	178 800

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS - MARCH 2018

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 MARCH 2018 AND 2017

(Amounts expressed in euro)

	Attributable to Equity Holders of Sonae Capital											
	Share Capital	Own Shares	Demerger Reserve (Note 15)	Translation Reserves	Fair Value Reserves	Hedging Reserves	Others Reserves	Subtotal	Net Profit/(Loss)	Total	Non-Controlling Interests	Total Equity
Balance as at 1 January 2017	250 000 000	(1 404 226)	132 638 253	12 876	-	5 004	(88 414 342)	44 241 791	17 594 199	310 431 764	9 925 965	320 357 729
Total consolidated comprehensive income for the period	-	-	-	(47 155)	-	1 366	-	(45 789)	(5 049 378)	(5 095 167)	178 800	(4 916 367)
Appropriation of profit of 2016:	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	17 594 199	17 594 199	(17 594 199)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
(Acquisition)/Sales of own shares	-	64 609	-	-	-	-	-	-	-	64 609	-	64 609
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	337 874	337 874	-	337 874	-	337 874
Balance as at 30 March 2017	250 000 000	(1 339 617)	132 638 253	(34 279)	-	6 370	(70 482 269)	62 128 075	(5 049 378)	305 739 080	10 104 765	315 843 845
Balance as at 1 January 2018	250 000 000	(1 305 839)	132 638 253	146 352	-	6 370	(94 517 538)	38 273 437	(6 513 485)	280 454 113	10 915 176	291 369 289
Total consolidated comprehensive income for the period	-	-	-	23 591	-	-	-	23 591	(7 466 372)	(7 442 781)	(391 525)	(7 834 306)
Appropriation of profit of 2017:	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	(6 513 485)	(6 513 485)	6 513 485	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(339 504)	(339 504)
(Acquisition)/Sales of own shares	-	113 031	-	-	-	-	-	-	-	113 031	-	113 031
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	(4 116 071)	(4 116 071)	-	(4 116 071)	(537 742)	(4 653 813)
Other changes	-	-	-	-	-	-	627 119	627 119	-	627 119	-	627 119
Balance as at 30 March 2018	250 000 000	(1 192 808)	132 638 253	169 943	-	6 370	(104 519 975)	28 294 591	(7 466 372)	269 635 411	9 646 405	279 281 816

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED 31 MARCH 2018 AND 2017

(Amounts expressed in euro)

	Notes	31/03/2018 ¹	31/03/2017 ¹ Restated
OPERATING ACTIVITIES:			
Cash receipts from trade debtors		43 840 868	30 779 075
Cash receipts from trade creditors		(30 894 801)	(22 668 640)
Cash paid to employees		(9 941 566)	(8 417 756)
Cash flow generated by operations		3 004 501	(307 321)
Income taxes (paid) / received		(565 100)	(156 591)
Other cash receipts and (payments) relating to operating activities		(2 533 361)	(1 419 905)
Discontinued operations		(938 383)	(11 866)
Net cash from operating activities (1)		844 423	(1 871 951)
INVESTMENT ACTIVITIES:			
<u>Cash receipts arising from:</u>			
Investments		74 899	79 960
Tangible assets		2 572 535	409 013
Subsidies		-	11
Interest and similar income		43 177	60 525
Dividends		-	73 578
Others		-	1 448
Changes in consolidation perimeter (companies in)		81 143	-
		2 771 754	624 535
<u>Cash Payments arising from:</u>			
Investments		(8 274 667)	(1 672 703)
Tangible assets		(8 337 265)	(1 512 407)
Intangible assets		(232 351)	(324 080)
Loans granted		-	(30 042)
		(16 844 283)	(3 539 232)
Discontinued operations		(28 749)	1 634
Net cash used in investment activities (2)		(14 043 780)	(2 916 331)
FINANCING ACTIVITIES:			
<u>Cash receipts arising from:</u>			
Loans obtained		21 120 666	2 212 125
		21 120 666	2 212 125
<u>Cash Payments arising from:</u>			
Loans obtained		(9 105 205)	(22 152 811)
Interest and similar charges		(870 911)	(811 080)
Dividends		(339 504)	-
		(10 315 620)	(22 963 891)
Discontinued operations		896 689	(20 501)
Net cash used in financing activities (3)		9 908 357	(20 731 265)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(3 291 000)	(25 519 548)
Effect of foreign exchange rate		-	6 361
Cash and cash equivalents at the beginning of the period	14	7 233 498	32 219 850
Cash and cash equivalents at the end of the period	14	3 942 498	6 693 941

The accompanying notes are part of these financial statements.

¹ Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited

SONAE CAPITAL, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2018 AND 2017

(Translation from the Portuguese Original)
(Amounts expressed in euro)

1. INTRODUCTION

SONAE CAPITAL, SGPS, SA (“Company”, “Group” or “Sonae Capital”) whose head-office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, is the parent company of a group of companies, as detailed in Notes 4 to 6 (“Sonae Capital Group”) and was set up on 14 December 2007 as a result of the demerger of the shareholding in SC, SGPS, SA (previously named Sonae Capital, SGPS, SA) from Sonae, SGPS, SA, which was approved by the Board of Directors on 8 November 2007 and by the Shareholder’s General Meeting held on 14 December 2007.

Reflecting the current management structure, the reporting segments were revised, addressing the strategic business areas identified in the Group:

- Troia Resort Operations;
- Hospitality;
- Fitness;
- Energy;
- Refrigeration & HVAC;
- Real Estate;
- Industrial Engineering
- Other Assets.

The non-strategic assets are included in the segment Other assets.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted are consistent with those used in the financial statements presented for the year ended 31 December 2017.

Basis of preparation

Interim financial statements were presented quarterly, in accordance with IAS 34 – “Interim Financial Reporting”.

The accompanying consolidated financial statements have been prepared from the books and accounting records of the Company and of its affiliated undertakings (Notes 4 and 6), on a going concern basis and under the historical cost convention, except for derivative financial instruments which are stated at fair value.

3. CHANGES IN ACCOUNTING POLICIES

Changes to international accounting standards that came into force on or after 1 January 2018, did not have material impacts in the financial statements as at 31 March 2018.

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and the percentage of the share capital held by the Group as at 31 March 2018 and 31 December 2017, are as follows:

Company	Head Office	Percentage of capital held			
		31 March 2018		31 December 2017	
		Direct	Total	Direct	Total
Sonae Capital SGPS, SA	Maia	Holding	Holding	Holding	Holding
Hospitality					
Porto Palácio Hotel, SA	a) Porto	100,00%	100,00%	100,00%	100,00%
SC Hospitality, SGPS, SA	a) Maia	100,00%	100,00%	100,00%	100,00%
The Artist Porto Hotel & Bistrô - Actividades Hoteleiras, SA	a) Maia	100,00%	100,00%	100,00%	100,00%
The House Ribeira Hotel - Exploração Hoteleira, SA	a) Maia	100,00%	100,00%	100,00%	100,00%
Aqualuz Tróia, SA	a) Grândola	100,00%	100,00%	100,00%	100,00%
Troia Resort Operations					
Atlantic Ferries-Tráf.Loc.Flu.e Marít.SA	a) Grândola	95,77%	95,77%	95,77%	95,77%
Marina de Tróia, SA.	a) Grândola	100,00%	100,00%	100,00%	100,00%
Tróia Market, S.A.	a) Grândola	100,00%	100,00%	100,00%	100,00%
Tróia Natura, S.A.	a) Grândola	100,00%	100,00%	100,00%	100,00%
Troiareort-Investimentos Turísticos, SA	a) Grândola	100,00%	100,00%	100,00%	100,00%
Troiareort, SGPS, SA	a) Matosinhos	100,00%	100,00%	100,00%	100,00%
Golf Time-Golfe e Invest. Turísticos, SA	a) Maia	100,00%	100,00%	100,00%	100,00%
Fitness					
3) Acrobatic Tittle, S.A.	a) Lisbon	100,00%	100,00%	10,00%	10,00%
Solinca - Health & Fitness, SA	a) Maia	100,00%	100,00%	100,00%	100,00%
1) About, SGPS, S.A.	a) Maia	100,00%	100,00%		
1) About Changes Investimentos, Unipessoal, Lda.	a) Maia	100,00%	100,00%		
1) Ineditalchemy Unipessoal, Lda.	a) Maia	100,00%	100,00%		
1) Magnetic Nature, Unipessoal, Lda.	a) Maia	100,00%	100,00%		
1) Ocean Destiny, Unip. Lda	a) Maia	100,00%	100,00%		
1) Questão Magenta, Unipessoal, Lda.	a) Maia	100,00%	100,00%		
1) Rhythmdragon, Unipessoal, Lda.	a) Maia	100,00%	100,00%		
Energy					
Atelgen - Produção Energia, ACE	a) Barcelos	51,00%	51,00%	51,00%	51,00%
CAPWATT - Brainpower, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
CAPWATT - ACE, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Colombo - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Engenho Novo - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Hectare - Heat Power, ACE	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt II - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt III - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Maia - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Martim Longo - Solar Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Vale do Caima - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Vale do Tejo - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
CAPWATT - SCSGPS, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Carvemagere - Manutenção e Energias Renováveis, Lda	a) Barcelos	65,00%	65,00%	65,00%	65,00%

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

	Companhia Térmica SERRADO, ACE	a)	Maia	70,00%	70,00%	70,00%	70,00%
	Companhia Térmica Tagol, Lda.	a)	Oeiras	100,00%	100,00%	100,00%	100,00%
	CTE - Central Termoeléctrica do Estuário, Lda	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Enerlousado - Recursos Energéticos, Lda.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Ronfegen - Recursos Energéticos, Lda.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Lusobrisa - Produção de Energia Eléctrica, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Gasflow. Unipessoal, Lda	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Soternix - Produção de Energia, ACE	a)	Barcelos	51,00%	51,00%	51,00%	51,00%
	Suncoutim - Solar Energy, SA	a)	Faro	85,00%	85,00%	85,00%	85,00%
	Ventos da Serra - Produção de Energia S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Sociedade de Iniciativa e Aproveitamentos Florestais - Energia, S.A.	a)	Mangualde	90,00%	90,00%	90,00%	90,00%
Refrigeration and HVAC							
	QCE - Desenvolvimento e fabrico de Equipamentos, SA	a)	Matosinhos	100,00%	70,00%	100,00%	70,00%
6)	RACE - Refrigeration & Air Conditioning Engineering, S.A.	a)	Matosinhos	100,00%	70,00%	100,00%	70,00%
5)	RACE. SGPS, SA	a)	Matosinhos	70,00%	70,00%	70,00%	70,00%
2)	Sistavac Sistemas HVAC-R do Brasil, Ltda	a)	São Paulo	100,00%	70,00%	100,00%	70,00%
	Sopair, S.A.	a)	Madrid	100,00%	70,00%	100,00%	70,00%
2)	Spinarq Moçambique, Lda	a)	Maputo	70,00%	70,00%	70,00%	70,00%
Real Estate							
	Bloco Q-Soc.Imobil.SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Casa da Ribeira-Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Centro Residencial da Maia,Urban.,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Cinclus Imobiliária,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Contry Club da Maia-Imobiliaria,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Empreend.Imob.Quinta da Azenha,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Fundo Esp.Inv.Imo.Fec. WTC	a)	Maia	99,00%	99,00%	99,00%	99,00%
	Imoclub-Serviços Imobiliários,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Imodivor - Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Imohotel-Emp.Turist.Imobiliários,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Imoponte - Sociedade Imobiliária, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Imosedas-Imobiliária e Serviços,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Implantação - Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Porturbe-Edifícios e Urbanizações,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Praedium II-Imobiliária,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Prédios Privados Imobiliária,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Predisedas-Predial das Sedas,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Promessa Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	SC Assets, SGPS, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Sete e Meio Herdades-Inv. Agr. e Tur.,SA	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Soira - Soc. Imobiliária de Ramalde, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Sótaqua - Soc. de Empreend. Turísticos	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Spinveste - Promoção Imobiliária, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Spinveste-Gestão Imobiliária SGII,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Urbisedas-Imobiliária das Sedas, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Vistas do Freixo-Emp.Tur.Imobiliários,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Soltroia-Imob.de Urb.Turismo de Tróia,SA	a)	Lisbon	100,00%	100,00%	100,00%	100,00%
	SII - Soberana Invest. Imobiliários, SA	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Tulipamar-Expl.Hoteleira Imob.,SA	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Marmagno-Expl.Hoteleira Imob.,SA	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Imopenínsula - Sociedade Imobiliária, SA	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Imoresort - Sociedade Imobiliária, S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Marvero-Expl.Hotel.Im.,SA	a)	Grândola	100,00%	100,00%	100,00%	100,00%

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

Industrial Engineering							
4) 7)	SC, INDUSTRIALS, SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Adira - Metal Forming Solutions, S.A.	a)	Porto	100,00%	100,00%	100,00%	100,00%
	Guimadira - Máquinas e Ferramentas, Lda.	a)	Vila Nova de Gaia	100,00%	100,00%	100,00%	100,00%
Others							
	Imobeauty, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	SC - Sociedade de Consultadoria, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	SC Finance BV	a)	Amsterdam	100,00%	100,00%	100,00%	100,00%
	SC For - Ser.Formação e Desenvolv.Recursos Humanos, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	UP Invest, SGPS, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	SC, SGPS, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Solinfitness - Club Málaga, S.L.	a)	Málaga	100,00%	100,00%	100,00%	100,00%
	Praedium - Serviços, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Contacto Concessões, SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Inparvi SGPS, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Interlog-SGPS,SA	a)	Lisbon	98,98%	98,98%	98,98%	98,98%
	Société de Tranchage Isoroy SAS.	a)	Honfleur	100,00%	100,00%	100,00%	100,00%
1)	Company acquired in the year.						
2)	Discontinued operations						
3)	Aquisition of 90% participation in the year.						
4)	Transfer of Other Assets;						
5)	Ex- Sistavac SGPS SA;						
6)	Ex- Sistavac, SA;						
7)	Ex – SC Eng.e Promoção Imobiliária SGPS, SA.						
a)	Majority of voting rights						

These group companies are consolidated using the full consolidation method.

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

5. INVESTMENTS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

Associated and jointly controlled companies included in the consolidated financial statements, their head offices and the percentage of share capital held by the Group as at 31 March 2018 and 31 December 2017, are as follows:

31 March 2018											
C ompany name	Head Office	Percentage of Capital Held		Total Assets	Total Liabilities	Total Costs	Total incomes	Shared Capital	Net income	Balance Value	
		Direct	Total								
Jointly Controlled Companies											
Other Assets											
	Andar - Sociedade Imobiliária, SA	Maia	50,00%	50,00%	16 583 031	16 885 950	7 991	-	(302 919)	(7 991)	-
1)	Sociedade de Construções do Chile, SA	Maia	100,00%	50,00%	16 454 890	242 561	9 918	-	16 212 328	(9 918)	-
1)	Vastgoed One - Sociedade Imobiliária, SA	Maia	100,00%	50,00%	12 037 794	1 251	337	-	12 036 543	(337)	-
1)	Vastgoed Sun - Sociedade Imobiliária, SA	Maia	100,00%	50,00%	12 042 478	1 251	337	-	12 041 227	(337)	-
Associated Companies											
Other Assets											
	Lidergraf - Artes Gráficas, Lda	Vila do Conde	24,50%	24,50%	17 469 928	9 631 481	4 761 483	4 787 615	7 838 447	26 133	1 516 523
Energy											
2)	Feneralt - Produção de Energia, ACE	Barcelos	25,00%	25,00%	818 220	167 923	1 407 770	2 053 857	650 297	646 087	177 573
					75 406 341	26 930 417	6 187 836	6 841 472	48 475 923	653 637	1 694 096

31 December 2017											
C ompany name	Head Office	Percentage of Capital Held		Total Assets	Total Liabilities	Total Costs	Total incomes	Shared Capital	Net income	Balance Value	
		Direct	Total								
Jointly Controlled Companies											
Other Assets											
	Andar - Sociedade Imobiliária, SA	Maia	50,00%	50,00%	16 583 257	16 878 185	123 856	1 102	(294 928)	(122 754)	-
1)	Sociedade de Construções do Chile, SA	Maia	100,00%	50,00%	16 548 484	326 238	110 974	2 423 166	16 222 246	2 312 192	-
1)	Vastgoed One - Sociedade Imobiliária, SA	Maia	100,00%	50,00%	12 037 856	976	1 084	-	12 036 880	(1 084)	-
1)	Vastgoed Sun - Sociedade Imobiliária, SA	Maia	100,00%	50,00%	12 042 540	976	1 079	-	12 041 564	(1 079)	-
Associated Companies											
Other Assets											
	Lidergraf - Artes Gráficas, Lda	Vila do Conde	24,50%	24,50%	18 533 396	10 335 157	20 515 836	21 812 819	8 198 240	1 296 983	1 276 788
Energy											
			0,00%	0,00%	-	-	-	-	-	-	-
	Feneralt - Produção de Energia, ACE	Barcelos	25,00%	25,00%	818 220	167 923	1 407 770	2 053 857	650 297	646 087	142 240
					76 563 753	27 709 455	22 160 599	26 290 944	48 854 299	4 130 345	1 419 028

- 1) Null investment values result from the adoption of the equity method in Andar – Sociedade Imobiliária, SA, holder of all of these investments;
- 2) Values for the period ended December 2017.

Associated and jointly controlled companies are consolidated using the equity method.

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

The balance values of zero result from the reduction in the acquisition cost by application of the equity method, discontinuing the recognition of its part of additional losses under the terms of IAS 28.

During the periods ended 31 March 2018 and December 2017, movements in investments of associated and jointly controlled companies may be summarized as follows:

	31 March 2018	31 December 2017
Opening balance as at 1 January	1 419 028	1 266 842
Disposals in the period	-	(31 948)
Equity method	275 068	391 017
Dividends received	-	(206 883)
Closing balance as at 31 March	1 694 096	1 419 028
Accumulated impairment losses (Note 22)	-	-
	1 694 096	1 419 028

The use of the equity method had the following impacts: 275,068€ recorded on share of results of associated undertakings (391,017€ at 31 December 2017).

6. OTHER INVESTMENTS

Group companies, jointly controlled companies and associated companies excluded from consolidation, their head offices, the percentage of share capital held and book value as at 31 March 2018 and 31 December 2017 are as follows:

Company	Head Office	Percentage of capital held				Book value	
		31 March 2018		31 December 2017		31 March 2018	31 December 2017
		Direct	Total	Direct	Total		
Troia Resort Operations							
Infratróia - Infraestruras de Tróia, E.M.	Grândola	25,90%	25,90%	25,90%	25,90%	64 747	64 747
Other Assets							
Fundo de Investimento Imobiliário Imosonae Dois	Maia	-	-	0,06%	0,06%	-	-
Net, SA	Lisbon	0,98%	0,98%	0,98%	0,98%	23 034	23 034
Fundo de Capital de Risco F-HITEC	Lisbon	6,48%	6,48%	6,48%	6,48%	250 950	250 950
Outros Investimentos		0,00%	0,00%	0,00%	0,00%	294 243	239 699
Total						632 974	578 430

As at 31 March 2018 and 31 December 2017, movements in investments were as follows:

	31 March 2018		31 December 2017	
	Non-current	Current	Non-current	Current
Investments at acquisition cost				
Opening balance as at 1 January	870 268	-	770 693	-
Acquisitions in the period	97 420	-	71 601	-
Disposals in the period	(52 528)	-	(66 213)	-
Changes in consolidation perimeter	9 652	-	94 187	-
Closing balance as at 31 March	924 812	-	870 268	-
Accumulated impairment losses (Note 22)	(291 838)	-	(291 838)	-
	632 974	-	578 430	-
Other Investments	632 974	-	578 430	-

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

7. CHANGES TO THE CONSOLIDATION PERIMETER

During the period ended 31 March 2018 the following companies were acquired:

Company	Head Office	Percentage of capital held	
		Direct	Total
About, SGPS, S.A.	Maia	100,00%	100,00%
About Changes Investimentos, Unipessoal, Lda.	Maia	100,00%	100,00%
Ineditalchemy Unipessoal, Lda.	Maia	100,00%	100,00%
Magnetic Nature, Unipessoal, Lda.	Maia	100,00%	100,00%
Ocean Destiny, Unip. Lda	Maia	100,00%	100,00%
Questão Magenta, Unipessoal, Lda.	Maia	100,00%	100,00%
Rhythmdragon, Unipessoal, Lda.	Maia	100,00%	100,00%

Impacts in the consolidated financial statements at the inclusion date were as follows:

	Acquisition date	31 March 2018
Net assets acquired		
Tangible and intangible assets (Notes 10 and 11)	5 246 221	5 019 564
Financial investments	20 371	10 918
Other assets	288.742	443 640
Cash and cash equivalents	81.143	148 554
Other liabilities	(3 946 802)	(3 877 400)
	<u>1 689 675</u>	<u>1 745 276</u>
Total equity	<u>1 689 675</u>	
	Acquisition date	31 March 2018
Income statements from the acquired companies		
Cost of sales	-	13 114
External supplies and services	-	858 752
Staff costs	-	418 838
Depreciation and amortisation	-	208 619
Provisions and impairment losses	-	-
Other operating expenses	-	159 075
Operational expenses	-	<u>1 658 398</u>
Sales	-	42 993
Services rendered	-	1 693 374
Other operating income	-	47 657
Operational income	-	<u>1 784 024</u>
Operational profit/(loss)	-	<u>125 626</u>
Financial income	-	8 017
Financial expenses	-	25 927
Net financial income / (expenses)	-	<u>(17 910)</u>
Investment income	-	-
Investment income	-	<u>-</u>
Profit/(Loss) before taxation	-	<u>107 716</u>
Taxation	-	(52 117)
Profit/(Loss) for the year	-	<u>55 599</u>
Gain/(Loss) on acquisition (Note 41)	-	
Acquisition price	6 404 462	
Payments made	1 919 735	
Net cash flow from the acquisition		
Payments made	8 324 197	
Cash and equivalents acquired	(81 144)	
	<u>8 243 053</u>	

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

8. TANGIBLE ASSETS AND INTANGIBLE ASSETS

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

	Tangible Assets						Tangible Assets in progress	Total Tangible Assets
	Land and Natural Resources	Buildings and Other Constructions	Plant and Machinery	Vehicles	Fixtures and Fittings	Others		
Gross Cost:								
Opening balance as at 1 January 2018	49 859 173	155 688 594	285 701 503	1 244 107	4 055 064	4 795 793	6 548 831	507 893 064
Changes in consolidation perimeter (companies in)	-	5 299 212	1 380 771	77 390	270 461	61 567	48 505	7 137 906
Discontinued operations	-	-	-	-	-	-	-	-
Capital expenditure	27 816	60 820	626 351	-	-	62 061	6 781 286	7 558 335
Disposals	(453 318)	(1 160 154)	(1 869 423)	(73 000)	(494)	(5 204)	-	(3 561 593)
Transfers	16 433	5 764	2 241 113	(0)	79 196	31 157	(2 433 912)	(60 248)
Closing balance as at 31 March 2018	49 450 105	159 894 237	288 080 315	1 248 497	4 404 227	4 945 374	10 944 710	518 967 464
			-					
Accumulated depreciation								
Opening balance as at 1 January 2018	-	43 580 976	157 597 181	1 070 247	3 303 302	2 274 539	-	207 826 244
Changes in consolidation perimeter (companies in)	-	1 309 434	429 468	11 869	135 484	18 624	-	1 904 879
Discontinued operations	-	-	-	-	-	-	-	-
Charges for the period	-	808 117	4 583 930	10 796	67 508	22 747	-	5 493 098
Disposals	-	(200 898)	(1 038 947)	(9 125)	(1 283)	(5 204)	-	(1 255 457)
Transfers	-	5 764	(3 952)	(0)	531	(92)	-	2 252
Closing balance as at 31 March 2018	-	45 503 394	161 567 680	1 083 787	3 505 542	2 310 861	-	213 971 262
Accumulated impairment losses								
Opening balance as at 1 January 2018	6 000 391	23 414 766	5 219 689	-	-	-	-	34 634 846
Changes in consolidation perimeter (companies in)	-	-	-	-	-	-	-	-
Changes in consolidation perimeter (companies out) - Note B	-	-	-	-	-	-	-	-
Charges for the period	-	-	-	-	-	-	-	-
Closing balance as at 31 March 2018	5 832 918	23 333 217	5 210 065	-	-	-	-	34 376 200
Carrying amount								
As at 1 January 2018	43 858 783	88 692 851	122 884 633	173 860	751 762	2 521 253	6 548 831	265 431 974
As at 31 March 2018	43 617 187	91 057 626	121 302 570	164 710	898 685	2 634 513	10 944 710	270 620 002

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

Major amounts included in the caption Tangible assets in progress, refer to the following projects:

	31 March 2018	31 March 2018
Troiaresort	1 672 473	1 671 835
Industrial plants re-construction/remodeling and project management	6 830 434	2 240 148
Remodeling / New Health Clubs's Openings	553 597	1 280 759
Industrial Engineering	1 133 515	1 112 976
Others	754 691	243 112
	<u>10 944 710</u>	<u>6 548 830</u>

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

	Intangible Assets				
	Patents and other similar rights	Software	Others	Intangible Assets in progress	Total Intangible Assets
Gross Cost:					
Opening balance as at 1 January 2018	9 336 173	4 819 214	4 004 093	1 519 682	19 679 162
Changes in consolidation perimeter (companies in)	-	-	19 790	-	19 790
Capital expenditure	-	-	-	223 292	223 292
Disposals	(162 029)	-	-	-	(162 029)
Transfers	2 941	117 623	-	(85 019)	35 545
Closing balance as at 31 March 2018	<u>9 177 086</u>	<u>4 936 836</u>	<u>4 023 883</u>	<u>1 657 956</u>	<u>19 795 760</u>
Accumulated amortization					
Opening balance as at 1 January 2018	2 656 361	3 681 794	2 828 951	-	9 167 106
Changes in consolidation perimeter (companies in)	-	-	6 596	-	6 596
Changes in consolidation perimeter (companies out)	-	-	-	-	-
Charges for the period	101 933	161 806	55 784	-	319 523
Disposals	(55 237)	-	-	-	(55 237)
Transfers	2 941	472	-	-	3 413
Closing balance as at 31 March 2018	<u>2 705 998</u>	<u>3 844 071</u>	<u>2 891 330</u>	<u>-</u>	<u>9 441 400</u>
Carrying amount					
As at 1 January 2018	<u>6 679 812</u>	<u>1 137 420</u>	<u>1 175 142</u>	<u>1 519 682</u>	<u>10 512 056</u>
As at 31 March 2018	<u>6 471 087</u>	<u>1 092 764</u>	<u>1 132 552</u>	<u>1 657 956</u>	<u>10 354 360</u>

As at 31 March 2018 the net assets of Marina de Troia in Patents and other similar rights, amounts to 5,066,469€ (5,261,284€ at 31 December 2017).

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

9. GOODWILL

During the periods ended 31 March 2018 and 31 December 2017, movements in goodwill, as well as in corresponding impairment losses, are as follows:

	31 March 2018	31 December 2017
Gross amount:		
Opening balance	72 080 082	62 194 124
Increases - acquisition of affiliated companies	4 714 787	10 449 890
Decreases - disposals of affiliated companies	-	563 932
Closing balance	76 794 869	72 080 082
Accumulated impairment losses:		
Opening balance	24 703 711	24 353 034
Increases	-	350 677
Closing balance	24 703 711	24 703 711
Total	52 091 158	47 376 371

10. OTHER NON-CURRENT DEBTORS

As at 31 March 2018 and 31 December 2017, other non-current debtors are detailed as follows:

	31 March 2018	31 December 2017
Loans granted to related parties		
Others	907 655	907 655
	907 655	907 655
Impairment losses (Note 22)	(34 916)	(34 916)
	872 739	872 739
Trade accounts receivable and other debtors		
Sale of financial investments	505 000	505 000
Others	4 947 707	4 947 709
Impairment losses (Note 22)	-	-
	5 452 707	5 452 709
Deferred costs		
Financing charges	228 880	276 547
	228 880	276 547
Total financial instruments	6 554 325	6 601 994
Other non-current debtors	6 554 325	6 601 994

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

11. INVENTORIES

Inventories as at 31 March 2018 and 31 December 2017 can be detailed as follows, highlighting the value attributable to real estate developments:

	31 March 2018		31 December 2017	
	Total	of which Real Estate Developments	Total	of which Real Estate Developments
Raw materials, by-products and consumables	4 850 740	-	4 677 862	-
Goods for sale	14 561 968	13 045 999	14 767 604	13 282 113
Finished goods	13 122 277	12 386 606	13 281 182	12 613 221
Work in progress	65 823 655	62 725 919	67 372 682	62 728 774
Payments on account	-	-	-	-
	<u>98 358 640</u>	<u>88 158 524</u>	<u>100 099 331</u>	<u>88 624 108</u>
Accumulated impairment losses on stocks (Note 22)	(5 702 697)	(5 240 945)	(5 702 697)	(5 240 945)
Total Operations	<u>92 655 944</u>	<u>82 917 579</u>	<u>94 396 634</u>	<u>83 383 163</u>

12. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

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

	31 March 2018	31 December 2017
Trade accounts receivable	27 840 151	31 008 486
Accumulated impairment losses on trade debtors (Note 22)	(6 521 056)	(6 208 847)
	<u>21 319 096</u>	<u>24 799 640</u>
Taxes recoverable	9 356 529	8 828 905
Loans granted to and other amounts to be received from related parties	86 980	38 897
Other current assets		
Suppliers with a debtor balance	2 663 929	1 153 208
Other debtors	4 921 666	5 129 832
Accounts receivable from the sale of financial investments	2 802 915	2 862 642
Accounts receivable from the sale of tangible assets	2 838 255	2 859 253
Interest receivable	7 548	15 434
Deferred costs - Rents	1 057 949	627 096
Deferred costs - External supplies and services	1 535 269	1 382 160
Other current assets	<u>4 166 743</u>	<u>7 301 557</u>
	<u>19 994 275</u>	<u>21 331 182</u>
Accumulated impairment losses on other current assets (Note 22)	(1 995 925)	(1 995 925)
Trade accounts receivable and other current assets	<u>48 760 954</u>	<u>53 002 698</u>

The caption "Other current assets" includes accruals related with works in progress at the end of the year in the Refrigeration and HVAC segment.

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

13. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 March 2018 and 31 December 2017 can be detailed as follows, splitted between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Amortisation and Depreciation harmonisation adjustments	564,988	566,662	4,196,166	4,068,443
Provisions and impairment losses of non-tax deductible	5,286,204	5,320,494	-	-
Write off of tangible and intangible assets	71,250	71,250	-	-
Write off of accruals	-	-	-	-
Revaluation of tangible assets	-	-	93,738	93,307
Tax losses carried forward	21,376,816	21,414,207	-	-
Financial instruments	-	-	-	-
Write off of stocks	-	-	407,314	462,815
Taxable temporary differences arising from the fair value of non-current liabilities	-	-	6,532,976	6,529,266
Others	63,501	7,644	8,481,457	8,481,456
	<u>27,362,760</u>	<u>27,380,258</u>	<u>19,711,651</u>	<u>19,635,287</u>

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

	31 March 2018			31 December 2017		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2013	18 852 311	3 958 985	2018	18 852 311	3 958 985	2018
Generated in 2014	13 536 168	2 842 595	2026	13 536 168	2 842 595	2026
Generated in 2015	45 035 288	9 457 411	2027	45 035 288	9 457 411	2027
Generated in 2016	12 025 566	2 525 369	2028	12 025 566	2 525 369	2028
Generated in 2017	9 173 702	1 926 477	2022	9 173 702	1 926 477	2022
Generated in 2018	-	-	2023	-	-	2023
	<u>98 623 036</u>	<u>20 710 838</u>		<u>98 623 036</u>	<u>20 710 838</u>	
With a time limit different from the above mentioned	-	-		-	-	
	<u>98 623 036</u>	<u>20 710 838</u>		<u>98 623 036</u>	<u>20 710 838</u>	

An analysis was made on the relevance of the recognition of deferred taxes, taking into account the possibility of them to be recovered in accordance with the medium and long term prospects of the Group.

Deferred tax assets arising from tax losses have been recorded only when it is likely to occur taxable income in the future.

As at 31 March 2018, tax losses carried forward amounting to 47,487,798€ (43,912,619€ as at 31 December 2017), have not originated deferred tax assets for prudential reasons and are detailed as follows:

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

	31 March 2018			31 December 2017		
	Tax losses carried forward	Tax Credit	Time limit	Tax losses carried forward	Tax Credit	Time limit
With limited time use						
Generated in 2013	25 043 382	5 259 110	2018	25 043 382	5 259 110	2018
Generated in 2014	49 633	10 423	2026	49 633	10 423	2026
Generated in 2015	14 778	3 103	2027	4 751	998	2027
Generated in 2016	19 292	4 051	2028	19 292	4 051	2028
Generated in 2017	6 368 844	1 337 457	2022	6 368 844	1 337 457	2022
Generated in 2018	3 485 227	731 897	2023			2023
	<u>34 981 156</u>	<u>7 346 042</u>		<u>31 485 902</u>	<u>6 612 039</u>	
Without limited time use	12 080 998	3 020 250		12 001 155	3 000 289	
With a time limit different from the above mentioned	425 644	95 274		425 562	95 258	
	<u>12 506 642</u>	<u>3 115 524</u>		<u>12 426 717</u>	<u>3 095 547</u>	
	<u>47 487 798</u>	<u>10 461 566</u>		<u>43 912 619</u>	<u>9 707 586</u>	

14. CASH AND CASH EQUIVALENTS

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

	31 March 2018	31 December 2017
Cash at hand	221 658	30 132
Bank deposits	3 808 790	7 276 938
Treasury applications	10 719	-
Cash and cash equivalents on the balance sheet	<u>4 041 166</u>	<u>7 307 069</u>
Bank overdrafts - (Note 17)	(98 669)	(73 571)
Guarantee deposit	-	-
Cash and cash equivalents in the statement of cash-flows	<u>3 942 498</u>	<u>7 233 499</u>

Bank overdrafts include creditor balances of current accounts in financial institutions, and are disclosed in the balance sheet under current bank loans (Note 17).

15. EQUITY

The share capital of Sonae Capital SGPS, SA is represented by 250,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1€ each.

As at 31 March 2018, Sonae Capital SGPS, S.A. owns 4.107.623 own shares (4.783.433 own shares at 31 December 2017) booked for 1.192.808€ (1.305.839 € at 31 December 2017).

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

Other reserves includes amounts equal to the value of own shares held by the Group's parent company. This reserve should be unavailable while these shares are kept by the company.

The Reserves and retained earnings of Sonae Capital Group in the periods ended 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	31 December 2017
Demerger reserve	132 638 253	132 638 253
Translation reserves	169 943	146 352
Fair value reserves	-	-
Hedging reserves	6 370	6 370
Others	(104 519 975)	(94 517 536)
	-	-
Other reserves and retained earnings	28 294 591	38 273 439

Demerger reserve

The demerger originated a reserve in the amount of 132,638,253€, which has a treatment similar to that of a Legal Reserve. according to the Code of Commercial Companies, it cannot be distributed to shareholders, unless the company is liquidated, but can be used to absorb losses related to prior years, once other reserves have been fully used, or for capital increases.

Translation reserves

These reserves are comprised by the conversion of the financial statements of the subsidiaries that have other functional currencies into euro.

Hedging Reserve

This caption is comprised by the fair value of hedging derivatives and the accrued interest of that derivative. The amounts in this reserve are transferred to the income statement when subsidiaries are sold or liquidated.

16. NON-CONTROLLING INTERESTS

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

	31 March 2018	31 December 2017
Opening balance as at 1 January	10 915 176	9 925 965
Changes in hedging reserves	-	-
Changes in the percentage of capital held in affiliated companies	-	776 824
Changes resulting from currency translation	-	27 009
Dividends paid	(339 504)	(926 710)
Others	-	-
Changes in consolidation perimeter	(537 742)	-
Profit for the period attributable to minority interests	(391 525)	1 112 088
Closing balance	9 646 405	10 915 176

The non-controlling interests are primarily from companies in the Refrigeration and HVAC segment.

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

17. BORROWINGS

As at 31 March 2018 and 31 December 2017, Borrowings are made up as follows:

	31 March 2018		31 December 2017		Repayable on
	Outstanding amount		Outstanding amount		
	Current	Non-Current	Current	Non-Current	
Bank loans					
Sonae Capital SGPS - commercial paper ^{a)}	-	-	4 500 000	-	Jun/2021
Sonae Capital SGPS - commercial paper ^{b)}	-	22 000 000	-	4 000 000	Oct/2021
Sonae Capital SGPS - commercial paper ^{c)}	2 000 000	-	3 200 000	-	Mar/2018
Sonae Capital SGPS - commercial paper ^{d)}	10 000 000	-	10 000 000	-	Jun/2018
Sonae Capital SGPS ^{e)}	-	10 000 000	-	10 000 000	Feb/2023
Sonae Capital SGPS - commercial paper ^{f)}	6 000 000	-	5 000 000	-	Dec/2018
Up-front fees	-	(14 102)	-	(16 867)	
Others	1 913 925	2 832 213	1 966 697	3 235 083	
	<u>19 913 925</u>	<u>34 818 112</u>	<u>24 666 697</u>	<u>17 218 215</u>	
Bank overdrafts (Note 14)	98 669	-	73 571	-	
Bank loans	<u>20 012 594</u>	<u>34 818 112</u>	<u>24 740 268</u>	<u>17 218 215</u>	
Bond Loans					
Sonae Capital 2016/2021 Bonds ^{g)}	-	15 000 000	-	15 000 000	Jul/2021
Sonae Capital 2014/2019 Bonds ^{h)}	-	42 500 000	-	42 500 000	May/2019
Up-front fees	-	(197 815)	-	(254 190)	
Bond Loans	<u>-</u>	<u>57 302 185</u>	<u>-</u>	<u>57 245 810</u>	
Other loans	48 788	393 625	48 788	197 389	
Derivatives (Note 18)	-	-	-	-	
Obligations under finance leases	3 303 462	13 556 136	3 422 578	13 867 519	
Up-front fees on finance leases	-	(54 903)	-	(60 437)	
	<u>23 364 844</u>	<u>106 015 154</u>	<u>28 211 633</u>	<u>88 468 497</u>	

- Commercial paper programme, with subscription guarantee, issued on 31 December 2013 with automatic annual renewal until a maximum of seven years and six months, unless denounced by either part.
- Commercial paper programme, with subscription guarantee, issued on 29 September 2017 and valid until October 2021.
- Short term commercial paper programme, launched on 28 March 2008 and valid until 28 March 2018, with the option of prolonging the duration on initiative of Sonae Capital. Placement with investors or financial institutions and guaranteed by committed credit lines with duration between six months and a year, contracted through relationship banks.
- Commercial paper programme, with subscription guarantee, issued on 30 June 2017 with annual renewal, unless denounced by either part.
- Commercial paper programme, with subscription guarantee, issued on 24 February 2017 valid until February 2023 with amortizations every six months beginning 2019.
- Commercial paper programme, without subscription guarantee, issued on 20 December 2017 with annual renewal for issues placed with investors.
- Sonae Capital, SGPS, SA, 2016/2021 bond loan in the amount of 15,000,000€, 5 years until maturity and a sole reimbursement on 29 July 2021, except if the Issuer exercise the Call Option. This bond loan bears interest every six months.
- Sonae Capital, SGPS, SA, 2014/2019 bond loan in the amount of 42,500,000€, 5 years until maturity and a sole reimbursement on 28 May 2019. This bond loan bears interest every six months.

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

The interest rate on bonds and bank loans in force on 31 March 2018 was on average 2.09% (2.27% in December 2017).

Bank loans pay interest rates that are indexed to the Euribor market rates of the period, and its fair value is considered close to its book value.

In the case that any financial institution or investor holding commercial paper opt to not renew on any given maturity date, the Group has credit lines at its disposal to cover this situation.

There does not exist derivative instruments.

The repayment schedule of the nominal value of borrowings may be summarised as follows:

	31 March 2018		31 December 2017	
	Nominal value	Interest	Nominal value	Interest
N+1	23 569 546	2 410 273	28 211 633	2 437 850
N+2	50 485 855	1 465 742	57 664 567	1 493 224
N+3	8 260 218	581 491	4 359 194	586 376
N+4	40 560 037	326 586	22 329 433	497 625
N+5	5 871 517	72 679	3 373 693	85 336
After N+5	899 645	21 813	1 073 103	26 328
	<u>129 646 817</u>	<u>4 878 586</u>	<u>117 011 623</u>	<u>5 126 740</u>
Discontinued Operations	-	-	(17 368 656)	2 047 475
Total	<u>129 646 817</u>	<u>4 878 586</u>	<u>99 642 967</u>	<u>7 174 215</u>

18. OTHER NON-CURRENT CREDITORS

As at 31 March 2018 and 31 December 2017 other non-current creditors can be detailed as follows:

	31 March 2018	31 December 2017
Loans and other amounts payable to related parties		
Plaza Mayor Parque de Ocio, SA (Note 28)	1 678 500	1 739 399
Others	232 513	203 172
	<u>1 911 013</u>	<u>1 942 571</u>
Other creditors		
Creditors in the restructuring process of Torralta	661 284	650 478
Fixed assets suppliers	-	-
Others	0	5 349
	<u>661 284</u>	<u>655 827</u>
Deferred income		
Investment aid	-	-
Obligations by share-based payments (Note 20)	227 405	416 815
Others	-	-
	<u>227 405</u>	<u>416 814</u>
Other non-current creditors	<u>2 799 701</u>	<u>3 015 213</u>

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

19. SHARE-BASED PAYMENTS

Sonae Capital Group granted deferred performance bonuses to employees, based on shares of Sonae Capital SGPS, SA to be acquired, three years after they were attributed to the employee. The acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The company has the option to settle in cash instead of shares. The option can only be exercised if the employee still works for the Sonae Capital Group on the vesting date.

As at 31 March 2018 and 31 December 2017, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

	Year of grant	Vesting year	Number of participants	Fair Value	
				31 March 2018	31 December 2017
Shares					
	2015	2018	5	-	569 471
	2016	2019	5	463 911	415 708
	2017	2020	12	460 231	419 031
	2018	2021	13	409 306	-
Total				1 333 448	1 404 211

As at 31 March 2018 and 31 December 2017, the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which have not yet vested:

	31 March 2018	31 December 2017
Other non-current creditors (Note 19)	227 405	416 815
Other current creditors	345 173	569 471
Reserves	(416 815)	(277 619)
Staff Costs	155 763	708 667

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

20. TRADE ACCOUNTS PAYABLE

As at 31 March 2018 and 31 December 2017 trade accounts payable can be detailed as follows:

	31 March 2018	31 December 2017
Trade creditors	18 693 297	25 369 800
Loans granted by and other payables to related parties	641 124	608 120
Other current liabilities		
Fixed assets suppliers	1 972 965	2 392 508
Advances from customers and down payments	2 903 538	1 881 047
Other creditors	17 295 575	12 743 820
Taxes and contributions payable	4 858 605	4 469 392
Accrued staff costs	7 353 500	7 590 826
Amounts invoiced for works not yet completed	3 298 973	3 640 702
Accrued expenses with purchases - Energy Segment	517 964	397 691
Interest payable	660 584	354 584
Investment aid	102 810	126 309
Other liabilities	11 860 421	11 571 394
	<u>50 824 935</u>	<u>45 168 275</u>
Trade accounts payable and other current liabilities	<u>70 159 357</u>	<u>71 146 195</u>

21. PROVISIONS AND ACUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses over the period ended 31 March 2018 were as follows:

Captions	Balance as at 1 January 2018	Increases	Decreases	Utilisations	Balance as at 31 March 2018
Accumulated impairment losses on:					
Tangible Assets (Note 8)	34 634 847	-	(258 645)	-	34 376 202
Intangible Assets	689 536	-	-	-	689 536
Goodwill (Note 9)	24 703 711	-	-	-	24 703 711
Other Investments	291 838	-	-	-	291 838
Other non-current assets (Note 10)	34 916	-	-	-	34 916
Trade accounts receivable (Note 12)	6 208 847	642 826	(330 618)	-	6 521 056
Other current assets (Note 12)	1 995 925	-	-	-	1 995 925
Stocks (Note 11)	5 702 697	-	-	-	5 702 697
Non-current provisions	3 079 824	-	-	-	3 079 824
Current provisions	4 403 401	1 163 331	(1 041 107)	(201 514)	4 324 111
Total	<u>81 745 545</u>	<u>1 806 157</u>	<u>(1 630 370)</u>	<u>(201 514)</u>	<u>81 719 815</u>

As at 31 March 2018 and 31 December 2017 detail of other provisions was as follows:

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

	31 March 2018	31 December 2017
Judicial claims	2 031 044	2 225 121
Provision for secured income	1 573 503	1 451 279
Others	3 799 389	3 806 826
Total	7 403 936	7 483 226

The amount in provision for guaranteed income is the estimate of the difference between the amount to be charged through the properties sold in “Tróia” and the guaranteed income to property owners. The amount to be charged through the operation of these assets is estimated based on the average of the values obtained in previous years.

22. OTHER OPERATIONAL INCOME

Other operational income for the period ended 31 March 2018 and 2017 was as follows:

	31 March 2018	31 March 2017
Own work capitalised	98 652	35 119
Gains on sales of assets	599 230	125 548
Supplementary income	136 711	109 696
Others	486 352	553 020
Continued Operations	1 320 944	823 383
Discontinued Operations	-	1 163
Total	1 320 944	824 546

The amount included in Other Operational Income includes, in the year ended on 31 March 2018, are related to: (i) recognition of operating subsidies (23,500 euros); (ii) Compensation receivable, related to operating losses (209,460 euros); and other non-recurring gains related to the disposal of assets (45,000 euros).

The amount in gains on sales of assets for the year ended on 31 March 2018 includes gains realized on the sale of real estate assets located in Tróia.

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

23. CONTINGENT ASSETS AND LIABILITIES

As at 31 March 2018 and 31 December 2017 the most important contingent liabilities referred to guarantees given and were made up as follows:

	31 March 2018	31 December 2017
Guarantees given:		
on VAT reimbursements	5 199 346	5 199 346
on tax claims	17 608 327	15 163 918
on municipal claims	1 134 224	1 134 224
guarantees given on rental contracts	17 980 341	16 466 333
Others	31 861 039	9 574 135

Others include the following guarantees:

- 5,235,287€ as at 31 March 2018 (4,222,349€ as at 31 December 2017) of guarantees on construction works given to clients;
- 3,766,391€ as at 31 March 2018 (3,766,391€ as at 31 December 2017) of guarantees given concerning building permits in the Resorts segments.
- 20,070,000€ as at 31 de March 2018 of guarantees given concerning building permits in the Energy segments.

The Group has not registered provisions for the events/disagreements for which these guarantees were given since its board of Directors believes that the above mentioned events will not result in a loss for the Group.

24. INVESTMENT INCOME

As at 31 March 2018 and 2017, Investment income was made up as follows:

	31 March 2018	31 March 2017
Dividends	-	-
Adjustment to the liquidation price of "Sodesa"	4 816	
Adjustment to the selling price of "Box Lines Navegação"	-	-
Gains on disposal of investments in group companies	4 816	27 598
Others	-	(2)
Investment Income	-	27 596

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

25. TAXATION

As at 31 March 2018 and 2017, Taxation was made up as follows:

	31 March 2018	31 March 2017
Current tax	284 093	129 634
Deferred tax	86 371	149 409
Taxation	370 463	279 044

26. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 31 March 2018 and 2017, the reconciliation of consolidated net profit can be analysed as follows:

	31 March 2018	31 March 2017
Aggregate net profit - continued operations	(4 442 433)	(4 409 232)
Aggregate net profit - discontinued operations	(2 157 979)	(123 953)
Harmonisation adjustments	(306 719)	(362 153)
Elimination of intragroup dividends	(1 688 496)	-
Share of gains/(losses) of associated undertakings	193 402	47 098
Elimination of intragroup capital gains/(losses)	570 262	-
Reclassification of discontinued operations	5 752	-
Elimination of intragroup impairment	-	-
Adjustments of gains/(losses) on assets disposals	-	-
Adjustments of gains/(losses) of financial shareholdings sale	-	-
Others	(31 686)	(2)
Consolidated net profit for the year - continued operations	(5 830 370)	(4 824 739)
Consolidated net profit for the year - discontinued operations	(2 027 527)	(23 503)
Consolidated net profit for the year	(7 857 897)	(4 848 242)

27. RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

Transactions	March 2018		March 2017	
	Sales and services rendered	Purchases and services obtained	Sales and services rendered	Purchases and services obtained
Parent company				
Associated companies	6 507	765	6 853	(1 903)
Feneralt - Produção de Energia, ACE	3 937	(3 855)	3 937	(6 424)
Lidergraf - Artes Gráficas, Lda	2 570	4 620	2 916	4 521
Other partners and Group companies	7 675 096	1 301 375	7 908 122	1 207 049

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

	-	-	-	-
8ª Avenida - Centro Comercial, SA	6 412	-	-	-
Águas Furtadas - Soc. Agrícola, SA	648	-	626	-
Algarveshopping- Centro Comercial, S.A.	(4 443)	-	-	-
Alpéssego - Sociedade Agrícola, SA	629	-	609	-
Casa Agrícola de Ambrães, S.A.	431	-	1 147	-
Aqualuz - Turismo e Lazer, Lda	241 851	731	220 549	1 021
BB Food Service, SA	68 254	(1 874)	135 437	(1 759)
BOM MOMENTO - Comércio Retalhista, SA	37 849	(1 199)	26 405	-
Prod. Agric.Biológica, S.A.	81 633	(164)	-	-
Cascaishoping- Centro Comercial, S.A.	-	-	367 403	(5)
Centro Colombo- Centro Comercial, S.A.	83 459	317 960	142 026	56 560
Continente Hipermercados, S.A.	655 258	(59 561)	202 301	6 151
Contimobe-Imobil.Castelo Paiva,SA	-	1 211	-	1 606
Digitmarket-Sistemas de Informação,SA	-	77 900	-	67 536
Discovery Sports, SA	-	-	648	-
Efanor Investimentos, SGPS, S.A.	13	-	-	-
Efanor Serviços de Apoio à Gestão, S.A.	17 024	-	16 841	-
Euroresinas-Indústrias Químicas,SA	-	147	-	(2 820)
Fashion Division, S.A.	82	-	1 312	-
Herco Consul.Riscos Corret.Seguros, Ltda	-	-	2 704	443
Iberosegur - Sociedade Ibérica de Mediação de Seguros, Lda	476	-	236	-
Fundo de Invest. Imobiliário Imosede	11 433	140 894	7 850	142 522
Imosistema-Sociedade Imobiliária,SA	-	-	(5 592)	-
Fundo Invest. Imobiliário Imosonae Dois	-	-	77 215	-
Infocfield-Informática,SA	-	-	41	-
Inovretail, S.A.	1 357	-	-	-
Insco Insular de Hipermercados, S.A.	408 811	(5 841)	62 234	(4)
LCC LeiriaShopping Centro Comercial SA	140	-	(2 276)	-
Loureshopping-Centro Comercial, S.A.	-	1 437	-	-
NOS Sistemas S.A.	-	151 331	21 082	277 032
Modelo - Dist.de Mat. de Construção,S.A.	39 054	-	488	-
Modelo Continente Hipermercados,SA	4 714 677	83 848	4 413 344	(38 422)
Modelo Continente Hipermercados, Suc.	-	2 550	-	3 150
Modelo Hipermercados Trading, S.A.	1 726	-	-	-
MDS Corretor de Seguros, SA	88 602	(2 503)	85 131	(1 829)
MDS África SGPS, S.A.	275	-	80	-
MDS Auto - Mediação de Seguros, SA	476	-	423	-
MDS Consulting, SA	2 785	1 450	-	-
MDS, SGPS, SA	-	-	311	-
Modalfa-Comércio e Serviços,SA	66	-	11 797	-
MODALLOOP - Vestuário e Calçado, SA	224	-	375	-
Modelo Hiper Imobiliária,SA	(42)	-	-	-
Movelpartes-Comp.para Ind.Mobiliária,SA	197	-	-	-
Norteshopping-Centro Comercial, S.A.	4 534	117 504	17 000	-
Paracentro - Gest.de Galerias Com., S.A.	-	-	46 009	2 300
Parklake Shopping, S.A.	-	-	1 470 034	-
PHARMACONTINENTE - Saúde e Higiene, S.A.	29	-	340	149
Prosa - Produtos e Serviços Agrícolas,S.A.	7 428	471	8 411	(505)
Público-Comunicação Social,SA	900	-	62	2 857
QCE - Desenvolvimento e Fabrico de Equipamentos, S.A.	-	(172 870)	-	(131 282)
Saphety Level - Trusted Services S.A.	-	34 942	-	31 179
SONAESR - Serviços e logística, S.A.	6 837	-	2 348	-
SFS - Serviços de Gestão e Marketing, S.A.	-	858	-	-
Sonae Financial Services, S.A.	-	378	-	-
Sondis Imobiliária,SA	22 378	-	-	-
Sonae Indústria-SGPS,SA	-	-	654	-
Sonae Arauco Portugal, S.A.	449 854	233 081	17 670	(70)
Sonae Industria de Revestimentos,SA	107 088	116 525	119 841	100 742
SIRS-Soc.Ind.Radiodifusão Sonora,SA	-	4 217	-	6 843

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

RACE - Refrigeration & Air Conditioning Engineering, S.A.	-	(36 814)	-	(31 729)
Sierra Management Portugal-Gest. CC,S.A.	(295)	36 375	3 529	413 367
Sohi Meat Solut-Distr. Carnes	155 788	1 551	14 912	897
Sonae Center Serviços II, SA	13 726	123 924	23 400	142 671
Sonae.com,SGPS,SA	-	1 650	-	-
Sonae Investment Management-S.T.,SGPS,S.A.	-	-	333	-
Sonaegest-Soc.Gest.Fundos Investimentos	745	58 137	720	52 281
Sonaerp - Retail Properties, SA	403 144	19 487	194 870	3 782
Sonae SGPS, SA	1 205	24 000	1 649	12 500
Sport Zone-Comércio Art.Desporto,SA	559	4 997	19 581	14 774
Sonae Arauco, S.A.	71	-	1 193	-
Textil do Marco,SA	30 287	-	30 280	-
Tableros Tradema,S.L.	239	-	1 158	-
Centro Vasco da Gama-Centro Comercial,SA	-	976	-	1 951
We Do Consulting-SI,SA	-	23 636	-	73 724
Worten-Equipamento para o Lar,SA	7 183	33	139 215	(564)
ZIPPY - Comércio e Distribuição, SA	4 039	-	4 166	-
	7 681 603	1 302 140	7 914 975	1 205 146

<u>Transactions</u>	<u>Interest income</u>	<u>Interest expenses</u>	<u>Interest income</u>	<u>Interest expenses</u>
Parent company				
Associated companies	7 543	-	13 930	-
Andar-Sociedade Imobiliária,SA	7 543	-	13 930	-
Other partners and Group companies	-	19 759	-	22 482
Plaza Mayor Parque de Ocio, SA	-	19 759	-	22 482
	-	-	-	-
	7 543	19 759	13 930	22 482

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

Balances	March 2018		December 2017	
	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Parent company				
Associated companies	32 995	1 709	34 294	17 105
Andar-Sociedade Imobiliária,SA	23 624	-	16 054	-
Feneralt - Produção de Energia, ACE	6 175	-	9 333	-
Lidergraf - Artes Gráficas, Lda	3 196	1 709	8 907	17 105
Other partners and Group companies	6 295 998	2 230 278	7 586 105	2 117 281
8ª Avenida - Centro Comercial, SA	7 886	-	-	-
Águas Furtadas - Soc. Agrícola, SA	281	-	257	-
Algarveshopping- Centro Comercial, S.A.	16 479	-	21 943	-
Alpêssego - Sociedade Agrícola, SA	2 874	-	2 866	-
Asprela - Sociedade Imobiliária, S.A.	-	-	1 513	-
Aqualuz - Turismo e Lazer, Lda	330 337	143 190	85 036	53 327
BB Food Service, SA	57 972	(5 098)	101 974	1 783
BOM MOMENTO - Comércio Retalhista, SA	67 787	-	157 504	-
Casa Agrícola de Ambrães, S.A.	177	-	171	-
Cascahopping- Centro Comercial, S.A.	100 212	-	163 696	-
Centro Colombo- Centro Comercial, S.A.	116 249	98 453	75 232	199 160
Centro Vasco da Gama-Centro Comercial,SA	1 200	-	-	-
Contimobe-Imobil.Castelo Paiva,SA	404	993	404	993
Continente Hipermercados, S.A.	544 312	5 512	1 630 860	10 144
Digitmarket-Sistemas de Informação,SA	95 498	2 869	133 948	39 418
Efanor Investimentos, SGPS, S.A.	-	-	280	-
Efanor Serviços de Apoio à Gestão, S.A.	7 662	5 512	2 709	5 512
Sonaerp - Retail Properties, SA	65 872	46 739	390 668	34 839
Euroresinas-Indústrias Químicas,SA	-	882	-	10 160
Fashion Division, S.A.	425	-	1 364	-
Fundo de Invest. Imobiliário Imosede	12 436	32 259	13 502	6 410
Gaiashopping II- Centro Comercial, S.A.	(163)	(163)	-	163
Go Well, S.A.	-	3	-	635
Guimarãeshopping- Centro Comercial, S.A.	-	-	163	-
Infocfield-Informática,SA	1 683	-	1 683	-
Inovretail, S.A.	1 610	-	-	-
Insco Insular de Hipermercados, S.A.	509 034	-	523 525	-
LCC LeiriaShopping Centro Comercial SA	-	-	9 372	-
Loureshopping-Centro Comercial, S.A.	-	-	1 768	-
MDS Africa SGPS, S.A.	-	-	170	-
MDS Consulting, SA	(12)	1 550	-	1 918
MDS Corretor de Seguros, SA	15 930	410 184	17 948	106 257
MDS RE-Mediador de Resseguros, S.G.P.S., S.A.	(838)	-	(838)	-
Modalfa-Comércio e Serviços,SA	1 259	-	68 245	-
MODALLOOP - Vestuário e Calçado, SA	6 235	6 235	6 241	6 235
Modelo - Dist.de Mat. de Construção,S.A.	36 984	-	989	-
Modelo Continente Hipermercados, Suc.	-	-	160	-
Modelo Continente Hipermercados,SA	3 139 238	353 581	3 550 053	311 852
Modelo Hiper Imobiliária,SA	-	-	52	-
Modelo Hipermercados Trading, S.A.	1 080	-	-	-
Movelpartes-Comp.para Ind.Mobiliária,SA	-	-	494	-
Norteshopping-Centro Comercial, S.A.	22 031	322 653	21 699	347 635
NOS Sistemas S.A.	223	153 499	-	90 938
Paracentro - Gest.de Galerias Com., S.A.	-	4 000	-	4 000
Parklake Shopping, S.A.	471 318	-	-	117 207
PHARMACONTINENTE - Saúde e Higiene, S.A.	36	-	1 841	-
Plaza Mayor Parque de Ocio,SA	-	40 300	-	40 300

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

Prod. Agric.Biológica, S.A.	81 633	-	19 818	-
Prosa - Produtos e Serviços Agrícolas,S.A.	3 308	471	28 772	3 740
Público-Comunicação Social,SA	886	446	-	1 047
Rio Sul - Centro Comercial, SA	6 334	-	6 334	-
Saphety Level - Trusted Services S.A.	-	24 472	-	53 466
SEKIWI, SGPS., S.A.	25	-	273	-
SFS - Serviços de Gestão e Marketing, S.A.	302	102 839	235	146 825
Sierra Management Portugal-Gest. CC,S.A.	1 111	17 139	5 357	29 276
SIRS-Soc.Ind.Radiodifusão Sonora,SA	-	7 417	-	7 824
Sohi Meat Solut-Distr. Carnes	(7 124)	(25 919)	119 910	27 332
Sonae Arauco Netherlands B.V.	-	538	-	-
Sonae Arauco Portugal, S.A.	350 312	247 754	19 861	10 890
Sonae Arauco, S.A.	300	-	544	-
Sonae Center Serviços II, SA	39 908	80 737	52 498	183 618
Sonae Industria de Revestimentos,SA	133 874	85 163	185 960	83 380
Sonae Indústria-SGPS,SA	-	3 187	830	-
Sonae Investment Management-S.T.,SGPS,S.A.	-	-	208	-
Sonae SGPS, SA	6 047	15 375	5 341	50 000
Sonae UK,Ltd.	-	269	-	-
Sonae.com,SGPS,SA	-	-	-	4 059
Sonaecom - Serviços Partilhados, S.A	-	-	25 460	-
Sonaegest-Soc.Gest.Fundos Investimentos	916	16 698	-	16 849
SONAESR - Serviços e logística, S.A.	14 358	-	10 289	-
Sport Zone-Comércio Art.Desporto,SA	2 178	2 218	2 178	14 337
Tableros Tradema,S.L.	385	-	215	-
Textil do Marco,SA	13 101	119	9 101	119
We Do Consulting-SI,SA	-	19 022	20 191	86 412
Worten-Equipamento para o Lar,SA	14 410	9 180	79 431	9 221
ZIPPY - Comércio e Distribuição, SA	23	-	5 807	-
	6 328 993	2 231 987	7 620 399	2 134 386

Balances	Loans obtained	Loans granted	Loans obtained	Loans granted
Parent company				
Associated companies	-	872 739	-	872 739
Andar-Sociedade Imobiliária,SA	-	872 739	-	872 739
Other partners and Group companies	1 678 500	-	1 710 059	-
Plaza Mayor Parque de Ocio, SA	1 678 500	-	1 710 059	-
	1 678 500	872 739	1 710 059	872 739

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

28. EARNINGS PER SHARE

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

	31 March 2018	31 March 2017
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	(7 466 372)	(5 049 378)
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	<u>(7 466 372)</u>	<u>(5 049 378)</u>
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	248 085 190	247 218 671
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Weighted average number of shares used to calculate diluted earnings per share	248 085 190	247 218 671
Earnings per share (basic and diluted) - Continued operations	<u>(0,021923)</u>	<u>(0,020330)</u>
Earnings per share (basic and diluted) - Discontinued operations	<u>(0,008173)</u>	<u>(0,000095)</u>
Earnings per share (basic and diluted)	(0,030096)	(0,020425)

There are no convertible instruments included in the shares of Sonae Capital, SGPS, SA, hence there is no dilutive effect.

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

29. SEGMENTS INFORMATION

In 31 March 2018 and 31 December 2017, the following were identified as segments:

- Troia Resort Operations;
- Hospitality;
- Fitness;
- Energy;
- Refrigeration & HVAC;
- Real Estate;
- Industrial Engineering
- Other Assets.

The contribution of the business segments to the income statement of the periods ended 31 March 2018 and 2017 can be detailed as follows:

31 March 2018									
Profit and Loss Account	Troia Resort Operations	Hospitality	Fitness	Energy	Refrigeration and HVAC	Industrial Engineering	Other Assets	Intersegment Adjustments	Consolidated
Turnover	1 217 866	2 857 739	8 940 449	11 903 228	10 785 448	3 324 301	2 438 243	(2 843 150)	40 273 102
Other operational income	192 068	122 128	146 435	256 978	23 497	123 315	765 154	(309 035)	1 320 944
Total operational income	1 409 934	2 979 867	9 086 884	12 160 206	10 808 945	3 447 616	3 203 397	(3 152 185)	41 594 046
Operational cash-flow (EBITDA)	(602 402)	(1 449 613)	1 092 065	3 228 670	(411 352)	(218 375)	599 548	(124 735)	1 399 621

31 March 2017									
Profit and Loss Account	Troia Resort Operations	Hospitality	Fitness	Energy	Refrigeration and HVAC	Industrial Engineering	Other Assets	Intersegment Adjustments	Consolidated
Turnover	1 737 638	2 668 642	5 879 167	9 790 207	10 220 758	-	2 395 323	(852 552)	33 244 348
Other operational income	470 396	120 722	103 296	146 420	228 818	-	70 445	(327 839)	824 546
Total operational income	2 208 033	2 789 365	5 982 463	9 936 627	10 449 576	-	2 465 768	(1 180 391)	34 068 894
Operational cash-flow (EBITDA)	(970 875)	(1 553 675)	900 434	2 101 440	31 781	-	575 799	122 790	289 984

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

The contribution of the business segments to the Balance sheets as at 31 March 2018 and 31 December 2017 can be detailed as follows:

31 March 2018

Balance Sheet	Resorts	Hotels	Fitness	Energy	Refrigeration and HVAC	Industrial Engineering	Other Assets	Intersegment Adjustments	Consolidated
Fixed Assets Tangible, Intangible and Goodwill	69 431 442	12 798 620	20 522 603	70 711 306	9 822 883	17 095 257	993 032	(3 365 423)	332 376 228
Investments	153 771 317	10 932 664	40 920	208 616	17 544	50 498	450 031 297	(618 882 888)	2 327 070
Other Assets	81 971 101	5 530 893	3 766 811	11 956 114	39 746 680	16 822 463	410 069 684	(482 298 827)	181 861 813
Total Assets	305 173 860	29 262 177	24 330 334	82 876 036	49 587 107	33 968 218	861 094 013	(1 104 547 138)	516 565 111
Total Liabilities	181 861 027	26 800 598	24 429 699	75 241 517	13 614 710	11 480 950	146 498 564	(484 372 563)	231 362 544
Technical Investment	359 219	147 166	1 155 151	5 582 444	101 206	245 875	92 153	(2 025)	7 781 627
Gross Debt	9 457 283	-	1 567 465	7 198 467	-	3 854 598	107 302 185	-	129 379 998
Net Debt	9 256 960	(187 565)	1 290 384	7 028 635	(816 019)	3 793 555	107 197 198	-	125 338 832

31 December 2017

Balance Sheet	Resorts	Hotels	Fitness	Energy	Refrigeration and HVAC	Industrial Engineering	Other Assets	Intersegment Adjustments	Consolidated
Fixed Assets Tangible, Intangible and Goodwill	71 505 248	12 618 277	10 476 681	67 475 147	9 763 348	-	1 018 191	(2 598 001)	322 630 866
Investments	153 770 439	10 849 159	25 662	172 389	15 484	-	449 240 469	(620 145 656)	1 997 458
Other Assets	81 279 867	5 694 754	2 287 983	12 812 445	49 257 629	-	396 404 923	(380 364 104)	191 498 283
Total Assets	306 555 555	29 162 190	12 790 326	80 459 981	59 306 461	-	846 663 583	(1 003 377 762)	516 126 607
Total Liabilities	181 173 050	25 962 972	9 029 069	72 862 309	21 196 764	-	132 520 962	(465 020 715)	224 757 320
Technical Investment	1 827 798	954 495	3 232 316	4 666 123	102 031	-	474 430	(22 575)	12 723 301
Gross Debt	9 886 023	-	964 151	7 582 867	73 571	-	93 945 810	(0)	116 680 131
Net Debt	9 348 956	(334 502)	838 451	7 373 986	(2 590 142)	-	93 729 788	0	109 373 062

REPORT AND ACCOUNTS – MARCH 2018

Consolidated Financial Statements

30. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 31 March 2018.

31. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 22 May 2018.

The Board of Directors

PART III
**SEPARATED FINANCIAL
STATEMENTS**

31 MARCH 2018



SONAE CAPITAL

REPORT AND ACCOUNTS - MARCH 2018

Separated Financial Statements

SONAE CAPITAL, SGPS, SA

BALANCE SHEET AS AT 31 MARCH 2018 AND 31 DECEMBER 2017

(Amounts expressed in euro)

ASSETS	Notes	31/03/2018	31/12/2017
NON-CURRENT ASSETS:			
Tangible assets		27 222	27 721
Investments	4	301 550 125	300 257 447
Investments in associated companies and joint ventures	4	1 125 301	1 125 301
Other investments	4	275 185	275 185
Deferred tax assets	7	16 764 699	16 764 699
Other non-current debtors	5	<u>314 082 495</u>	<u>314 130 162</u>
Total non-current assets		<u>633 825 027</u>	<u>632 580 515</u>
CURRENT ASSETS:			
Other debtors	6	78 043 359	61 331 400
Income tax	6	1 873 050	1 639 593
Other current assets	6	2 534 839	4 316 836
Cash and cash equivalents	8	<u>68 303</u>	<u>171 848</u>
Total Current Assets		<u>82 519 551</u>	<u>67 459 677</u>
TOTAL ASSETS		716 344 578	700 040 192
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	9	250 000 000	250 000 000
Own Shares	9	(1 192 808)	(1 305 839)
Reserves	10	302 145 038	301 630 917
Retained earnings		5 589 342	-
Profit/(Loss) for the year		<u>1 643 923</u>	<u>5 589 342</u>
Total Equity		<u>558 185 495</u>	<u>555 914 420</u>
NON-CURRENT LIABILITIES:			
Bank Loans	11	32 000 000	14 000 000
Bonds	11	57 302 185	57 245 810
Other non-current liabilities	13	<u>131 698</u>	<u>287 354</u>
Total Non-Current Liabilities		<u>89 433 883</u>	<u>71 533 164</u>
CURRENT LIABILITIES:			
Bank Loans	11	18 000 000	22 700 000
Trade creditors	13	112 882	137 599
Other creditors	12	49 268 318	48 568 841
Other taxes payable	13	41 221	50 069
Other current liabilities	13	1 302 779	1 136 099
Provisions		-	-
Total Current Liabilities		<u>68 725 200</u>	<u>72 592 608</u>
TOTAL LIABILITIES		<u>158 159 083</u>	<u>144 125 772</u>
TOTAL EQUITY AND LIABILITIES		716 344 578	700 040 192

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS - MARCH 2018

Separated Financial Statements

SONAE CAPITAL, SGPS, SA
INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2018 AND 2017
(Amounts expressed in euro)

	31/03/2018	31/03/2017
Consolidated net profit/(loss) for the period	1 643 923	1 186 212
Items that may be reclassified subsequently to net profit / (loss):		
Changes in the currency translation differences	-	-
Change in the fair value of assets available for sale		
Change in the fair value of cash flow hedging derivatives	-	-
Tax related to other comprehensive income items	-	-
Total comprehensive income for the period	<u>1 643 923</u>	<u>1 186 212</u>

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS - MARCH 2018

Separated Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 MARCH 2018 AND 2017

(Amounts expressed in euro)

	Attributable to Equity Holders of Sonae Capital							
	Share Capital (Note 9)	Own Shares (Note 9)	Legal Reserve (Note 9)	Other Reserves (Note 9)	Retained Earnings	Subtotal	Net Profit/(Loss)	Total Equity
Balance as at 1 January 2017	250 000 000	(1 404 226)	10 073 164	306 815 095	-	316 888 259	8 738 316	574 222 348
Total comprehensive income for the period	-	-	-	-	-	-	1 186 212	1 186 212
Appropriation of profit of 2016:	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings	-	-	-	-	8 738 316	8 738 316	(8 738 316)	-
Dividends paid	-	-	-	-	-	-	-	-
(Acquisition)/Sales of own shares	-	64 609	-	338 303	-	338 303	-	402 912
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	250 000 000	(1 339 617)	10 073 164	307 153 398	8 738 316	325 964 878	1 186 212	575 811 472
Balance as at 1 January 2018	250 000 000	(1 305 839)	10 073 164	291 557 752	-	301 630 916	5 589 342	555 914 420
Total comprehensive income for the period	-	-	-	-	-	-	1 643 923	1 643 923
Appropriation of profit of 2017:	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings	-	-	-	-	5 589 342	5 589 342	(5 589 342)	-
Dividends paid	-	-	-	-	-	-	-	-
(Acquisition)/Sales of own shares	-	113 031	514 121	-	-	514 121	-	627 152
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	250 000 000	(1 192 808)	10 587 285	291 557 752	5 589 342	307 734 380	1 643 923	558 185 495

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS – MARCH 2018

Separated Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED 31 MARCH 2018 AND 2017

(Amounts expressed in euro)

	Notes	31/03/2018	31/03/2017
OPERATING ACTIVITIES:			
Cash receipts from trade debtors		-	-
Cash receipts from trade creditors		420 943	235 368
Cash paid to employees		174 023	245 251
Cash flow generated by operations		(594 966)	(480 619)
Income taxes (paid) / received		204 693	(4 014)
Other cash receipts and (payments) relating to operating activities		77 733	(1 489 940)
Net cash from operating activities (1)		(721 926)	(1 966 545)
INVESTMENT ACTIVITIES:			
<u>Cash receipts arising from:</u>			
Investments	22	-	-
Tangible assets		-	-
Interest and similar income		3 941 621	8 450 547
Loans granted	6	-	411 222
Dividends	16	-	-
Others		898 085	-
		4 839 706	8 861 769
<u>Cash Payments arising from:</u>			
Investments	22	1 292 678	-
Tangible assets		-	-
Loans granted	6	16 156 864	12 185 236
		17 449 542	12 185 236
Net cash used in investment activities (2)		(12 609 836)	(3 323 467)
FINANCING ACTIVITIES:			
<u>Cash receipts arising from:</u>			
Loans obtained	11	18 000 000	2 200 000
Sale of own shares		-	-
		18 000 000	2 200 000
<u>Cash Payments arising from:</u>			
Loans obtained	11	4 124 400	23 913 700
Interest and similar charges		647 383	629 723
Dividends		-	-
Purchase of own shares		-	-
		4 771 783	24 543 423
Net cash used in financing activities (3)		13 228 217	(22 343 423)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(103 545)	(27 633 435)
Cash and cash equivalents at the beginning of the period	14	171 848	27 861 181
Cash and cash equivalents at the end of the period	14	68 303	227 746

The accompanying notes are part of these financial statements.

¹ Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited
The Board of Directors

REPORT AND ACCOUNTS – MARCH 2018

Separated Financial Statements

SONAE CAPITAL, SGPS, SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2018 (Translation from the Portuguese Original) (Amounts expressed in Euro)

1. INTRODUCTION

Sonae Capital, SGPS, SA (“the Company” or “Sonae Capital”) whose registered office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, was set up on 14 December 2007 by public deed, following the demerger from Sonae, SGPS, SA of the whole of the shareholding in the company formerly named Sonae Capital, SGPS, SA, now named SC, SGPS, SA, in compliance with paragraph a) of Article 118 of the Code of Commercial Companies.

The Company’s financial statements are presented as required by the Code of Commercial Companies. According to Decree-Law 158/2009 of 13 July of 2009, the Company’s financial statements have been prepared in accordance with International Financial Reporting Standards.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the accompanying individual financial statements are consisting with those used in the financial statements presented for the year ended 31 December 2017.

a. Basis of preparation

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

The accompanying financial statements have been prepared from the books and accounting records on a going concern basis and under the historical cost convention, except for financial instruments, which are stated at fair value.

3. CHANGES IN ACCOUNTING POLICIES

During the period, there were no changes in accounting policies or prior period errors.

REPORT AND ACCOUNTS - MARCH 2018

Separated Financial Statements

4. FINANCIAL INVESTMENTS

As at 31 March 2018 and 31 December 2017, Investments are detailed as follows:

	31 March 2018	31 December 2017
Investments in affiliated and associated undertakings	350 487 407	349 194 729
Investments in other companies		
Sonae RE - (0,04%)	1 200	1 200
Fundo Invest. Imob. Imosonaes Dois - (0,001%)	-	-
Matadouro Alto Alentejo, SA - (0,89%)	1	1
NET Novas Tecnologias, SA - (0,98%)	23 034	23 034
Fundo F HITEC - (6,48%)	250 950	250 950
	<u>350 762 592</u>	<u>349 469 914</u>
Impairment	<u>(47 811 981)</u>	<u>(47 811 981)</u>
	<u><u>302 950 611</u></u>	<u><u>301 657 933</u></u>

4.1 Investments in affiliated and associated undertakings

As at 31 March 2018 and 31 December 2017, the detail of Investments in Affiliated and Associated Companies is as shown in the table below:

Sociedade	31.03.2018			
	% Held	Book Value	Equity	Profit / (Loss) for the period
CAPWATT, S.G.P.S., S.A.	100,00%	2 725 000	5 119 588	(12 658)
Fundo Esp de Invest. Imob Fechado WTC	59,87%	42 271 519	71 562 431	851 617
Troiaresort, SGPS, S.A.	100,00%	167 132 793	78 502 554	(247 618)
Interlog - SGPS, S.A.	98,94%	21 658 210	21 856 033	(2 020)
Lidergraf - Artes Gráficas, SA.	24,50%	1 125 301	7 838 447	26 133
SC Assets S.G.P.S., SA	100,00%	25 577 659	12 968 621	(538 758)
SC Hospitality, S.G.P.S., S.A.	100,00%	5 857 175	6 272 267	509
SC Finance B.V.	100,00%	263 698	(4 849 528)	(35 442)
SC-Industrials, S.G.P.S., S.A.	100,00%	34 575 100	23 915 349	(564 452)
Race, SGPS, S.A.	70,00%	32 492 436	40 902 939	(144)
Solinca - Health & Fitness, S.A.	100,00%	15 515 838	1 145 038	(75 407)
Contacto Concessões SGPS	100,00%	1 292 678	1 289 464	(3 214)
Total		350 487 407		
Impairment				
SC Assets S.G.P.S., SA		25 577 659		
Interlog - SGPS,S.A.		36 864		
Troiaresort, SGPS, S.A.		11 140 826		
SC Finance BV		263 698		
SC, Industrials, SGPS, S.A.		10 792 934		
Total		47 811 981		

REPORT AND ACCOUNTS - MARCH 2018

Separated Financial Statements

Sociedade	31.12.2017			
	% Held	Book Value	Equity	Profit / (Loss) for the period
CAPWATT, S.G.P.S., S.A.	100,00%	2 725 000	5 132 247	2 139 631
Fundo Esp de Invest. Imob Fechado WTC	59,87%	42 271 519	72 210 814	4 081 698
Troiareort, SGPS, S.A.	100,00%	167 132 793	78 750 172	(793 608)
Interlog - SGPS, S.A.	98,94%	21 658 210	21 858 053	5 065
Lidergraf - Artes Gráficas, SA.	24,50%	1 125 301	8 198 240	1 296 983
SC Assets S.G.P.S., SA	100,00%	25 577 659	13 507 379	(314 576)
SC Hospitality, S.G.P.S., S.A.	100,00%	5 857 175	6 272 267	(169 017)
SC Finance B.V.	100,00%	263 698	(4 814 085)	6 022 698
SC-Industrials, S.G.P.S., S.A.	100,00%	34 575 100	24 479 800	23 279 800
Race, SGPS, S.A.	70,00%	32 492 436	40 903 083	252 350
Solinca - Health & Fitness, S.A.	100,00%	15 515 838	1 075 719	(144 724)
Contacto Concessões SGPS	100,00%	-	-	-
Total		349 194 729		

Impairment

SC Assets S.G.P.S., SA	25 577 659
Interlog - SGPS,S.A.	36 864
Troiareort, SGPS, S.A.	11 140 826
SC Finance BV	263 698
SC, Industrials, SGPS, S.A.	10 792 934
Total	47 811 981

Investments carried at cost correspond to those in unlisted companies and for which a fair value cannot be reliably estimated.

Impairment tests on financial investments were performed in 2017, based on external valuations of the real estate of group companies or DCF methodology, to assess the fair value of such investments.

These assessments use discount rates that correspond to the weighted average rates of the cost of capital (WACC), calculated on the basis of the business type in which they operate and its target capital structures, and are in the range [7.1% - 10.1%]. 5 years projections were considered and growth rates in perpetuity were considered void.

As a result of these impairment tests as at 31 March 2018 and 31 December 2017, the detail of Impairments on Investments in Affiliated and Associated Companies is as shown in the table below:

	31 March 2018	31 December 2017	Variation
Spred, SGPS, SA	-	-	-
Interlog - SGPS,S.A.	(36 864)	(36 864)	-
Troiareort, SGPS, S.A.	(11 140 826)	(11 140 826)	-
SC Assets, SGPS, SA	(25 577 659)	(25 577 659)	-
SC Finance BV	(263 698)	(263 698)	-
SC, Industrials, SGPS, S.A.	(10 792 934)	(10 792 934)	-
	(47 811 981)	(47 811 981)	-

REPORT AND ACCOUNTS – MARCH 2018

Separated Financial Statements

5. OTHER NON-CURRENT ASSETS

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

	31 March 2018	31 December 2017
Loans granted to group companies:		
SC Assets, SGPS, SA	174 450 597	174 450 597
Troiareport, S.G.P.S., SA	138 805 637	138 805 637
SC Finance BV	5 885 000	5 885 000
Solinca - Health & Fitness, SA	-	-
SC Hospitality SGPS SA	6 155 000	6 155 000
SC Engª. Promoção Imobiliária, SA	661 000	661 000
	<u>325 957 234</u>	<u>325 957 234</u>
Impairment		
SC Assets, SGPS, SA (Note 17)	(11 640 970)	(11 640 970)
SC Finance BV (Not3 17)	(462 649)	(462 649)
	<u>(12 103 619)</u>	<u>(12 103 619)</u>
Up-front fees not yet charged to income statement	228 880	276 547
	<u>314 082 495</u>	<u>314 130 162</u>

Loans to group companies interest at market rates and are repayable within a period exceeding one year. The interest rate as at 31 March 2018 stood, in average, at approximately 2.349%.

The deferred costs relate to the deferral of the financial charges associated with the bank loans obtained, by their due dates.

6. OTHER CURRENT ASSETS AND INCOME TAX

As at 31 March 2018 and 31 December 2017, Other current assets and Income tax are made up as follows:

	31 March 2018	31 December 2017
Trade debtors	-	-
Other debtors - Group (Note 21)	1 808 170	1 447 535
Loans granted	74 864 665	58 707 800
Other debtors	1 370 525	1 176 066
	<u>78 043 359</u>	<u>61 331 400</u>
Accrued income	2 224 351	4 094 304
Deferred costs	310 488	222 532
	<u>2 534 839</u>	<u>4 316 836</u>
Income tax withheld	1 873 050	1 639 593
	<u>82 451 249</u>	<u>67 287 829</u>

REPORT AND ACCOUNTS – MARCH 2018

Separated Financial Statements

The balance registered at Other debtors - Group is related to the values transferred from subsidiaries under the IRC regime (RETGS).

As at 31 March 2018 and 31 December 2017, the item Loans Granted is related to financial operations with the following subsidiaries:

	31 March 2018	31 December 2017
Loans granted (Note 21)		
SC Assets, SGPS, SA	1 518 770	73 000
SC Hospitality, SGPS, SA	901 415	454 000
CAPWATT, SGPS, S.A.	43 437 300	41 175 000
Inparvi, SGPS, SA	57 441	69 000
SC, SGPS, S.A.	14 439 855	14 269 500
Solinca - Health & Fitness, SA	10 664 000	1 186 300
Spred, SGPS SA	-	-
Troiaresort, S.G.P.S., SA	3 845 883	1 481 000
	<u>74 864 665</u>	<u>58 707 800</u>

Loans to group companies interest at market rates and are repayable within a period inferior to one year. The interest rate as at 31 March 2018 stood, in average, at approximately 1.36%.

The item Other Debtors includes as at 31 March 2018 the amount 1,353,187€ related to the settlement of the sale price of the stake in the company, Box Lines Navegação SA, in previous years.

The amount recorded in the accrued income includes 2,199,656€ relating to interest on loans granted to subsidiaries as well as 24,694€ relating to commissions of guarantees given to subsidiaries.

Deferred costs include 273,935€ relating to bank charges, which are deferred over the loan period.

Income Tax

Under current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except if there have been tax losses or tax benefits, or ongoing tax inspections or claims. In these cases, and depending on the circumstances, the time limits are extended or suspended. In this way the Company tax return, from the years 2015 to 2018, could still be subject to review. However, in the opinion of the Company's Board of Directors, it is not expected that any correction relating to the said financial years will be significant for the consolidated financial statements as at 31 March 2018.

The Company is subject to the special regime for the taxation of groups of companies (RETGS) provided for in Article 69 and following of the IRC Code, integrating the taxation group, which is the mother company.

In the fiscal year 2018, the Company is subject to taxation on Corporate Income Tax at the normal rate of 21%, plus municipal taxes at a maximum rate of 1.5%.

In addition, on the part of the taxable profit of more than 1,500,000€ subject to and not exempt from Corporate Income Tax, the following state levy fees are levied: 3% over 1,500,000€ and less than 7,500,000€; 5% on the upper part to 7,500,000€ and up to 35,000,000€; and 7% that is levied on the part of the taxable income that exceeds 35,000,000€.

REPORT AND ACCOUNTS – MARCH 2018

Separated Financial Statements

Under the terms of Article 88 of the Portuguese Income Tax Code, the company is also subject to autonomous taxation on a set of charges at the rates provided for in the mentioned Article.

As at 31 March 2018 and 31 December 2017, the item Income tax is made up as follows:

	31 March 2018	31 December 2017
Income tax withheld	1 074 971	849 047
Income tax (advanced payment)	863 935	760 611
Income tax	<u>(65 856)</u>	<u>29 935</u>
	<u>1 873 050</u>	<u>1 639 593</u>

7. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 March 2018 and 31 December 2017 can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets	
	31 March 2018	31 December 2017
Tax losses carried forward	16 764 699	16 764 699
Others	-	-

The movements in deferred tax assets and liabilities for the periods ended 31 March 2018 and 31 December 2017 were as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Opening balance	16 764 699	14 314 699	-	-
Effect in results				
Tax losses carried forward	-	2 450 000	-	-
Others	-	-	-	-
	<u>16 764 699</u>	<u>16 764 699</u>	<u>-</u>	<u>-</u>
Effect in reserves:	-	-	-	-
Closing balance	<u>16 764 699</u>	<u>16 764 699</u>	<u>-</u>	<u>-</u>

In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 31 March 2018 and 31 December 2017, tax losses carried forward can be summarized as follows:

REPORT AND ACCOUNTS – MARCH 2018

Separated Financial Statements

	31 March 2018			31 December 2017		
	Tax losses	Deferred tax assets	To be used until	Tax losses	Deferred tax assets	To be used until
Generated in 2013	61 175	12 847	2018	61 175	12 847	2018
Generated in 2014	13 536 168	2 842 595	2026	13 536 168	2 842 595	2026
Generated in 2015	45 035 288	9 457 411	2027	45 035 288	9 457 411	2027
Generated in 2016	12 025 566	2 525 369	2028	12 025 566	2 525 369	2028
Generated in 2017	9 173 702	1 926 477	2022	9 173 702	1 926 477	2022
Generated in 2018	-	-	2023	-	-	2023
	<u>79 831 899</u>	<u>16 764 699</u>		<u>79 831 899</u>	<u>16 764 699</u>	

The constitution of deferred tax assets was based on the analysis of the relevance of its recognition, notably as regards the possibility of their recovered, given the prospects for medium and long term of the company.

The deferred tax assets recognized resulting from fiscal losses are recorded to the extent that it is probable that taxable profit will occur in the future.

The valuation of deferred tax assets is based on the business plans of the Group companies, periodically reviewed and updated.

Since fiscal year 2014, most of the Group's subsidiaries, based in Portugal, are part of the perimeter of the taxed Corporate Group in accordance with the Special Taxation Regime for Company Groups (RETGS), whose parent company is the Sonae Capital, SGPS, SA. Gains generated by the application of this tax regime are allocated to Sonae Capital SGPS.

The analysis carried out on 31 March 2018, resulted that there is reasonable expectation of recovery of deferred tax assets recorded before their date of expiry.

8. CASH AND CASH EQUIVALENTS

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

	31 March 2018	31 December 2017
Cash	-	-
Bank deposits	68 303	171 848
Cash and cash equivalents in the balance sheet	<u>68 303</u>	<u>171 848</u>
Bank overdrafts	-	-
Cash and cash equivalents in the cash flow statement	<u>68 303</u>	<u>171 848</u>

9. EQUITY

The share capital of Sonae Capital SGPS, SA both in March 2018 and December 2017 is represented by 250,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1€ each.

REPORT AND ACCOUNTS – MARCH 2018

Separated Financial Statements

As at 31 March 2018, Sonae Capital SGPS, SA holds 4,107,623 own shares representing 1.643% of the share capital (4,783,433 shares at 31 December 2017), recorded by 1,192,808€ (1,305,839€ at 31 December 2017) (Note 10).

10. RESERVES

As at 31 March 2018 and 31 December 2017 the item Other Reserves can be detailed as follows:

	31 March 2018	31 December 2017
Legal reserves	10 510 080	10 510 080
Free reserves	157 803 897	157 176 745
Demerger reserve	132 638 253	132 638 253
Own shares reserve	1 192 808	1 305 839
	<u>302 145 038</u>	<u>301 630 917</u>

Free Reserves: These reserves result from the transfer of the positive results obtained in retained earnings and can be distributed to shareholders provided they are not required to cover losses.

The overall value of the demerger reserve (Note 1), represents the difference between the book value of the stake in SC, SGPS, SA (382,638,253€) and the share capital of Sonae, SGPS, SA (250,000,000€), which is comparable to the Legal Reserve, according to the Code of Commercial Companies, may not be distributed to the shareholders except in the event of liquidation of the Company, but may be used to absorb accumulated losses, after other reserves are exhausted, or can be incorporated into capital.

Legal Reserve: Under the law, at least 5% of annual net profit, should be allocated to the Legal Reserve until it represents 20% of the share capital. This reserve is not distributable except in the event of liquidation of the company, but can be used to absorb losses after the other reserves, or increase capital. On 31 March 2018 the value of this item amounts to 10,510,080€ (December 2017: 10,510,080€).

Reserve own shares: This reserve, established in accordance with Article 342 of the CSC, is the same amount of the own shares value held by the company. This reserve is unavailable while the own shares are in possession of the company.

REPORT AND ACCOUNTS – MARCH 2018

Separated Financial Statements

11. LOANS

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

	31 March 2018		31 December 2017	
	Current	Non-Current	Current	Non-Current
Bank loans				
Sonae Capital SGPS - commercial paper a)	-	-	4 500 000	-
Sonae Capital SGPS - commercial paper b)	-	22 000 000	-	4 000 000
Sonae Capital SGPS - commercial paper c)	2 000 000	-	3 200 000	-
Sonae Capital SGPS - commercial paper d)	10 000 000	-	10 000 000	-
Sonae Capital SGPS - commercial paper e)	-	10 000 000	-	10 000 000
Sonae Capital SGPS - commercial paper f)	6 000 000	-	5 000 000	-
Up-front fees not yet charged to income statement	-	-	-	-
	18 000 000	32 000 000	22 700 000	14 000 000
Bank overdrafts (Note 8)	-	-	-	-
	18 000 000	32 000 000	22 700 000	14 000 000
Bond Loans				
Sonae Capital 2016/2021 Bonds g)	-	15 000 000	-	15 000 000
Sonae Capital 2014/2019 Bonds h)	-	42 500 000	-	42 500 000
Up-front fees not yet charged to income statement	-	(197 815)	-	(254 190)
	-	57 302 185	-	57 245 810
	18 000 000	89 302 185	22 700 000	71 45 810

- Commercial paper programme, with subscription guarantee, issued on 31 December 2013 with automatic annual renewal until a maximum of seven years and six months, unless denounced by either par
- Commercial paper programme, with subscription guarantee, issued on 29 September 2017 and valid until October 2021.
- Short term commercial paper programme, launched on 28 March 2008 and valid until 28 March 2018, with the option of prolonging the duration on initiative of Sonae Capital. Placement with investors or financial institutions and guaranteed by committed credit lines with duration between six months and a year, contracted through relationship banks.
- Commercial paper programme, with subscription guarantee, issued on 30 June 2017 with annual renewal, unless denounced by either part.
- Commercial paper programme, with subscription guarantee, issued on 24 February 2017 valid until February 2023 with amortizations every six months beginning 2019.
- Commercial paper programme, without subscription guarantee, issued on 20 December 2017 with annual renewal for issues placed with investors.
- Sonae Capital, SGPS, SA, 2016/2021 bond loan in the amount of 15,000,000€, 5 years until maturity and a sole reimbursement on 29 July 2021, except if the Issuer exercise the Call Option. This bond loan bears interest every six months.
- Sonae Capital, SGPS, SA, 2014/2019 bond loan in the amount of 42,500,000€, 5 years until maturity and a sole reimbursement on 28 May 2019. This bond loan bears interest every six months.

The interest rate on bank loans and bonds in force on 31 March 2018 was on average 2.11%

Bank loans pay interest rates that are indexed to the Euribor market rates of the period, and its fair value is considered close to its book value.

REPORT AND ACCOUNTS – MARCH 2018

Separated Financial Statements

The nominal value of the loans have the following maturity dates:

	31 March 2018		31 December 2017	
	Capital	Interest	Capital	Interest
N+1	18 000 000	(2 063 883)	22 700 000	(2 112 847)
N+2	45 500 000	(1 226 289)	52 500 000	(1 255 768)
N+3	4 000 000	(430 625)	-	(427 135)
N+4	37 000 000	(242 604)	19 000 000	(410 573)
N+5	3 000 000	(35 000)	-	(46 667)
After N+5	-	-	-	(2 917)
	<u>107 500 000</u>	<u>(3 998 401)</u>	<u>94 200 000</u>	<u>(4 255 906)</u>

12. OTHER CREDITORS

As at 31 March 2018 and 31 December 2017, other creditors can be detailed as follows:

	31 March 2018	31 December 2017
<u>Other creditors</u>		
Group companies - Short term loans	48 424 600	47 849 000
Other creditors	843 718	719 841
	<u>49 268 318</u>	<u>48 568 841</u>

As at 31 March 2018 and 31 December 2017 the item loans granted is relative to financial operations granted to the following subsidiaries:

	31 March 2018	31 December 2017
Group companies - Short term loans: (Note 21)		
Interlog-SGPS,SA	21 867 500	21 858 000
SC Industrials,SGPS,S.A.	8 876 500	9 347 000
SC For - Serv.de For.e Des. de Rec. Hum., Unip., Lda	4 000	11 000
Sistavac, SGPS, S.A.	16 389 600	16 613 000
SC Hospitality SGPS SA	1 287 000	-
Solinca - Health & Fitness, S.A.	-	20 000
	<u>48 424 600</u>	<u>47 849 000</u>

Loans obtained from group companies bear interest at market rates and are repayable within one year. The interest rate as at 31 March 2018 was, in average, approximately 0.050%.

The item Other Creditors - other, there are included 821,807,51€ regarding transfers from subsidiaries of tax estimates under the special regime RETGS.

REPORT AND ACCOUNTS – MARCH 2018

Separated Financial Statements

13. SUPLIERS, TAXES, OTHER NON CURRENT AND CURRENT LIABILITIES

As at 31 March 2018 and 31 December 2017, these items were as follows:

	31 March 2018		31 December 2017	
	Current	Non-Current	Current	Non-Current
Trade creditors	112 882	-	137 599	-
Taxes payable - other taxes	41 221	-	50 069	-
Other current liabilities				
Accruals:				
Staff costs	595 030	131 698	750 007	287 354
Interest payable	624 509	-	308 166	-
Other accruals	79 834	-	73 158	-
Deferred income	3 406	-	4 769	-
	<u>1 302 779</u>	<u>131 698</u>	<u>1 136 100</u>	<u>287 354</u>

As at 31 March 2018 and 31 December 2017, interest payable can be detailed as follows:

	31 March 2018	31 December 2017
Interest payable		
Bank Loans	616 029	305 672
Group companies loans (Note 21)	8 480	2 494
	<u>624 509</u>	<u>308 166</u>

As at 31 March 2018 and 31 December 2017, the Income tax and Other taxes can be detailed as follows:

	31 March 2018	31 December 2017
Taxes payable - income taxes		
Income taxes	-	-
Taxes payable - other taxes		
Income taxation - amounts withheld	20 765	27 300
VAT	69	69
Social security contributions	20 387	22 700
Stamp duty	-	-
	<u>41 221</u>	<u>50 069</u>

REPORT AND ACCOUNTS – MARCH 2018

Separated Financial Statements

14. EXTERNAL SUPPLIES AND SERVICES

As at 31 March 2018 and 2017, External Supplies and services can be detailed as follows:

	31 March 2018	31 December 2017
Operational rents	(19 104)	(8 092)
Insurance costs	(10 709)	(10 073)
Travelling expenses	(9 804)	(19 767)
Services obtained	(302 169)	(293 454)
Other services	(14 689)	(15 243)
	<u>(356 475)</u>	<u>(346 629)</u>

In services obtained, stands out the amounts related to fees from shared services, of 47,449€ (2017: 46,003€) and the item Holding costs with the amount of 171,403€ (2017: 165,831€), invoiced by subsidiary SC Consultancy Company, SA.

15. STAFF COSTS

As at 31 March 2018 and 2017, staff costs were made up as follows:

	31 March 2018	31 December 2017
Governing bodies' remunerations	(283 410)	(379 411)
Staff and other sectors remunerations	-	(67 801)
Social security contributions	(36 780)	(48 550)
Other staff costs	(4 583)	(5 076)
	<u>(324 772)</u>	<u>(500 838)</u>

In 2018 the average number of employees was 0 (zero) (2017: 1).

REPORT AND ACCOUNTS – MARCH 2018

Separated Financial Statements

16. NET FINANCIAL EXPENSES AND INVESTMENT INCOME

As at 31 March 2018 and 31 March 2017, Net Financial Expenses and Investment Income can be detailed as follows:

	31 March 2018	31 March 2017
Interest payable and similar expenses		
Interest arising from:		
Bank loans	(85 777)	(70 142)
Bonds	(480 475)	(486 106)
Other	(6 188)	(15 540)
Other financial expenses	(444 539)	(369 317)
	<u>(1 016 979)</u>	<u>(941 105)</u>
Interest receivable and similar income		
Interest income	2 160 960	2 719 727
	<u>2 160 960</u>	<u>2 719 727</u>
Net financial expenses	<u>1 143 982</u>	<u>1 778 622</u>
Reversal of /and Impairment losses (Note 4.1)	-	-
Dividends received	-	-
Losses on financial investments	-	-
Other income	902 901	21 424
Investment income	<u>902 901</u>	<u>21 424</u>

As at 31 March 2018, the amount mentioned in “Interest arising from other” refers in its entirety to interest on current loans obtained from group companies.

As at 31 March 2018, the amount mentioned in “Interest receivable and similar income” includes interest on loans granted to group companies amounting to 2,160,960€.

As at 31 March 2018, the amount mentioned in “Other financial expenses” refers to commissions incurred with the assembly and management of bank loans and bonds.

As at 31 March 2018, the amount mentioned in “Other income” refers to the debt update on the sale of the stake in the company, Box Lines Navegação SA (4,000 euros), in previous years and income from participation in Real Estate Hedge Fund WTC (898,000 euros).

REPORT AND ACCOUNTS - MARCH 2018

Separated Financial Statements

17. OTHER OPERATIONAL PROFIT AND OTHER OPERATIONAL EXPENSES

As at 31 March 2018 and 2017, the items Other operational profit and expenses were as follows:

	31 March 2018	31 December 2017
Other operating income		
Other supplementary income - Comissions (Note 21)	29 244	23 393
Other	-	426
	<u>29 244</u>	<u>23 819</u>
Other operating expenses		
Taxes	(15 299)	(8 771)
Other	(1)	-
	<u>(15 301)</u>	<u>(8 771)</u>

18. TAXATION

As at 31 March 2018 and 2017, Taxation was made up as follows:

	31 March 2018	31 December 2017
Current tax (Note 6)	264 844	219 055
Deferred tax (Note 7)	-	-
	<u>264 844</u>	<u>219 055</u>

As stated in Note 6, the Company is taxable according to the RETGS.

19. EARNINGS PER SHARE

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

	31 March 2018	31 December 2017
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	1 643 923	1 186 212
Effect of dilutive potential shares	-	-
Net profit taken into consideration to calculate diluted earnings per share	<u>1 643 923</u>	<u>1 186 212</u>
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	248 085 190	247 218 671
Weighted average number of shares used to calculate Earnings per share (basic and diluted)	<u>0,006626</u>	<u>0,004798</u>

REPORT AND ACCOUNTS – MARCH 2018

Separated Financial Statements

20. COMPLIANCE WITH LEGAL REQUIREMENTS

Art. 5 Nr. 4 of Decree-Law Nr. 495/88 of 30 December changed by art 1 of Decree-Law Nr. 318/94 of 24 December.

In the period ended 31 March 2018 there are no shareholders' loan contracts.

In the period ended 31 March 2018 short-term loan contracts were entered with the companies: Companhia Térmica Tagol, Lda.; Capwatt Maia-Heat Pow.,SA; Capwatt Martim Longo,SA; Capwatt Valde Caima-H.P,SA; Capwatt, SGPS, S.A; Capwatt ACE; Soltroia – Sociedade Imobil. SA; QCE-D.Fab.Equipamentos,SA,; Sistavac SA; Soberana Invest.Imobil.SA; Troiamarket, SA; The House Ribeira Hotel SA; Soternix-Prod.Energia,ACE; Porto Palácio Hotel Exploração Hoteleira SA; Enerlousado-R.E.Unipessoal Lda; Capwatt Colombo H.P. SA; Atelgen – Prod. Energia ACE; Carvemagere – Man. E Energias Renováveis Lda; CTE – Central Térmica Estuário Lda; Capwatt Vale do Tejo H.P. SA; Capwatt Engenho Novo H.P., S.A.; Capwatt II Heat Power S.A; Capwatt III Heat Power SA; Imobeauty, SA; Troia Natura SA; Marvero Exp. Hotel. Imob. SA; Golftime – Golfe e Inv. Turísticos SA; Troiaresort SA; Tulipamar-Expl.Hoteleira Imob.SA; Imoresort - Sociedade Imobiliária, S.A.; Marmagno-Expl.Hoteleira Imob.,SA; Atlantic Ferries-Tráf.Loc,Flu.e Marít.SA; Marina de Tróia, SA; Aqualuz Tróia - Exploração Hoteleira e Imobiliária SA and Imopenínsula - Sociedade Imobiliária, SA.

As at 31 March 2018, amounts due by affiliated companies can be summarized as follows:

Loans and Short term loans granted

Companies	Closing Balance
SC Assets, SGPS, SA	175 969 367
Troiaresort, S.G.P.S., SA	142 651 520
SC Finance BV	5 885 000
Solinca - Health & Fitness, SA	10 664 000
SC Hospitality SGPS SA	7 056 415
SC, Industrials, SGPS, S.A.	661 000
CAPWATT, SGPS, S.A.	43 437 300
Inparvi SGPS, SA	57 441
SC, SGPS, S.A.	14 439 855
	<u>400 821 898</u>

As at 31 March 2018, amounts due to affiliated companies can be summarized as follows:

Short term loans obtained

Companies	Closing Balance
Interlog-SGPS,SA	21 867 500
SC Industrials,SGPS,S.A.	8 876 500
SC For - Serv.de For.e Des. de Rec. Hum., Unip., Lda	4 000
Sistavac, SGPS, S.A.	16 389 600
Contacto Concessões, SGPS,S.A.	1 287 000
Race -Refrigeration & Air Condition	1
	<u>48 424 601</u>

REPORT AND ACCOUNTS - MARCH 2018

Separated Financial Statements

21. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 31 March 2018.

22. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on 22 May 2018.

Board of Directors