

REPORT AND ACCOUNTS

30 JUNE 2016



SONAE CAPITAL

REPORT AND ACCOUNTS

30 June 2016

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PART I
**REPORT OF THE BOARD
OF DIRECTORS**
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SONAE CAPITAL

1. CEO MESSAGE & MAIN HIGHLIGHTS

“The competitive position improvement of each Business Unit and the placement of the main non-strategic assets will continue to be the focus of the entire Team in order to materialize the defined corporate strategy.

In respect to the competitive position improvement, it should be highlighted, at the Turnover level, the growth, compared to the same period last year, registered by Fitness (+15.4%), Hospitality (+12.4%) and Refrigeration & HVAC (+20.8%) segments, with the corresponding positive consequences noted also at the Ebitda level. It should also be noted the opening of a new Hotel in Oporto, at the end of April, following a capital light approach, targeted to the increased touristic demand, which has already achieved a positive contribution on the second full month of operation. It should also be mentioned the implementation of the Fitness expansion plan with the opening of two new fitness clubs in the 2Q16. On the other hand, Energy Turnover, as already expected, registered a decrease driven by the lower number of cogeneration plants in operation notwithstanding the improvement in profitability when compared to the previous semester. In addition, we continue to observe, as previously announced, a decrease in sales deeds signed in Troia Resort driven by the slowdown of the “golden visa” market. However, the domestic market started to recover and we expect that to increase with the launch of the new product “fractional”.

Regarding the disposal of non-strategic assets, it should be noted the agreement reached, in the 2Q16, for the sale of the stake in Norscut, for a total amount of 42M€, representing another step towards the achievement of this important goal, with the process being on its final closing procedures.

Finally, it should be pointed out the positive generation of operational cash flow which has allowed to maintain a comfortable capital structure. The Dividend payment related to 2015, in the 2Q16, was another important milestone in the recent history of the Group.”

Cláudia Azevedo, CEO

NET PROFIT REACHED 9.8M€ IN THE FIRST HALF OF 2016. POSITIVE PERFORMANCE DEVELOPMENTS IN THE MAJORITY OF THE RECURRENT EBITDA TYPE OF BUSINESSES.

Consolidated TURNOVER amounted to 80.4M€, registering a growth of 2.1%:

- It stands out, on the positive side, the continued performance improvement of the Hospitality (+12.4%) and Fitness (+15.4%) segments. The improvement of 20.8% registered in the Refrigeration & HVAC segment following the strategic positioning made along 2015, should also be highlighted;
- Resorts Turnover amounted to 11.1M€, having been signed during the reporting period 11 deeds over real estate units in Troia Resort. It should be noted that already in July 3 additional deeds have been signed to which a stock of 9 promissory purchase of sale and reserve agreements should be added;
- As previously advanced, due to the discontinuation of a cogeneration plant, the change of the licensing framework in another one during 2015 and, also, the unfavorable evolution of oil prices, the Energy segment Top Line showed a decrease of 7.07M€ to 21.51M€.

Consolidated EBITDA amounted to 5.64M€, being worth to highlight:

- The continued growth of the Hospitality (+6.4%) and Fitness (+17.7%) segments and, as a result of the strategic repositioning and the number and value of projects in backlog, the Refrigeration & HVAC segment posted a growth to almost the double of that recorded in the 1H15 (or 0.72M€);
- The Resorts segment, driven by a lower number of deeds signed, reported a decrease of 1.0M€;

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- The Energy segment, which registered in 1H15 the best semester ever, following the Turnover evolution posted a decrease of 24.7%, notwithstanding the better performance when compared to the previous semester;
- The Real Estate Assets segment (included in Others & Eliminations) reported a significant reduction negatively impacted with the sale, in the 2Q15, of "Duque de Loulé" asset that registered a capital gain of, approximately, 6.0M€.

Consolidated 1H16 NET RESULTS amounted to positive 9.82M€, representing an improvement of 8.96M€ compared to the 1H15. It should also be highlighted, driven by the Net Debt trend and the constant financing cost optimization, the 0.40M€ reduction registered at the Net Financial expenses level.

FREE CASH FLOW (levered) amounted to 8.1M€ (-6.5M€ including the Dividend payment relating to 2015), leveraging on the cash generation from the current operations.

Consolidated NET DEBT, driven by the FCF performance previously mentioned, registered an increase of 6.9M€ when compared to the end of 2015, to 156.1M€.

SOLID PERFORMANCE IN THE SECOND QUARTER WITH SIGNIFICANT PROGRESSES AT THE PROFITABILITY LEVEL.

Consolidated TURNOVER grew 8.1% with the majority of the businesses reporting two digits growth when compared to the same period last year, notwithstanding the Energy segment decrease already mentioned.

Consolidated EBITDA amounted to 4.04M€, 58.2% below last year figure, being worth to highlight the real estate sales contribution namely the capital gain generated by the sale, in the 2Q15, of the 'Duque de Loulé' Real Estate asset.

NET PROFIT, in the quarter, amounted to positive 13.70M€, registering an increase of 10.17M€ when compared to the 2Q15, due to the performance at the Investment Income level, following the capital gain associated to the sale of the Norscut stake.

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2. OVERALL PERFORMANCE

The financial and operational performance during the 1H16, when compared to the same period last year, brings out the dynamics of the Group in terms of Top Line, notwithstanding the evolution of oil prices and the consequent negative impact in Energy segment and the slowdown of Real Estate sales. Net Results in 1H16 amounted to 9.82M€, a significant improvement when compared to the 1H15.

2.1. CONSOLIDATED PROFIT AND LOSS STATEMENT

Consolidated Profit and Loss Account						
Million euro						
	2Q 2016	2Q 2015	Δ 16/15	1H 2016	1H 2015	Δ 16/15
Total Operational Income	43.36	46.54	-6.8%	81.50	88.39	-7.8%
Turnover	43.02	39.78	+8.1%	80.43	78.76	+2.1%
Resorts	7.21	7.27	-0.8%	11.09	13.71	-19.1%
Hospitality	4.34	3.91	+10.9%	6.44	5.73	+12.4%
Fitness	4.45	3.94	+12.8%	8.59	7.45	+15.4%
Energy	9.77	13.01	-24.9%	21.51	28.59	-24.8%
Refrigeration & HVAC	14.43	11.13	+29.7%	28.71	23.76	+20.8%
Others & Eliminations	2.81	0.52	>100%	4.09	-0.49	-
Other Operational Income	0.35	6.76	-94.9%	1.07	9.64	-88.9%
EBITDA, excluding Guaranteed Income Provisions ⁽¹⁾	4.16	10.03	-58.5%	5.83	13.27	-56.1%
Resorts	0.46	0.88	-48.1%	0.46	1.92	-75.9%
Hospitality	-0.59	-0.56	-4.7%	-2.34	-2.51	+6.4%
Fitness	0.62	0.62	+0.4%	1.01	0.85	+17.7%
Energy	1.93	2.48	-22.0%	4.29	5.70	-24.7%
Refrigeration & HVAC	0.56	0.31	+79.6%	1.45	0.73	+98.9%
Others & Eliminations	1.17	6.30	-81.4%	0.95	6.56	-85.5%
Provisions for Guaranteed Income	-0.12	-0.37	+68.5%	-0.19	-0.65	+70.9%
EBITDA	4.04	9.67	-58.2%	5.64	12.62	+55.3%
Amortization & Depreciation	-3.99	-3.90	-2.3%	-7.91	-7.80	-1.4%
Provisions & Impairment Losses	-0.05	-0.08	+45.4%	-0.06	-0.16	+63.0%
Non-recurrent costs/income ⁽²⁾	0.62	-0.39	-	0.24	0.36	-33.3%
EBIT	0.63	5.29	-88.1%	-2.08	5.03	-
Net Financial Expenses	-1.71	-2.29	+25.4%	-4.09	-4.49	+9.0%
Investment Income and Results from Assoc. Undertaking	15.32	0.79	>100%	16.37	1.99	>100%
EBT	14.24	3.78	>100%	10.19	2.53	>100%
Taxation	-0.54	-0.10	<-100%	-0.38	-0.96	+60.8%
Net Profit	13.70	3.53	>100%	9.82	0.86	>100%
Attributable to Equity Holders of Sonae Capital	13.33	3.12	>100%	9.14	0.20	>100%
Attributable to Non-Controlling Interests	0.37	0.41	-11.2%	0.68	0.66	+2.6%

(1) EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at Troia Resort

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

Consolidated Turnover in the 1H16 reached 80.43M€, registering an increase of 2.1% over the same period last year, driven by a combination of several effects. On the positive side, it should be highlighted: (i) Fitness (+15.4%), supported on the increased number of active members and higher average monthly fees; (ii) Hospitality (+12.4%), following both the better performance of current operations and the contribution of the new operation, opened in the 2Q16, 'The House Ribeira'; and (iii) Refrigeration & HVAC (+20.8%), due to the increased activity levels and the delivery of important projects. The performance shown by these segments more than offset the lower contributions from: (i) Energy (-24.8%), mainly driven by prices evolution (1H15 was the best semester ever in this segment) and the reduction of cogeneration plants in operation; and (ii) Resorts (-19.1%) due to a lower number of deeds signed compared to the same period last year, with the operations that support the Resort maintaining the same volumes registered last year.

1H16 Consolidated EBITDA amounted to 5.64M€, corresponding to a margin of 7.0%, registering a decrease of 55.3% or 6.98M€ when compared to the 1H15. The comparison to the same period last year is penalized mainly, besides the segments with lower Top Line performance (Resorts, -75.9% and Energy, -24.7%) by the impact of the sale, in the 1H15, of non-strategic real estate assets, namely "Duque de Loulé" which generated a capital gain of approximately 6.0M€ in the consolidated

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results. On the positive side, it should be highlighted the performance of: (i) the Refrigeration & HVAC segment that posted an improvement of 0.72M€ (to almost the double when compared to 1H15) following the complete implementation of the new strategic positioning; (ii) the Fitness segment (+17.7%) driven by the Top Line performance; and (iii) the Hospitality segment that registered an improvement of 6.4%.

1H16 Net Results were positive 9.82M€, a significant improvement of 8.96M€ when compared to the same period last year, being noted as main contributions: (i) in addition to the already highlighted decrease in EBITDA level (-6.98M€); (ii) the contribution of Investment results of 14.4M€, due to the accounting of the capital gain related to the sale of Norscut; and (iii) the positive contribution of the decrease in net financial charges of 0.40M€ as a result of lower financing costs driven by the lower levels of Net Debt.

2.2. CAPEX

Capex in the period amounted to 2.9M€, registering a decrease of 3.8M€ when compared to the same period last year. The main investment projects in the period were relative to Fitness - implementation of the expansion plan with the opening of two new clubs - and Hospitality - opening of 'The House Ribeira' -, both following a capital light approach.

2.3. CAPITAL STRUCTURE

At the end of 1H16, Net Debt amounted to 156.1M€, 4.6% above the level registered at the end of 2015. This result was driven by the current operations cash generation which partially offset the impact of dividends payment related to 2015 occurred in 2Q16.

It should also be highlighted that, when compared to the same period last year, Net Debt shows a reduction of 44.5M€.

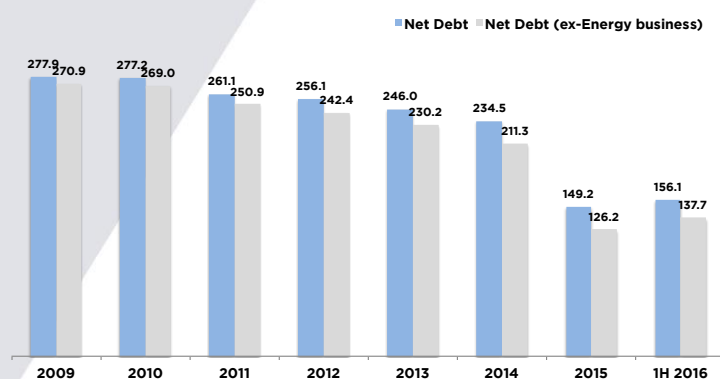
Capital structure, due to the above-mentioned increase in Net Debt levels, set the Debt to Equity ratio to 50.1%, 2.0pp higher than at the end of 2015, although showing a favorable trend in the last 12 months.

Taking into consideration the different types of assets that are part of Sonae Capital's portfolio, capital structure should be evaluated considering the coexistence of businesses that generate recurrent EBITDA, measured by a Net Debt/EBITDA ratio and Real Estate Assets that should be evaluated according to its fair market value. Assuming the Group Real Estate Assets valuations, at the end of 1H16, the implied ratios of Loan to Value (LTV) and non real estate Net Debt/EBITDA businesses amounted to 23.7% and 2.57x, respectively, reflecting a conservative and comfortable capital structure considering Sonae Capital businesses portfolio structure.

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Consolidated Balance Sheet			
Million euro			
	Jun 2016	Dec 2015	Jun16/Dec15 ^Δ
Total Assets	557.3	574.0	-2.9%
Tangible and Intangible Assets	252.3	258.8	-2.5%
Goodwill	60.9	60.9	+0.0%
Non-Current Investments	1.8	13.6	-86.4%
Other Non-Current Assets	25.5	31.5	-19.1%
Stocks	124.1	126.8	-2.1%
Trade Debtors and Other Current Assets	88.3	47.2	+87.3%
Cash and Cash Equivalents	4.4	35.3	-87.6%
Total Equity	311.4	310.1	+0.4%
Total Equity attributable to Equity Holders of Sonae Capital	302.0	299.9	+0.7%
Total Equity attributable to Non-Controlling Interests	9.4	10.2	-8.5%
Total Liabilities	245.9	263.9	-6.8%
Non-Current Liabilities	138.8	121.0	+14.7%
Non-Current Borrowings	121.9	103.9	+17.3%
Deferred Tax Liabilities	11.0	10.9	+0.0%
Other Non-Current Liabilities	6.0	6.1	-1.7%
Current Liabilities	107.0	142.9	-25.1%
Current Borrowings	38.6	80.6	-52.1%
Trade Creditors and Other Current Liabilities	68.4	62.3	+9.8%
Total Equity and Liabilities	557.3	574.0	-2.9%
Net Capital Employed	467.5	459.3	+1.8%
Fixed Assets	313.2	319.7	-2.1%
Non-Current Investments (net)	10.3	28.0	-63.0%
Working Capital	144.0	111.6	+29.0%
Capex (end of period)	2.9	14.6	-79.8%
% Fixed Assets	0.9%	4.6%	
Net Debt	156.1	149.2	+4.6%
% Net Capital Employed	33.4%	32.5%	
Debt to Equity	50.1%	48.1%	
Net Debt excluding Energy	137.7	126.2	+9.1%
Capital Structure Ratios			
Loan To Value (Real Estate)	23.7%	21.8%	
Net Debt/EBITDA (recurrent)	2.57x	2.20x	



Net Capital Employed increased 1.8% compared to YE2015, to 467.5M€. This performance was mainly driven by the Working Capital increase as a result of the amount to be received associated to the sale of Norscut stake.

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3. SEGMENTS PERFORMANCE

3.1. RESORTS

Profit and Loss Account						
Million euro						
Resorts	2Q 2016	2Q 2015	Δ 16/15	1H 2016	1H 2015	Δ 16/15
Total Operational Income	7.47	7.65	-2.4%	12.04	14.97	-19.6%
Turnover	7.21	7.27	-0.8%	11.09	13.71	-19.1%
Other Operational Income	0.26	0.38	-32.8%	0.95	1.26	-24.9%
Total Operational Costs	-7.01	-6.77	-3.5%	-11.58	-13.05	+11.3%
Cost of Goods Sold	-0.54	-1.33	+59.6%	-1.76	-2.29	+23.1%
Change in Stocks of Finished Goods	-2.51	-1.16	<-100%	-2.98	-2.79	-6.8%
External Supplies and Services	-2.36	-2.99	+21.1%	-4.08	-5.37	+24.0%
Staff Costs	-0.97	-0.93	-4.3%	-1.81	-1.78	-2.1%
Other Operational Expenses	-0.63	-0.37	-72.9%	-0.94	-0.82	-14.5%
EBITDA excluding Guaranteed Income Provisions ⁽¹⁾	0.46	0.88	-48.1%	0.46	1.92	-75.9%
Provisions for Guaranteed Income	-0.12	-0.37	+68.5%	-0.19	-0.65	+70.9%
EBITDA	0.34	0.52	-33.7%	0.28	1.28	-78.5%
Capex	0.11	0.45	-74.4%	0.27	0.56	-51.7%
EBITDA-Capex	0.23	0.07	>100%	0.00	0.72	-99.5%

(1) EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at Troia Resort

During 2Q16, 5 deeds of residential units in Troia Resort were signed (a reduction compared to 8 deeds registered in 2Q15), amounting to 11 deeds in the semester. Furthermore, during the month of July 3 additional deeds were signed to which a stock of 9 promissory purchase and reserve agreements with advance payments should be added. As at 30 June 2016, a total of 362 deeds have been celebrated on residential units in Troia Resort.

Mainly driven by the number of signed deeds in the semester, Top Line amounted to 11.09M€, showing a decrease of 19.1% when compared to 1H15. Consequently, EBITDA in the 1H16 reached 0.28M€, a reduction of 1.0M€ when compared to the same period last year.

Capex stood at controllable levels and contributed, as well as EBITDA, to a reduction of EBITDA-Capex from 0.72M€ to, approximately, a null value in 1H16.

3.2. FITNESS

Profit and Loss Account						
Million euro						
Fitness	2Q 2016	2Q 2015	Δ 16/15	1H 2016	1H 2015	Δ 16/15
Total Operational Income	4.50	4.00	+12.5%	8.69	7.59	+14.4%
Turnover	4.45	3.94	+12.8%	8.59	7.45	+15.4%
Other Operational Income	0.05	0.06	-8.9%	0.09	0.15	-34.9%
Total Operational Costs	-3.88	-3.38	-14.8%	-7.68	-6.74	-14.0%
Cost of Goods Sold	-0.03	-0.03	+2.4%	-0.04	-0.06	+27.3%
External Supplies and Services	-2.35	-2.09	-12.3%	-4.63	-4.20	-10.1%
Staff Costs	-1.27	-1.03	-23.6%	-2.51	-2.09	-19.9%
Other Operational Expenses	-0.23	-0.23	+0.5%	-0.50	-0.38	-30.8%
EBITDA	0.62	0.62	+0.4%	1.01	0.85	+17.7%
Capex	0.37	0.03	>100%	0.62	0.21	>100%
EBITDA-Capex	0.26	0.59	-56.3%	0.38	0.64	-40.2%

The Fitness segment continues to consolidate the improvement of its competitive position, reflected in both turnover and profitability, with the average number of active members growing by 11.5% when compared to 1H15.

During 1H16, Top Line grew 15.4% to 8.59M€, as a result of the above-mentioned growth in the number of active members and the positive average monthly fee performance, which has increased 3.0% when compared to 1H15. EBITDA amounted

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to 1.01M€, an improvement of 17.7% when compared to the same period last year, correspondent to a margin of 11.7%, 0.2pp above the level achieved in 1H15. It should be highlighted that during the 2Q16, two new clubs were opened (Guimarães and Maia), with the respective impacts at the level of margins until it reaches a normalized number of members.

Capex in 1H16 amounted to 0.62M€, significantly higher than in the same period last year, mainly as a result of implementation of the expansion plan, in particular the investments to support the opening of new clubs (Maia and Guimarães, already opened and Foz and Ermesinde, in plan to be opened until the end of the year).

3.3. HOSPITALITY

Profit and Loss Account						
Million euro						
Hospitality	2Q 2016	2Q 2015	Δ 16/15	1H 2016	1H 2015	Δ 16/15
Total Operational Income	4.45	4.00	+11.3%	6.67	5.92	+12.7%
Turnover	4.34	3.91	+10.9%	6.44	5.73	+12.4%
Other Operational Income	0.11	0.09	+27.6%	0.23	0.19	+21.8%
Total Operational Costs	-5.04	-4.56	-10.5%	-9.02	-8.43	-7.0%
Cost of Goods Sold	-0.48	-0.47	-2.1%	-0.72	-0.69	-4.8%
External Supplies and Services	-2.87	-2.55	-12.4%	-5.19	-4.84	-7.4%
Staff Costs	-1.59	-1.40	-13.6%	-2.88	-2.60	-10.8%
Other Operational Expenses	-0.11	-0.15	+25.8%	-0.22	-0.30	+26.7%
EBITDA	-0.59	-0.56	-4.7%	-2.34	-2.51	+6.4%
Capex	1.01	0.06	>100%	1.19	0.07	>100%
EBITDA-Capex	-1.60	-0.62	<-100%	-3.53	-2.58	-37.2%

In order to present comparable information, the contribution of the Lagos hotel operation (Aqualuz Lagos), was excluded from the 2015 segment results.

Compared to 1H15 and following the previously reported trend, Top Line of the Hospitality segment showed a growth of 12.4% to 6.44M€. This performance resulted mainly from the 3.7pp increase in occupancy rate. In the same period, the number of room nights sold increased 14.0% in the total Group's hotel properties and RevPar also revealed an improvement of 14.2%.

As a result of the positive business indicators performance and of the Top Line increase, combined with the optimization and cost rationalization measures implemented over the past few years, EBITDA, in 1H16, showed an improvement of 6.4% over the same period last year. It should be noted that the first half of 2016 already includes the contribution of the new hotel "The House Ribeira Porto Hotel" (opened in April) thus, on a comparable basis, the EBITDA improvement amounted to 12.6%. It should be pointed out that the new Hotel, opened following a capital light approach, has already presented a positive contribution in the second full month of operation, as a result of high occupancy rates.

Excluding rents, it should be highlighted that the Hospitality segment EBITDAR, in 1H16, was positive 0.16M€, reverting the negative values recorded in 1H15. Pointing out the turnover seasonality, the first and fourth quarters usually register negative EBITDARs that are more than compensated by the positive results of the second and, mainly, the third quarters' activity.

Hospitality Capex amounted to 1.19M€ reflecting the investment in the opening of the new hotel "The House Ribeira Porto Hotel". As such, EBITDA-Capex decreased 37.2% compared to 1Q15.

As above-mentioned, during 2Q16, a new hotel "The House Ribeira Porto Hotel" was opened. Developed following a capital light approach, it is a unit with 56 rooms, a multifunctional area with bar and lounge, located in Ribeira, the heart of the historic centre of Porto. It targets an urban, modern, demanding and informed audience that seeks the authenticity of Porto city.

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3.4. ENERGY

Profit and Loss Account						
Million euro						
Energy	2Q 2016	2Q 2015	Δ 16/15	1H 2016	1H 2015	Δ 16/15
Total Operational Income	9.87	13.05	-24.4%	21.62	28.83	-25.0%
Turnover	9.77	13.01	-24.9%	21.51	28.59	-24.8%
Other Operational Income	0.10	0.04	>100%	0.12	0.24	-51.3%
Total Operational Costs	-7.94	-10.57	+24.9%	-17.33	-23.13	+25.1%
Cost of Goods Sold	-6.19	-8.73	+29.1%	-13.67	-19.29	+29.1%
External Supplies and Services	-1.13	-1.04	-7.9%	-2.19	-2.01	-8.5%
Staff Costs	-0.59	-0.63	+5.1%	-1.27	-1.47	+14.0%
Other Operational Expenses	-0.03	-0.17	+85.4%	-0.21	-0.36	+40.9%
EBITDA	1.93	2.48	-22.0%	4.29	5.70	-24.7%
Capex	-0.01	0.21	-	0.20	1.27	-84.2%
EBITDA-Capex	1.95	2.26	-14.0%	4.09	4.43	-7.6%

In 1H16, Top Line of the Energy segment reported a decrease of 24.8% to 21.5M€. This performance is explained by: (i) the reduction of selling energy prices as a result of the evolution of oil price; and (ii) the lower number of cogeneration plants in operation, due to the discontinuation, in 4Q15, of a cogeneration plant and the change, also in 4Q15, of the licensing framework in another plant.

As expected, EBITDA, in the period, registered a decrease of 24.7%, when compared to the same period last year, to 4.29M€, as a result of the above-mentioned reasons that impacted Top Line.

It should be noted that 1H15 was the best quarter ever in the history of the segment. In effect, over the previous semester, Top Line reduced only 2.2% and EBITDA improved 22.4%.

Capex amounted to 0.2M€, 84.2% lower than 1H15. The EBITDA-Capex level showed a decrease of 7.6% to 4.09M€.

3.5. REFRIGERATION & HVAC

Profit and Loss Account						
Million euro						
Refrigeration & HVAC	2Q 2016	2Q 2015	Δ 16/15	1H 2016	1H 2015	Δ 16/15
Total Operational Income	14.52	11.08	+31.1%	28.93	23.99	+20.6%
Turnover	14.43	11.13	+29.7%	28.71	23.76	+20.8%
Other Operational Income	0.08	-0.05	-	0.22	0.23	-3.7%
Total Operational Costs	-13.95	-10.76	-29.6%	-27.47	-23.26	-18.1%
Cost of Goods Sold	-7.64	-5.54	-38.0%	-13.44	-9.39	-43.2%
Change in Stocks of Finished Goods	2.95	1.16	>100%	4.01	0.69	>100%
External Supplies and Services	-5.94	-3.36	-76.7%	-11.71	-8.36	-40.1%
Staff Costs	-2.99	-3.08	+2.9%	-5.82	-6.01	+3.2%
Other Operational Expenses	-0.32	0.06	-	-0.52	-0.20	<-100%
EBITDA	0.56	0.31	+79.6%	1.45	0.73	+98.9%
Capex	0.01	0.03	-77.3%	0.06	0.12	-52.1%
EBITDA-Capex	0.56	0.28	+98.6%	1.39	0.61	>100%

In order to present comparable information, the contribution of the General Maintenance business (UPK), subject to a Management Buy Out in 4Q15, was excluded from the 2015 segment results.

1H16 Top Line amounted to 28.71M€, a 20.8% increase over the same period last year, due to the improved domestic operation. Backlog, on the Portuguese operation, at the end of semester, amounted to, approximately, 27.4M€, representing 6.3 months of turnover.

International Top Line of Refrigeration & HVAC (consolidating exports and direct sales abroad) represented 43% of the consolidated turnover, 13pp above the level registered in 1H15.

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Due to the Top Line performance in Portugal, EBITDA amounted to 1.45M€, registering an improvement to almost the double when compared to 1H15 and reaching a margin of 5.1%, 2.0pp above 1H15.

EBITDA in the domestic operation (excluding the discontinued operations) amounted to 1.66M€ in 1H16, a 1.11M€ improvement when compared to last year.

Capex stood at low levels, 0.06M€ (52.1% lower than 1H15) and most of the increase of EBITDA-Capex is a result of the EBITDA positive performance.

3.6. OTHER ASSETS

Sonae Capital owns a set of non-strategic assets and thus available for sale, including Real Estate Assets and Financial Shareholdings.

Addressing current market trends and the demand profile for real estate assets included in current portfolio (diversified group of 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 widespread geographical dispersion), during the 1H16, 38 sales deeds regarding City Flats were signed and 1 sale deed signed over a land plot.

As at 30 June 2016, capital employed in this set of real estate assets amounted to 115.4M€.

During the quarter, after the non-opposition disclose by the Portuguese Competition Authority, Sonae Capital has taken another important step towards the conclusion of the sale of the shareholding participation in Norscut, for a total value of, approximately, 42M€, generating at the Consolidated Net Result and Equity levels an impact of 16.1M€ and 23.1M€, respectively.

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REPORT AND ACCOUNTS - JUNE 2016

Report of the Board of Directors

4. CORPORATE INFORMATION

4.1. CORPORATE INFORMATION - 2Q16

In April 2016, Sonae Capital has announced the sale of the 36% shareholding participation in Norscut, for a total value of, approximately, 42M€. As at 23 June 2016, the Portuguese Competition Authority issued a decision of non-opposition, being in course the normal closing process.

4.2. SUBSEQUENT CORPORATE EVENTS

There were no subsequent corporate events to register.

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Report of the Board of Directors

5. METODOLOGICAL NOTES

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

With the aim of continuing to improve the quality and transparency of the information provided, not only at the Consolidated level, but also, at the Business Unit level, and aligned with the best market practices, the units sold during the year 2015, namely, the hotel operation of Lagos (Aqualuz Lagos) and business of General Maintenance (UPK) of Refrigeration and HVAC segment, are now reported as discontinued operations. In accordance the restated 2015 information is presented in appendix.

This document is a translation from the Portuguese original version.

GLOSSARY

- HVAC = Heating, Ventilation and Air Conditioning.
- Operational Cash Flow = EBITDA - Capex.
- 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 + Rents for buildings.
- Net Debt = Non-Current Loans + Current Loans - Cash and Cash Equivalents - Current Investments.
- Capex = Investment in Tangible and Intangible Assets.
- Gearing: Debt to Equity = Net Debt / Equity.
- Loan to Value = Net Debt of real estate assets / Real estate assets Valuation.

REPORT AND ACCOUNTS - JUNE 2016

Report of the Board of Directors

APPENDIX

Consolidated Profit and Loss Account						
Million euro						
	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016
Total Operational Income	41.85	46.54	47.23	45.65	38.14	43.36
Turnover	38.98	39.78	46.40	44.45	37.42	43.02
Resorts	6.44	7.27	10.20	5.77	3.88	7.21
Hospitality	1.82	3.91	6.42	2.33	2.10	4.34
Fitness	3.50	3.94	3.78	3.96	4.14	4.45
Energy	15.58	13.01	11.70	11.70	11.74	9.77
Refrigeration & HVAC	12.63	11.13	13.35	19.38	14.27	14.43
Others & Eliminations	-1.00	0.52	0.94	2.72	1.28	2.81
Other Operational Income	2.87	6.76	0.84	1.20	0.72	0.35
EBITDA, excluding Guaranteed Income Provisions ⁽¹⁾	3.24	10.03	8.14	3.11	1.67	4.16
Resorts	1.04	0.88	3.33	-1.08	0.01	0.46
Hospitality	-1.94	-0.56	0.92	-1.63	-1.76	-0.59
Fitness	0.23	0.62	0.40	0.57	0.38	0.62
Energy	3.22	2.48	1.99	1.51	2.36	1.93
Refrigeration & HVAC	0.42	0.31	0.83	1.54	0.89	0.56
Others & Eliminations	0.26	6.30	0.67	2.19	-0.21	1.17
Provisions for Guaranteed Income	-0.28	-0.37	-0.16	-0.18	-0.07	-0.12
EBITDA	2.95	9.67	7.98	2.92	1.59	4.04
Amortization & Depreciation	-3.90	-3.90	-4.03	-3.89	-3.92	-3.99
Provisions & Impairment Losses	-0.07	-0.08	-0.08	0.23	-0.01	-0.05
Non-recurrent costs/income ⁽²⁾	0.76	-0.39	-0.57	0.27	-0.38	0.62
EBIT	-0.26	5.29	3.30	-0.47	-2.72	0.63
Net Financial Expenses	-2.20	-2.29	-2.58	-1.53	-2.38	-1.71
Investment Income and Results from Assoc. Undertakings	1.21	0.79	1.01	0.13	1.05	15.32
EBT	-1.25	3.78	1.74	-1.87	-4.04	14.24
Taxation	-0.86	-0.10	0.16	0.39	0.16	-0.54
Net Profit - Continued Businesses	-2.11	3.68	1.90	-1.48	-3.88	13.70
Net Profit - Discontinued Businesses	-0.56	-0.15	0.30	-0.18	0.00	0.00
Net Profit - Total	-2.68	3.53	2.20	-1.66	-3.88	13.70
Attributable to Equity Holders of Sonae Capital	-2.93	3.12	1.86	-2.35	-4.19	13.33
Attributable to Non-Controlling Interests	0.25	0.41	0.34	0.69	0.31	0.37

(1) EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at Troia Resort

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

PART II
**APPENDIX TO THE REPORT
OF THE BOARD OF
DIRECTORS**
30 JUNE 2016



SONAE CAPITAL

REPORT AND ACCOUNTS – JUNE 2016

Appendix to the Report of the Board of Directors

STATEMENT

Under the terms of Article 246(1)(c) of the Portuguese Securities Code
(Translation of a Statement originally issued in Portuguese)

The signatories individually declare that, to their knowledge, the Report of the Board of Directors, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared in accordance with applicable International Financial Reporting Standards, and give a true and fair view, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of Sonae Capital, SGPS, SA, and of the companies included in the consolidation perimeter, and that the Report of the Board of Directors faithfully describes major events that occurred during the first half of 2016 and their impacts, if any, in the business performance and financial position of Sonae Capital, SGPS, SA and of the companies included in the consolidation perimeter, and contains an appropriate description of the major risks and uncertainties that they face.

Maia, 28 July 2016

Duarte Paulo Teixeira de Azevedo
Chairman of the Board of Directors

Álvaro Carmona e Costa Portela
Member of the Board of Directors

Francisco de La Fuente Sánchez
Member of the Board of Directors

Paulo José Jubilado Soares de Pinho
Member of the Board of Directors

Maria Cláudia Teixeira de Azevedo
CEO

Ivone Pinho Teixeira
CFO

Miguel Jorge Moreira da Cruz Gil Mata
Member of the Board of Directors

REPORT AND ACCOUNTS - JUNE 2016

Appendix to the Report of the Board of Directors

ARTICLE 9(1)(A) AND ARTICLE 14(7) OF THE PORTUGUESE SECURITIES COMMISSION (CMVM) REGULATION NR.5/2008

Disclosure of the number of shares and other securities issued by the Company which are held by members of the Statutory Governing and Auditing Bodies or by people discharging managerial responsibilities (“dirigentes”), as well as by people closely connected with them pursuant article 248-B of the Portuguese Securities Code and description of transactions made over such securities during the first half of 2016:

Date	Additions		Reductions		Position as at 30.06.2016	Balance as at 30.06.2016
	Quantity	Av. Price €	Quantity	Av. Price €		Quantity
Belmiro Mendes de Azevedo (**)						
Efanor Investimentos, SGPS, SA (1)					Dominant	837.000
Sonae Capital, SGPS, SA						
María Margarida Carvalhais Teixeira de Azevedo (**)						
Efanor Investimentos, SGPS, SA (1)					Minority	1.862
Sonae Capital, SGPS, SA						
Duarte Paulo Teixeira de Azevedo (*) (**)						
Efanor Investimentos, SGPS, SA (1)					Minority	26.991
Migracom, SA (2)						
Closely connected person (a)					Dominant	
María Cláudia Teixeira de Azevedo (*) (**)						
Sonae Capital, SGPS, SA					Minority	169.105
31.03.2016	169.105	0,606	Efanor Investimentos, SGPS, SA (1)			
Linhacom, SGPS, SA (3)						
Álvaro Carmona e Costa Portela (*)						
Sonae Capital, SGPS, SA					Dominant	24.942
Sonae Capital/2014-2019 Bonds						
Paulo José Jubilado Soares de Pinho (*)						
Sonae Capital, SGPS, SA					Minority	12.650
Closely connected person (b)						
						8.125
Miguel Jorge Moreira da Cruz Gil Mata (*)						
Sonae Capital, SGPS, SA						697.931

Date	Additions		Reductions		Position as at 30.06.2016	Balance as at 30.06.2016
	Quantity	Av. Price €	Quantity	Av. Price €		Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae Capital, SGPS, SA					Dominant	88.859.200
Pareuro, BV (4)						
(2) Migracom, SA						
Sonae Capital, SGPS, SA					Minority	161.250
Imparfin - Investimentos e Participações Financeiras, SA (5)						
(3) Linhacom, SGPS, SA						
Sonae Capital, SGPS, SA					Minority	43.912
Imparfin - Investimentos e Participações Financeiras, SA (5)						
(4) Pareuro, BV						
Sonae Capital, SGPS, SA						66.600.000
(5) Imparfin - Investimentos e Participações Financeiras, SA						
Sonae Capital, SGPS, SA						513.160

(*) Member of the Board of Directors of Sonae Capital, SGPS, SA

(**) Member of the Board of Directors of Efanor Investimentos, SGPS, SA (directly and indirectly dominant company)

(a) article 248-B (4)(a) - family member who resides with the person discharging managerial responsibilities for more than a year

(b) article 248-B (4)(b) - held by Change Partners, SCR, SA, of which is Member of the Board of Directors

REPORT AND ACCOUNTS – JUNE 2016

Appendix to the Report of the Board of Directors

QUALIFIED SHAREHOLDINGS

As required by Article 9(1)(c) of CMVM Regulation Nr. 5/2008, the following shareholders held more than 2% of the company's share capital as at 30 June 2016:

Shareholder	Nr. of shares	% of Share Capital	% of Voting Rights
Efanor Investimentos, SGPS, S.A. (1)			
Directly owned	88.859.200	35,544%	36,346%
Through Pareuro, BV (controlled by Efanor)	66.600.000	26,640%	27,241%
Through Belmiro Mendes de Azevedo (Chairman of the Board of Directors of Efanor)	837.000	0,335%	0,342%
Through Maria Margarida Carvalhais Teixeira de Azevedo (Member of the Board of Directors of Efanor)	1.862	0,001%	0,001%
Through Linhacom, SGPS, S.A. (controlled by the Member of the Board of Directors of Efanor Maria Cláudia Teixeira de Azevedo)	43.912	0,018%	0,018%
Through Migracom, S.A. (controlled by the Member of the Board of Directors of Efanor Duarte Paulo Teixeira de Azevedo)	161.250	0,065%	0,066%
Total attributable	<u>156.503.224</u>	<u>62,601%</u>	<u>64,014%</u>
Argos Funds			
Total attributable	<u>5.181.429</u>	<u>2,073%</u>	<u>2,119%</u>
Santander Asset Management - Sociedade Gestora de Fundos de Investimento Mobiliários, SA			
Through Santander Acções Portugal Fund (managed by Santander Asset Management)	5.214.974	2,086%	2,133%
Through Santander PPA Fund (managed by Santander Asset Management)	484.869	0,194%	0,198%
Total attributable	<u>5.699.843</u>	<u>2,280%</u>	<u>2,331%</u>

(1) Belmiro Mendes de Azevedo is, under the terms of Article 20(1)(b) and Article 21(1) of the Portuguese Securities Code, the "ultimate beneficial owner", as he is the controlling shareholder of Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV.

PART III

**CONSOLIDATED FINANCIAL
STATEMENTS**

30 JUNE 2016



SONAE CAPITAL

REPORT AND ACCOUNTS – JUNE 2016

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2016 AND 31 DECEMBER 2015

(Amounts expressed in euro)

ASSETS	Notes	30/06/2016	31/12/2015
NON-CURRENT ASSETS:			
Tangible assets	7	244,996,328	251,495,972
Intangible assets	7	7,264,287	7,338,337
Goodwill	8	60,892,528	60,892,528
Investments in associated companies and joint ventures	5	1,233,958	12,960,514
Other investments	6 e 9	609,344	597,515
Deferred tax assets	13	23,464,846	23,620,310
Other non-current assets	10	2,000,416	7,871,931
Total non-current assets		<u>340,461,707</u>	<u>364,777,107</u>
CURRENT ASSETS:			
Inventories	11	124,088,796	126,761,744
Trade account receivables and other current assets	12	88,348,898	47,175,228
Cash and cash equivalents	14	4,378,212	35,318,251
Total Current Assets		<u>216,815,906</u>	<u>209,255,223</u>
TOTAL ASSETS		557,277,613	574,032,330
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	15	250,000,000	250,000,000
Own Shares	15	(1,404,226)	(1,426,791)
Reserves and retained earnings	15	44,312,982	51,609,194
Profit/(Loss) for the year attributable to the equity holders of Sonae Capital		9,139,503	(294,678)
Equity attributable to the equity holders of Sonae Capital		<u>302,048,259</u>	<u>299,887,725</u>
Equity attributable to non-controlling interests	16	9,377,985	10,247,125
TOTAL EQUITY		<u>311,426,244</u>	<u>310,134,850</u>
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	17	121,871,775	103,923,602
Other non current liabilities	19	2,926,856	3,033,619
Deferred tax liabilities	13	10,952,118	10,948,548
Provisions	22	3,079,824	3,079,824
Total Non-Current Liabilities		<u>138,830,573</u>	<u>120,985,593</u>
CURRENT LIABILITIES:			
Loans	17	38,586,922	80,592,682
Trade creditors and other current liabilities	21	64,061,403	56,961,279
Provisions	22	4,372,471	5,357,926
Total Current Liabilities		<u>107,020,796</u>	<u>142,911,887</u>
TOTAL LIABILITIES		<u>245,851,369</u>	<u>263,897,480</u>
TOTAL EQUITY AND LIABILITIES		557,277,613	574,032,330

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS – JUNE 2016

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA
 CONSOLIDATED INCOME STATEMENTS BY NATURE
 FOR THE SIX MONTHS ENDED 30 JUNE 2016 AND 2015
 (Amounts expressed in euro)

	Notes	30/06/2016	30/06/2015
Sales		32,024,267	38,679,250
Services rendered		47,358,149	37,032,528
Other operating income	23	2,027,502	14,012,266
Cost of sales		(28,899,902)	(30,128,408)
Changes in stocks of finished goods and work in progress		(1,959,751)	(2,374,010)
External supplies and services		(26,349,837)	(23,194,110)
Staff costs		(16,384,315)	(16,280,830)
Depreciation and amortisation		(7,905,962)	(7,797,540)
Provisions and impairment losses (Increases/Decreases)		(568,738)	(617,605)
Other operating expenses		<u>(1,425,935)</u>	<u>(4,301,664)</u>
Operational profit/(loss)		(2,084,522)	5,029,877
Financial Expenses		(4,568,150)	(5,484,257)
Financial Income		<u>478,265</u>	<u>989,758</u>
Net financial income / (expenses)		(4,089,880)	(4,494,499)
Profit/(Loss) in associated and jointly controlled companies	5	111,399	2,095,576
Investment income	25	<u>16,256,573</u>	<u>(100,612)</u>
Profit/(Loss) before taxation		10,193,565	2,530,342
taxation	26	<u>(377,046)</u>	<u>(961,453)</u>
Profit/(Loss) for the year - continued operations		9,816,519	1,568,889
Profit/(Loss) for the year - discontinued operations		-	(712,456)
Profit/(Loss) for the year	27	<u>9,816,519</u>	<u>856,433</u>
Attributable to:			
Equity holders of Sonae Capital		9,139,503	196,406
Non-controlling interests	16	<u>677,016</u>	<u>660,027</u>
Profit/(Loss) per share			
Basic	29	0.037041	0.000797
Diluted	29	<u>0.037041</u>	<u>0.000797</u>

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS – JUNE 2016

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA
CONSOLIDATED INCOME STATEMENTS BY NATURE
FOR THE SECOND QUARTERS OF 2016 AND 2015
(Amounts expressed in euro)

	Notes	2- Quarter 16 ¹	2- Quarter 15 ¹
Sales		6,364,210	17,849,164
Services rendered		36,651,512	19,885,215
Other operating income		956,698	10,171,984
Cost of sales		(14,907,325)	(15,101,832)
Changes in stocks of finished goods and work in progress		(1,496,807)	(124,742)
External supplies and services		(14,081,018)	(11,608,323)
Staff costs		(8,145,107)	(8,004,845)
Depreciation and amortisation		(3,986,273)	(3,897,965)
Provisions and impairment losses (Increases/Decreases)		(211,130)	(534,050)
Other operating expenses		(513,687)	(3,344,971)
Operational profit/(loss)		631,073	5,289,635
Financial Expenses		(1,987,534)	(2,913,099)
Financial Income		277,013	619,230
Net financial income / (expenses)		(1,710,515)	(2,293,869)
Profit/(Loss) in associated and jointly controlled companies	5	(938,797)	847,598
Investment income		16,256,574	(61,036)
Profit/(Loss) before taxation		14,238,329	3,782,328
taxation	24	(540,282)	(98,928)
Profit/(Loss) for the year - continued operations		13,698,047	3,683,400
Profit/(Loss) for the year - discontinued operations		-	(149,207)
Profit/(Loss) for the year	25	13,698,047	3,534,193
Attributable to:			
Equity holders of Sonae Capital		13,332,647	3,122,485
Non-controlling interests	16	365,400	411,708
Profit/(Loss) per share			
Basic	27	0.054035	0.012682
Diluted	27	0.054035	0.012682

The accompanying notes are part of these financial statements.

¹ Prepared in accordance with IAS 34 - Interim Financial Reporting

The Board of Directors

REPORT AND ACCOUNTS – JUNE 2016

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA
 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE SIX MONTHS ENDED 30 JUNE 2016 AND 2015
 (Amounts expressed in euro)

	30/06/2016	30/06/2015
Consolidated net profit/(loss) for the period	9,816,519	856,433
Items that may be reclassified subsequently to net profit / (loss):		
Changes in the currency translation differences	50,530	40,004
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)	7,381,842	963,396
Change in the fair value of assets available for sale	-	708,397
Change in the fair value of cash flow hedging derivatives	23,714	213,695
Tax related to other comprehensive income captions	(2,869)	(233,965)
Other comprehensive income for the period	7,453,217	1,691,527
Total comprehensive income for the period	17,269,736	2,547,960
Attributable to:		
Equity holders of Sonae Capital	16,593,997	1,881,460
Non-controlling interests	675,739	666,500

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS – JUNE 2016

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA
 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE SECOND QUARTERS OF 2016 AND 2015
 (Amounts expressed in euro)

	2 nd Quarter 16 ¹	2 nd Quarter 15 ¹
Consolidated net profit/(loss) for the period	13,698,047	3,534,193
Items that may be reclassified subsequently to net profit / (loss):		
Changes in the currency translation differences	(60,236)	84,300
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)	7,340,797	1,016,663
Change in the fair value of assets available for sale	-	368,248
Change in the fair value of cash flow hedging derivatives	17,780	10,313
Tax related to other comprehensive income captions	(1,623)	(160,964)
Other comprehensive income for the period	7,296,718	1,318,560
Total comprehensive income for the period	20,994,765	4,852,753
Attributable to:		
Equity holders of Sonae Capital	20,643,567	4,421,696
Non-controlling interests	351,198	431,057

The accompanying notes are part of these financial statements.

¹ Prepared in accordance with IAS 34 - Interim Financial Reporting

The Board of Directors

REPORT AND ACCOUNTS – JUNE 2016

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016 AND 2015

(Amounts expressed in euro)

	Attributable to Equity Holders of Sonae Capital							Sub total	Net Profit/(Loss)	Total	Non-Controlling Interests	Total Equity
	Share Capital	Own Shares	Demerger Reserve (Note 15)	Translation Reserves	Fair Value Reserves	Hedging Reserves	Other Reserves and Retained Earnings					
Balance as at 1 January 2015	250,000,000	(1,486,301)	132,638,253	(130,882)	(750,961)	(239,276)	(75,237,394)	56,279,740	(6,832,009)	297,961,430	9,375,864	307,337,294
Total consolidated comprehensive income for the period	-	-	-	34,252	708,397	212,974	729,431	1,685,054	196,406	1,881,460	666,500	2,547,960
Appropriation of profit of 2014:	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	(6,832,009)	(6,832,009)	6,832,009	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(1,077,110)	(1,077,110)
(Acquisition)/Sales of own shares	-	72,435	-	-	-	-	-	-	-	72,435	-	72,435
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	(219,830)	(219,830)	-	(219,830)	219,830	-
Other changes	-	-	-	-	-	-	1,026	1,026	-	1,026	-	1,026
Balance as at 30 June 2015	250,000,000	(1,413,866)	132,638,253	(96,630)	(42,564)	(26,302)	(81,558,776)	50,913,981	196,406	299,696,521	9,185,084	308,881,605
Balance as at 1 January 2016	250,000,000	(1,426,791)	132,638,253	(23,350)	-	(11,956)	(80,993,753)	51,609,194	(294,678)	299,887,725	10,247,125	310,134,850
Total consolidated comprehensive income for the period	-	-	-	51,807	-	23,714	7,378,973	7,454,494	9,139,503	16,593,997	675,739	17,269,736
Appropriation of profit of 2015:	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	(294,678)	(294,678)	294,678	-	-	-
Dividends paid	-	-	-	-	-	-	(14,669,026)	(14,669,026)	-	(14,669,026)	(1,425,614)	(16,094,640)
(Acquisition)/Sales of own shares	-	22,565	-	-	-	-	-	-	-	22,565	-	22,565
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	119,266	119,266	-	119,266	(119,266)	-
Other changes	-	-	-	-	-	-	93,732	93,732	-	93,732	-	93,732
Balance as at 30 June 2016	250,000,000	(1,404,226)	132,638,253	28,457	-	11,758	(88,365,486)	44,312,982	9,139,503	302,048,259	9,377,985	311,426,244

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL

REPORT AND ACCOUNTS – MARCH 2016

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX AND THREE MONTHS ENDED 30 JUNE 2016 AND 2015
(Amounts expressed in euro)

	Notes	30/06/2016	30/06/2015	2 nd QUARTER 2016 ¹	2 nd QUARTER 2015 ¹
OPERATING ACTIVITIES:					
Cash receipts from trade debtors		82,025,333	79,785,533	46,576,062	36,344,610
Cash receipts from trade creditors		(52,110,016)	(52,728,599)	(29,979,881)	(26,230,894)
Cash paid to employees		(15,851,967)	(16,791,937)	(8,623,980)	(9,052,295)
Cash flow generated by operations		14,063,350	10,264,997	7,972,201	1,061,421
Income taxes (paid) / received		(356,608)	(1,557,085)	(193,329)	(1,502,458)
Other cash receipts and (payments) relating to operating activities		448,933	82,886	855,049	877,883
Net cash from operating activities (1)		14,155,675	8,790,798	8,633,921	436,846
INVESTMENT ACTIVITIES:					
<u>Cash receipts arising from:</u>					
Investments		600,782	23,585,714	600,215	20,698,751
Tangible assets		1,414,708	13,594,337	318,066	12,051,959
Intangible assets		49,089	-	49,089	-
Interest and similar income		163,383	828,137	49,162	61,681
Dividends		194,419	273,631	194,419	273,631
		2,422,381	38,281,819	1,210,951	33,086,022
<u>Cash Payments arising from:</u>					
Investments		(138,229)	(18,039)	(132,290)	(15,276)
Tangible assets		(2,846,621)	(6,730,024)	(1,328,454)	(2,013,461)
Intangible assets		(193,411)	(67,452)	(50,680)	162,888
Loans granted		(41,503)	(987,797)	-	-
		(3,219,764)	(7,803,312)	(1,511,424)	(1,865,849)
Net cash used in investment activities (2)		(797,383)	30,478,507	(300,473)	31,220,173
FINANCING ACTIVITIES:					
<u>Cash receipts arising from:</u>					
Loans obtained		68,854,596	9,100,000	38,128,299	3,100,000
Sale of own shares		144,043	72,435	144,043	72,435
		68,998,639	9,172,435	38,272,342	3,172,435
<u>Cash Payments arising from:</u>					
Loans obtained		(92,821,342)	(26,220,621)	(29,532,486)	(12,546,983)
Interest and similar charges		(4,203,896)	(4,971,469)	(2,380,423)	(2,788,764)
Dividends		(15,987,705)	(793,886)	(15,831,455)	(793,886)
		(113,012,943)	(31,985,976)	(47,744,364)	(16,129,633)
Net cash used in financing activities (3)		(44,014,304)	(22,813,541)	(9,472,022)	(12,957,198)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(30,656,012)	16,455,764	(1,138,574)	18,699,821
Effect of foreign exchange rate		287,431	77,480	26,521	118,890
Cash and cash equivalents at the beginning of the period	14	35,318,251	8,148,876	-	-
Cash and cash equivalents at the end of the period	14	4,374,808	24,527,160	(1,165,095)	18,580,931

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 – JUNE 2016

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016 AND 2015

(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 5 to 7 (“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:

- Resorts;
- Hotels;
- Fitness;
- Energy,
- Refrigeration and HVAC;
- Other Assets.

The non-strategic assets (including non-tourism real estate assets and financial shareholdings) are included in the segment “Other assets”.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the accompanying consolidated financial statements are as follows:

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, 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 2016, did not have material impacts in the financial statements as at 30 June 2016.

REPORT AND ACCOUNTS - JUNE 2016

Consolidated Financial Statements

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

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

Company	Head Office	Percentage of capital held			
		30 June 2016		31 December 2015	
		Direct	Total	Direct	Total
Sonae Capital SGPS, SA	Maia	Holding	Holding	Holding	Holding
Hotels					
Porto Palácio Hotel, SA	a) Porto	100,00%	100,00%	100,00%	100,00%
3) 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%
4) 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%
Resorts					
Atlantic Ferries-Tráf.Loc.Flu.e Marít,SA	a) Grândola	95,77%	95,77%	95,77%	95,77%
Golf Time-Golfe e Invest. Turísticos, SA	a) Maia	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%
Marina de Tróia, 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%
Marvero-Expl.Hotel.Im.,SA	a) Grândola	100,00%	100,00%	100,00%	100,00%
SII - Soberana Invest. Imobiliários, SA	a) Grândola	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%
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%
1) Troiareort, SGPS, SA	a) Matosinhos	100,00%	100,00%	100,00%	100,00%
Tulipamar-Expl.Hoteleira Imob.,SA	a) Grândola	100,00%	100,00%	100,00%	100,00%
Fitness					
Solinca - Health & Fitness, SA	a) Maia	100,00%	100,00%	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 - SCSGSPS, 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%
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 Termoelétrica 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%
Soternix - Produção de Energia, ACE	a) Barcelos	51,00%	51,00%	51,00%	51,00%

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Refrigeration and HVAC						
QCE - Desenvolvimento e fabrico de Equipamentos, SA	a)	Matosinhos	100,00%	70,00%	100,00%	70,00%
Sistavac, SA	a)	Matosinhos	100,00%	70,00%	100,00%	70,00%
Sistavac, SGPS, SA	a)	Matosinhos	70,00%	70,00%	70,00%	70,00%
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%
Spinaraq Moçambique, Lda	a)	Maputo	70,00%	70,00%	100,00%	100,00%
Spinaraq-Engenharia,Energia e Ambiente,SA	a)	Luanda	99,90%	99,90%	99,90%	99,90%
Other Assets						
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%
Contacto Concessões, SGPS, S.A.	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	99,99%	99,99%	99,82%	99,82%
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 Seviços,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%
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%
Porturbe-Edifícios e Urbanizações,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Praedium - Serviços, 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-Eng. e promoção imobiliária,SGPS,S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
2) 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%
Société de Tranchage Isoroy SAS.	a)	Honfleur	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%
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%
5) 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%
Spred, SGPS, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
1) Ex-Imoareaia - Invest. Turísticos, SGPS, SA;						
2) Ex- Praedium, S.G.P.S., S.A;						
3) Ex- Sonae Turismo, SGPS, SA;						
4) Ex- The Artist Ribeira, SA;						
5) Ex- SC Hospitality, SGPS, SA.						
a) Majority of voting rights						

REPORT AND ACCOUNTS – JUNE 2016

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 30 June 2016 and 31 December 2015 are as follows:

Company	Head Office	Percentage of capital held				Book Value	
		30 June 2016		31 December 2015		30 June 2016	31 December 2015
		Direct	Total	Direct	Total		
Other Assets							
Andar - Sociedade Imobiliária, SA	Maia	50.00%	50.00%	50.00%	50.00%	-	-
1) Sociedade de Construções do Chile, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
1) Vastgoed One - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
1) Vastgoed Sun - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
Lidergraf - Artes Gráficas, Lda	Vila do Conde	24.50%	24.50%	24.50%	24.50%	958833	975,156
2) Norscut - Concessionária de Auto-Estradas, SA	Lisbon	36.00%	36.00%	36.00%	36.00%	-	11,761,812
Operscut - Operação e Manutenção de Auto-estradas, SA	Lisbon	15.00%	15.00%	15.00%	15.00%	24,000	24,000
Energy							
Feneralt - Produção de Energia, ACE	Barcelos	25.00%	25.00%	25.00%	25.00%	251,125	199,546
Total						1,233,958	12,960,514

- 1) Null investment values result from the adoption of the equity method in Andar – Sociedade Imobiliária, SA, holder of all of these investments;
- 2) On 23 June 2016 the Portuguese Competition Authority issued a decision of non-opposition to the sale of the stake in the procedd Norscut. The impact of this decision is properly carried out in the financial statements.

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

As at 30 June 2016 and 31 December 2015, aggregate values of main financial indicators of jointly controlled companies can be resumed as follows:

	30 June 2016	31 December 2015
Total Assets	55,450,297	55,448,333
Total Liabilities	16,893,197	16,439,200
Income	-	97,288
Expenses	456,233	1,392,801

During the periods ended 30 June 2016 and 2015, movements in investments of associated and jointly controlled companies may be summarized as follows:

	30 June 2016	30 June 2015
Opening balance as at 1 January	12,992,457	20,762,638
Acquisitions in the period	-	8,000
Disposals in the period	(19,144,575)	-
Equity method	7,493,241	3,058,973
Dividends received	(75,222)	(56,151)
Closing balance as at 30 June	1,265,901	23,773,460
Accumulated impairment losses (Note 22)	(31,943)	(31,944)
	1,233,958	23,741,516

The amount shown under “Disposals in the period” related to Norscut – Concessionária de Auto-Estradas, SA.

REPORT AND ACCOUNTS – JUNE 2016

Consolidated Financial Statements

The use of the equity method had the following impacts: 111,399 euro recorded on share of results of associated undertakings (2,095,576 euro at 30 June 2015), and 7,381,842 euro in changes in reserves (963,396 euro at 30 June 2015).

6. OTHER INVESTMENTS

Group companies, jointly controlled companies and associated companies excluded from consolidation, their head offices, percentage of share capital held and book value as at 30 June 2016 and 31 December 2015 are as follows:

Company	Head Office	Percentage of capital held				30 June 2016	31 December 2015
		30 June 2016		31 December 2015			
		Direct	Total	Direct	Total		
Resorts							
Infratroia - Emp. de Infraest. de Troia, E.N.	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%	0.06%	0.06%	124,892	124,892
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
Other investments						145,721	133,892
Total (Note 9)						609,344	597,515

7. TANGIBLE ASSETS AND INTANGIBLE ASSETS

During the six month period ended 30 June 2016, movements in tangible and intangible fixed assets as well as in amortisation and accumulated impairment losses, are made up as follows:

	Tangible Assets				
	Land and Buildings	Equipment	Other Tangible Assets	Tangible Assets in progress	Total Tangible Assets
Gross Cost:					
Opening balance as at 1 January 2016	224,435,722	192,766,256	2,081,623	14,715,753	433,999,354
Capital expenditure	178,451	233,757	-	2,247,843	2,660,051
Disposals	(521,334)	(5,372,539)	(15,246)	(150,754)	(6,059,873)
Exchange rate effect	-	(123,565)	6,478	-	(117,087)
Transfers	211,384	6,930,245	136,122	(7,992,482)	(714,731)
Closing balance as at 30 June 2016	224,304,223	194,434,154	2,208,977	8,820,360	429,767,714
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2016	83,514,782	97,307,652	1,680,948	-	182,503,382
Charges for the period 1)	1,436,790	6,143,332	37,721	-	7,617,843
Disposals	(41,471)	(4,996,547)	(15,246)	-	(5,053,264)
Exchange rate effect	-	(82,674)	5,658	-	(77,016)
Transfers	(380)	(219,179)	-	-	(219,559)
Closing balance as at 30 June 2016	84,909,721	98,152,584	1,709,081	-	184,771,386
Carrying amount as at 1 January 2016	140,920,940	95,458,604	400,675	14,715,753	251,495,972
Carrying amount as at 30 June 2016	139,394,502	96,281,570	499,896	8,820,360	244,996,328

1) Includes impairment losses amounting to 58,507 eur

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

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	30 June 2016	31 December 2015
Tróia	8,424,295	8,091,116
Cogeneration Project	101,014	52,083
Health Clubs Refurbishment	137,738	1,208,506
Others	157,313	5,364,048
	<u>8,820,360</u>	<u>14,715,753</u>

	Intangible Assets				
	Patents and other similar rights	Software	Other Intangible Assets	Intangible Assets in progress	Total Intangible Assets
Gross Cost:					
Opening balance as at 1 January 2016	7,789,237	3,281,292	155,474	225,546	11,451,549
Capital expenditure	-	-	1,154	286,314	287,468
Exchange rate effect	-	2,487	-	-	2,487
Transfers	-	271,235	(115,674)	(171,396)	(15,835)
Closing balance as at 30 June 2016	<u>7,789,237</u>	<u>3,555,014</u>	<u>40,954</u>	<u>340,464</u>	<u>11,725,669</u>
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2016	1,522,646	2,581,146	9,421	-	4,113,213
Disposals	88,878	257,749	-	-	346,627
Exchange rate effect	-	1,543	-	-	1,543
Closing balance as at 30 June 2016	<u>1,611,524</u>	<u>2,840,438</u>	<u>9,421</u>	<u>-</u>	<u>4,461,383</u>
Carrying amount as at 1 January 2016	<u>6,266,592</u>	<u>700,146</u>	<u>146,053</u>	<u>225,546</u>	<u>7,338,337</u>
Carrying amount as at 30 June 2016	<u>6,177,714</u>	<u>714,576</u>	<u>31,533</u>	<u>340,464</u>	<u>7,264,287</u>

As at 30 June 2016 the net assets of Marina de Troia in Patents and other similar rights, amounts to 5,775,683 euro (5,849,778 euro at 31 December 2015).

8. GOODWILL

During the periods ended 30 June 2016 and 31 December 2015, movements in goodwill, as well as in corresponding impairment losses, are as follows:

	30 June 2016	31 December 2015
Gross amount:		
Opening balance	62,194,124	62,291,840
Decreases - disposals of affiliated companies	-	(97,716)
Closing balance	<u>62,194,124</u>	<u>62,194,124</u>
Accumulated impairment losses:		
Opening balance	1,301,596	1,301,596
Closing balance	<u>1,301,596</u>	<u>1,301,596</u>
Total	<u>60,892,528</u>	<u>60,892,528</u>

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9. OTHER INVESTMENTS

As at 30 June 2016 and 31 December 2015, movements in investments were as follows:

	30 June 2016		31 December 2015	
	Non current	Current	Non current	Current
Investments at acquisition cost				
Opening balance as at 1 January	889,353	-	879,446	-
Acquisitions in the period	11,829	-	9,907	-
Closing balance as at 30 June	901,182	-	889,353	-
Accumulated impairment losses (Note 22)	(291,838)	-	(291,838)	-
	609,344	-	597,515	-
Investments held for sale				
Fair value as at 1 January	-	-	33,493,884	-
Disposals in the period	-	-	(34,244,847)	-
Increase/(Decrease) in fair value	-	-	750,963	-
Fair value as at 30 June	-	-	-	-
Accumulated impairment losses (Note 22)	-	-	-	-
Fair value (net of impairment losses) as at 30 June	-	-	-	-
	609,344	-	597,515	-
Other Investments				
	609,344	-	597,515	-

These investments are recorded at acquisition cost less impairment losses.

10. OTHER NON-CURRENT ASSETS

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

	30 June 2016	31 December 2015
Loans granted to related parties		
Norscut - Concessionária de Auto-Estradas, SA	-	5,911,400
Others	841,424	812,606
	841,424	6,724,006
Impairment losses (Note 22)	(34,916)	(34,916)
	806,508	6,689,090
Trade accounts receivable and other debtors		
Others	1,193,908	1,182,841
Impairment losses (Note 22)	-	-
	1,193,908	1,182,841
Other non current assets		
	2,000,416	7,871,931

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11. INVENTORIES

Inventories as at 30 June 2016 and 31 December 2015 can be detailed as follows, highlighting the value attributable to real estate developments:

	30 Junho 2016		31 Decembre 2015	
	Total	of which Real Estate Developments	Total	of which Real Estate Developments
Raw materials, by-products and consumables	1,538,813	-	1,441,888	-
Goods for sale	31,199,392	30,024,243	30,394,043	29,000,343
Finished goods	20,559,890	20,559,890	23,487,868	23,487,868
Work in progress	82,011,221	75,978,392	77,389,696	75,405,755
	<u>135,309,316</u>	<u>126,562,525</u>	<u>132,713,495</u>	<u>127,893,966</u>
Accumulated impairment losses on stocks (Note 22)	(11,220,520)	(11,210,018)	(5,951,751)	(5,939,087)
	<u>124,088,796</u>	<u>115,352,507</u>	<u>126,761,744</u>	<u>121,954,879</u>

12. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

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

	30 June 2016	31 December 2015
Trade accounts receivable	19,792,003	23,362,034
Accumulated impairment losses on trade debtors (Note 22)	(4,197,836)	(3,986,937)
	<u>15,594,167</u>	<u>19,375,097</u>
Taxes recoverable	11,779,971	12,626,936
Loans granted to and other amounts to be received from related parties	76,516	74,506
Other current assets		
Suppliers with a debtor balance	375,547	458,365
Other debtors	4,157,006	4,369,117
Accounts receivable from the sale of financial investments	45,296,696	4,656,580
Accounts receivable from the sale of tangible assets	450,200	10,525
Interest receivable	134,597	42,156
Deferred costs - Rents	517,406	291,265
Deferred costs - External supplies and services	1,038,822	1,121,317
Other current assets	9,491,955	4,714,764
	<u>61,462,228</u>	<u>15,664,089</u>
Accumulated impairment losses on other current assets (Note 22)	(563,984)	(565,400)
	<u>88,348,898</u>	<u>47,175,228</u>
Trade accounts receivable and other current assets		

In the amount of “Accounts receivable from the sale of financial investments”, about 41 million euro are related to the shareholding participation in Norscut.

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13. DEFERRED TAXES

Deferred tax assets and liabilities as at 30 June 2016 and 31 December 2015 can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Amortisation and Depreciation harmonisation adjustments	566,444	592,345	3,801,758	3,754,439
Provisions and impairment losses of non-tax deductible	6,609,737	6,682,330	-	-
Write off of tangible and intangible assets	71,250	71,250	-	-
Revaluation of tangible assets	-	-	93,594	93,307
Tax losses carried forward	16,199,128	16,252,396	-	-
Write off of stocks	-	-	520,364	548,376
Taxable temporary differences arising from the fair value of non-current liabilities	-	-	6,536,401	6,543,174
Others	18,287	21,990	-	9,252
	<u>23,464,846</u>	<u>23,620,310</u>	<u>10,952,118</u>	<u>10,948,548</u>

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

	30 June 2016			31 December 2015		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2012	19,769,442	4,151,583	2017	20,023,107	4,204,852	2017
Generated in 2013	18,024,639	3,785,174	2018	18,024,639	3,785,174	2018
Generated in 2014	11,725,573	2,462,370	2026	11,725,573	2,462,370	2026
Generated in 2015	27,619,048	5,800,000	2027	27,619,048	5,800,000	2027
Generated in 2016	-	-	2028	-	-	2028
	<u>77,138,702</u>	<u>16,199,128</u>		<u>77,392,368</u>	<u>16,252,396</u>	
With a time limit different from the above mentioned	-	-		-	-	
	<u>77,138,702</u>	<u>16,199,128</u>		<u>77,392,368</u>	<u>16,252,396</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 30 June 2016, tax losses carried forward amounting to 80,883,506 euro (75,631,592 euro as at 31 December 2015), have not originated deferred tax assets for prudential reasons and are detailed as follows:

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	30 June 2016			31 December 2015		
	Tax losses carried forward	Tax Credit	Time limit	Tax losses carried forward	Tax Credit	Time limit
With limited time use						
Generated in 2012	13,872,225	2,913,167	2017	15,178,378	3,187,459	2017
Generated in 2013	26,050,520	5,470,609	2018	22,917,452	4,812,665	2018
Generated in 2014	1,832,844	384,897	2026	22,249	4,672	2026
Generated in 2015	20,227,252	4,247,723	2027	18,638,746	3,914,137	2027
Generated in 2016	7,044,255	1,479,294	2028	-	-	2028
	<u>69,027,096</u>	<u>14,495,690</u>		<u>56,756,825</u>	<u>11,918,933</u>	
Without limited time use	11,464,075	2,866,019		-	-	
With a time limit different from the above mentioned	392,335	91,262		18,874,767	4,758,800	
	<u>11,856,409</u>	<u>2,957,280</u>		<u>18,874,767</u>	<u>4,758,800</u>	
	<u>80,883,506</u>	<u>17,452,971</u>		<u>75,631,592</u>	<u>16,677,733</u>	

14. CASH AND CASH EQUIVALENTS

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

	30 June 2016	31 December 2015
Cash at hand	145,285	111,450
Bank deposits	4,228,325	35,201,904
Treasury applications	4,603	4,897
Cash and cash equivalents on the balance sheet	<u>4,378,212</u>	<u>35,318,251</u>
Bank overdrafts - (Note 17)	(3,405)	-
Cash and cash equivalents in the statement of cash-flows	<u>4,374,808</u>	<u>35,318,251</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 euro each.

As at 30 June 2016, Sonae Capital SGPS, S.A. owns 5,516,226 own shares (5,914,571 own shares at 31 December 2015) booked for 1,404,226 euro (1,426,791 euro at 31 December 2015).

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 30 June 2016 and 31 December 2015 are as follows:

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	30 June 2016	31 December 2015
Demerger reserve	132,638,253	132,638,253
Translation reserves	28,457	(23,350)
Hedging reserves	11,758	(11,956)
Other reserves and retained earnings	(88,365,486)	(80,993,753)
Reserves and retained earnings	44,312,982	51,609,194

Demerger reserve

The demerger originated a reserve in the amount of 132,638,253 euro, which has a treatment similar to that of a Legal Reserve. According to Company Law, it cannot be distributed to shareholders, unless the company is liquidated, but can be used to make good prior year losses, once other reserves have been used fully, or for capital increases.

Translation reserves

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

Hedging Reserve

The reserve is comprised by the fair value of hedging derivatives and the accrued interest of that derivative, and it is transferred to profit and loss when its subsidiaries are sold or liquidated.

16. NON CONTROLLING INTERESTS

Movements in non-controlling interests in the periods ended 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015
Opening balance as at 1 January	10,247,125	9,375,864
Changes in hedging reserves	-	721
Changes in the percentage of capital held in affiliated companies	(119,266)	219,830
Changes resulting from currency translation	(1,277)	38,920
Dividends paid	(1,425,614)	(1,079,240)
Others	1	(1)
Profit for the period attributable to minority interests	677,016	1,691,031
Closing balance	9,377,985	10,247,125

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

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17. BORROWINGS

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

	30 June 2016		31 December 2015		Repayable on
	Outstanding amount		Outstanding amount		
	Current	Non Current	Current	Non Current	
Bank loans					
Sonae Capital SGPS - commercial paper ^{a)}	25,750,000	-	-	-	Mar/2018
Sonae Capital SGPS - commercial paper ^{d)}	8,250,000	-	8,250,000	-	Dec/2016
Sonae Capital SGPS - commercial paper ^{b)}	-	10,350,000	-	-	Aug/2018
Sonae Capital SGPS - commercial paper ^{c)}	-	30,000,000	-	30,000,000	Dec/2017
Sonae Capital SGPS - commercial paper ^{f)}	-	-	3,250,000	1,500,000	May/2017
Sonae Capital SGPS - commercial paper ^{g)}	-	-	1,200,000	4,800,000	Mar/2020
Sonae Capital SGPS - commercial paper ^{h)}	-	20,000,000	-	-	Jun/2021
Sonae Capital SGPS ^{e)}	-	-	3,290,000	9,047,500	Sep/2019
Up-front fees	-	(150,207)	-	(255,080)	
Others	1,218,460	1,196,069	1,735,702	1,600,754	
	<u>35,218,460</u>	<u>61,395,862</u>	<u>17,725,702</u>	<u>46,693,174</u>	
Bank overdrafts (Note 14)	3,405	-	-	-	
Bank loans	<u>35,221,865</u>	<u>61,395,862</u>	<u>17,725,702</u>	<u>46,693,174</u>	
Bond Loans					
Sonae Capital 2011/2016 Bonds	-	-	10,000,000	-	Jan/2016
SC, SGPS, S.A. 2008/2018 Bonds	-	-	50,000,000	-	Mar/2018
Sonae Capital 2014/2019 Bonds	-	42,500,000	-	42,500,000	May/2019
Up-front fees	-	(321,334)	(17,938)	(376,402)	
Bond Loans	<u>-</u>	<u>42,178,666</u>	<u>59,982,062</u>	<u>42,123,598</u>	
Other loans	273,384	246,177	311,968	297,289	
Derivatives (Note 18)	-	-	25,952	-	
Obligations under finance leases	3,091,673	18,131,894	2,546,998	14,886,301	
Up-front fees on finance leases	-	(80,824)	-	(76,760)	
	<u>38,586,922</u>	<u>121,871,775</u>	<u>80,592,682</u>	<u>103,923,602</u>	

- Short term commercial paper programme, issued on 28 March 2008 and valid for a 10 year period, which may be extended at the option of Sonae Capital. Placed in investors or financial institutions and guaranteed by credit lines, with commitment of at least six months to a year, placed in relationship banks.
- Commercial paper programme, with subscription guarantee, issued on 31 March 2011 and valid up to August 2018, except if the reimbursement is anticipated under the contracted terms of the call/put option, in August 2016. This loan is guaranteed by a mortgage on real estate assets.
- Commercial paper programme, with subscription guarantee, issued on 27 December 2012 and valid up to December 2017.
- Commercial paper programme, with subscription guarantee, issued on 31 December 2013, with automatic annual renewals up to 3 years, unless denounced by either party.
- Bank loan guaranteed by a mortgage on real estate, started on 2 June 2011 and valid up to September 2019, with quarterly payments. At the date of the financial statements, the bank loan was fully refunded.
- Commercial paper programme, with subscription guarantee, issued on 7 May 2014 and valid for a 3 year period, with semi-annual payments. At the date of the financial statements, the programme was fully refunded.
- Commercial paper programme, with subscription guarantee, issued on 18 March 2015 and valid up to March 2020, with annual payments. At the date of the financial statements, the programme was fully refunded.
- Commercial paper programme, with subscription guarantee, issued on 23 de June 2016 and valid for a 5 years period, with annual payments.

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As at 30 June 2016, borrowings of the Group were as follows:

- Sonae Capital, SGPS, SA, 2014/2019 bond loan in the amount of 42,500,000 euro, with a 5 year maturity, and a sole reimbursement on 28 May 2019. This bond loan bears interest every six months.

The interest rate on bonds and bank loans in force on 30 June 2016 was on average 2.65% (2.83% in December 2015)

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.

Other non-current loans include government refundable grants to group companies, which do not bear interest.

The Group has a loan covenant negotiated in accordance with market practices and is in regular compliance at the present date.

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

	30 Junho 2016		31 December 2015	
	Nominal value	Interest	Nominal value	Interest
N+1 ^{a)}	38,672,574	3,749,414	80,584,669	4,867,436
N+2	45,608,673	2,869,023	39,321,659	3,938,199
N+3	54,758,386	2,147,203	7,644,816	2,421,339
N+4	8,523,272	316,752	49,335,366	1,074,827
N+5	8,076,633	175,340	3,505,904	87,101
After N+5	5,368,120	100,954	4,824,098	109,720
	<u>161,007,658</u>	<u>9,358,686</u>	<u>185,216,512</u>	<u>12,498,622</u>

- a) Includes amounts drawn under commercial paper programmes. Of the total amount maturing in N+1, 88% concerns to commercial paper taken under lines of credit with commitment exceeding one year. Taking into account the policies and measures to manage liquidity risk, no risks that could jeopardize the continuity of operations are anticipated.

In the case any Bank institution or commercial paper investor do not renew, at the maturity date, its respective loans, the Group has credit lines available to overcome such renewables.

18. DERIVATIVES

Interest rate derivatives

Hedging instruments used by the Group as at 30 June 2016 were mainly interest rate options (cash-flow hedges) contracted with the goal of hedging interest rate risks on loans in the amount of 386,525 euro, whose fair value is null (25,952 euro at 31 December 2015) is recorded as liabilities in other loans (Note 17). As at 30 June 2016 and 31 December 2015, all derivatives are hedging derivatives.

These interest rate hedging instruments are valued at fair value as at the balance sheet date, determined by valuations made by the Group using derivative valuation calculation schedules and external valuations when these schedules do not permit the valuation of certain instruments. For options, fair value is determined using the Black-Scholes model and its variants.

The fair value of derivatives is calculated using valuation models based on assumptions which are confirmed by market benchmarks, thus complying with level 2 requirements set on the IFRS 7.

Risk coverage guidelines generally used by the Group in contractually arranged hedging instruments are as follows:

- Matching between cash-flows received and paid, i.e., there is a perfect match between the dates of the re-fixing of interest rates on financing

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contracted with the bank and the dates of the re-fixing of interest rates on the derivative;

- Perfect matching between indices: the reference index for the hedging instrument and that for the financing to which the underlying derivative relates are the same;
- In the case of extreme rises in interest rates, the maximum cost of financing is limited.

Counterparts for derivatives are selected based on their financial strength and credit risk profile, with this profile being generally measured by a rating note attributed by rating agencies of recognized merit. Counterparts for derivatives are top level, highly prestigious financial institutions which are recognized nationally and internationally.

Fair value of derivatives

The fair value of derivatives is as follows:

	Assets		Liabilities	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Non-Hedge accounting derivatives				
Interest rate	-	-	-	-
Hedge accounting derivatives				
Interest rate (Note 17)	-	-	-	25,952
Other derivatives	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,952</u>

19. OTHER NON-CURRENT LIABILITIES

As at 30 June 2016 and 31 December 2015 other current liabilities can be detailed as follows:

	30 June 2016	31 December 2015
Loans and other amounts payable to related parties		
Plaza Mayor Parque de Ocio, SA (Note 26)	1,877,553	1,928,510
Others	230,847	230,846
	<u>2,108,400</u>	<u>2,159,356</u>
Other creditors		
Creditors in the restructuring process of Torralta	592,027	561,891
Others	-	-
	<u>592,027</u>	<u>561,891</u>
Deferred income		
Obligations by share-based payments (Note 20)	226,429	312,372
	<u>226,429</u>	<u>312,372</u>
Other non current liabilities	<u>2,926,856</u>	<u>3,033,619</u>

20. SHARE-BASED PAYMENTS

Sonae Capital Group granted deferred performance bonuses to employees, based on shares of Sonae Capital SGPS, SA to be acquired at nil cost, three years after they were attributed to the employee. In any case, 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.

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The option can only be exercised if the employee still works for the Sonae Capital Group on the vesting date.

As at 30 June 2016 and 31 December 2015, 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	
			30 June 2016	31 December 2015
2013	2016	7	-	579,291
2014	2017	6	295,468	272,420
2015	2018	6	372,767	335,036
2016	2019	6	267,960	-
			<u>936,195</u>	<u>1,186,747</u>

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

	30 June 2016	31 December 2015
Other non current liabilities (Note 19)	226,429	312,372
Other current liabilities	247,479	579,291
Reserves	170,768	34,317
Staff Costs	303,140	857,346

21. TRADE ACCOUNTS PAYABLE

As at 30 June 2016 and 31 December 2015 trade accounts payable can be detailed as follows:

	30 June 2016	31 December 2015
Trade creditors	19,177,920	17,167,600
Loans granted by and other payables to related parties	433,652	318,490
Other current liabilities		
Fixed assets suppliers	1,023,117	1,273,301
Advances from customers and down payments	8,649,894	8,291,899
Other creditors	2,050,724	1,678,532
Taxes and contributions payable	4,793,066	3,570,359
Accrued staff costs	6,085,243	5,902,111
Amounts invoiced for works not yet completed	7,832,541	3,219,828
Accrued expenses with purchases - Energy Segment	2,079,573	2,321,743
Interest payable	210,744	611,463
Investment aid	1,462,120	1,447,902
Other liabilities	10,262,809	11,158,051
	<u>44,449,831</u>	<u>39,475,189</u>
Trade accounts payable and other current liabilities	<u>64,061,403</u>	<u>56,961,279</u>

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22. PROVISIONS AND ACUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses over the period ended 30 June 2016 were as follows:

Captions	Balance as at 1 January 2016	Increases	Decreases	Utilisations	Transfers	Balance as at 30 June 2016
Accumulated impairment losses on:						
Tangible Assets (Note 7)	39,129,797	58,507	-	-	-	39,188,304
Goodwill (Note 8)	1,301,596	-	-	-	-	1,301,596
Other Investments (Notes 5 and 9)	323,781	-	-	-	-	323,781
Other non current assets (Note 10)	34,916	-	-	-	-	34,916
Trade accounts receivable (Note 12)	3,986,937	441,443	(202,130)	(28,414)	-	4,197,836
Other current assets (Note 12)	565,400	26,252	(27,186)	(482)	-	563,984
Stocks (Note 11)	5,951,751	-	(2,162)	-	5,270,931	11,220,520
Non current provisions	3,079,824	-	-	-	-	3,079,824
Current provisions	5,357,926	307,701	(32,515)	(1,260,641)	-	4,372,471
	59,731,928	833,903	(263,993)	(1,289,537)	5,270,931	64,283,232

During an inventory of assets at 31 March 2016, it was detected that the recording of the impairment costs of previous years, in some assets, was made in the account of the gross amount of the asset, and not in the impairment account as it should have been.

It was decided to transfer these amounts to the correct impairment account, and disclose this event under transfers.

As at 30 June 2016 and 31 December 2015 detail of other provisions was as follows:

	30 June 2016	31 December 2015
Judicial claims	2,100,439	2,033,391
Provision for guaranteed income	2,784,012	3,838,298
Others	2,567,843	2,566,061
	7,452,295	8,437,750

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.

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23. OTHER OPERATIONAL INCOME

Other operational income for the period ended 30 June 2016 and 30 June 2015 was as follows:

	30 June 2016	30 June 2015
Own work capitalised	6,794	1,835,769
Gains on sales of assets	291,240	8,067,685
Supplementary income	230,861	326,491
Others	1,498,607	3,943,855
Total	2,027,502	14,173,800
Discontinued Operations	-	(161,534)
Continued Operations	2,027,502	14,012,266

24. CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2016 and 31 December 2015 the most important contingent liabilities referred to guarantees given and were made up as follows:

	30 June 2016	31 December 2015
Guarantees given:		
on VAT reimbursements	5,105,475	5,105,475
on tax claims	17,734,918	9,956,905
on municipal claims	1,134,224	1,134,224
garantees given on rental contracts	3,597,861	-
Others	11,036,307	12,082,176

Others include the following guarantees:

- 6,711,074 euro as at 30 June 2016 (6,114,365 euro as at 31 December 2015) of guarantees on construction works given to clients;
- 3,766,391 euro as at 30 Junho 2016 (5.264.966 euro as at 31 December 2015) of guarantees given concerning building permits in the Resorts segments.

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

25. INVESTMENT INCOME

As at 30 June 2016 and 31 June 2015, Investment income was made up as follows:

	30 June 2016	30 June 2015
Dividends	105,147	162,792
Adjustment to the selling price of "Box Lines Navegação"	48,377	
Gains on disposal of investments in group companies	48,377	-
Capital gain associated to the sale of Norscut - Concessionária de Auto-Estradas, SA	16,090,448	-
Sale of investment units from Fundo de Investimento Imobiliário Fechado Imosedo		(263,315)
Income from "Fundo de Investimento Imobiliário Imosonae Dois"	12,601	-
Gains/(Losses) on sale of other investments	16,103,049	(263,315)
Others	-	(89)
Investment Income	-	(100,612)

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Consolidated Financial Statements

26. TAXATION

As at 30 June 2016 and 30 June 2015, Taxation was made up as follows:

	30 June 2016	30 June 2015
Current tax	221,170	2,095,892
Deferred tax	155,877	(1,124,883)
Taxation	377,046	971,009

27. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 30 June 2016 and 2015, the reconciliation of consolidated net profit can be analysed as follows:

	30 June 2016	30 June 2015
Aggregate net profit	80,465,547	(23,431,207)
Harmonisation adjustments	(396,224)	(376,908)
Elimination of intragroup dividends	(454,096,128)	(38,005,252)
Share of gains/(losses) of associated undertakings	36,177	2,039,426
Elimination of intragroup capital gains/(losses)	(1,726,000)	(3,221,077)
Elimination of intragroup impairment	392,244,800	13,987,096
Adjustments of gains/(losses) on assets disposals	-	4,142,033
Adjustments of gains/(losses) of financial shareholdings sale	(6,711,654)	45,722,322
Consolidated net profit for the year	9,816,519	856,433

28. RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Parent company (a)	-	-	-	-
Associated companies	31,220	194,561	12,356	15,987
Other partners and Group companies (b)	22,652,568	12,971,993	1,661,072	2,206,038
	<u>22,683,788</u>	<u>13,166,554</u>	<u>1,673,428</u>	<u>2,222,025</u>

Transactions	Interest income		Interest expenses	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Parent company (a)	-	-	-	-
Associated companies	165,700	503,679	-	-
Other partners and Group companies (b)	-	-	48,984	55,906
	<u>165,700</u>	<u>503,679</u>	<u>48,984</u>	<u>55,906</u>

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Balances	Accounts receivable		Accounts payable	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Parent company (a)	-	-	-	-
Associated companies	184,134	79,083	9,179	6,302
Other partners and Group companies (b)	9,592,356	10,106,073	9,139,744	8,946,752
	<u>9,776,490</u>	<u>10,185,156</u>	<u>9,148,923</u>	<u>8,953,054</u>

Balances	Loans obtained		Loans granted	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Parent company (a)	-	-	-	-
Associated companies	-	-	6,730,593	6,689,090
Other partners and Group companies (b)	1,877,553	1,928,510	-	-
	<u>1,877,553</u>	<u>1,928,510</u>	<u>6,730,593</u>	<u>6,689,090</u>

- a) The parent company is Efanor Investimentos, SGPS, SA;
b) Balances and transactions with Group Sonae, SGPS and Group Sonae Indústria, SGPS, SA are included under Other partners in Group companies.

29. EARNINGS PER SHARE

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

	30 June 2016	30 June 2015
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	9,139,503	196,406
Net profit taken into consideration to calculate diluted earnings per share	<u>9,139,503</u>	<u>196,406</u>
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	246,740,156	246,303,242
Weighted average number of shares used to calculated diluted earnings per share	<u>246,740,156</u>	<u>246,303,242</u>
Earnings per share (basic and diluted)	<u>0.037041</u>	<u>0.000797</u>

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

30. SEGMENTS INFORMATION

In 30 June 2016 and 31 December 2015, the following were identified as segments:

- Resorts
- Hotels
- Fitness
- Energy
- Refrigeration and HVAC
- Other Assets

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The contribution of the business segments to the income statement of the periods ended 30 June 2016 and 30 June 2015 can be detailed as follows:

30 June 2016								
Profit and Loss Account	Resorts	Hotels	Fitness	Energy	Refrigeration and HVAC	Other Assets	Intersegment Adjustments	Consolidated
Turnover	10,041,777	6,443,946	8,592,666	21,505,569	28,705,166	9,558,801	-5,465,509	79,382,416
Other operational income	1,218,690	234,113	149,086	742,898	223,366	162,720	-703,371	2,027,502
Total operational income	11,260,467	6,678,059	8,741,752	22,248,467	28,928,532	9,721,521	-6,168,880	81,409,918
Operational cash-flow (EBITDA)	275,159	-2,344,350	1,006,372	4,291,029	1,454,047	954,694	-199	5,636,752

30 June 2015								
Profit and Loss Account	Resorts	Hotels	Fitness	Energy	Refrigeration and HVAC	Other Assets	Intersegment Adjustments	Consolidated
Turnover	10,664,927	5,734,945	7,447,919	28,593,085	23,760,271	7,051,824	-7,541,193	75,711,778
Other operational income	5,066,634	200,542	197,501	735,788	232,567	6,432,009	1,147,225	14,012,266
Total operational income	15,731,561	5,935,487	7,645,420	29,328,873	23,992,838	13,483,833	-6,393,968	89,724,044
Operational cash-flow (EBITDA)	1,277,841	-2,505,025	854,687	5,699,524	731,105	6,602,520	-39,701	12,620,951

The contribution of the business segments to the Balance sheets as at 30 June 2016 and 31 December 2015 can be detailed as follows:

30 June 2016								
Balance Sheet	Resorts	Hotels	Fitness	Energy	Refrigeration and HVAC	Other Assets	Intersegment Adjustments	Consolidated
Fixed Assets Tangible, Intangible and Goodwill	146,541,713	13,120,919	8,652,576	25,260,619	9,917,694	109,705,331	-45,710	313,153,143
Investments	46,729,213	10,705,891	27,526	255,460	7,040	350,231,744	-406,113,573	1,843,302
Other Assets	67,366,005	7,054,336	2,345,610	9,125,321	48,161,939	600,339,118	-492,111,162	242,281,168
Total Assets	260,636,931	30,881,146	11,025,712	34,641,401	58,086,673	1,060,276,194	-898,270,444	557,277,613
Total Liabilities	231,007,264	27,164,305	7,466,410	30,443,627	24,449,217	393,406,229	-468,085,683	245,851,369
Technical investment	271,548	1,190,407	621,881	200,936	59,326	649,412	-45,990	2,947,520
Gross Debt	12,722,199	-	214,883	10,765,649	345,216	136,410,750	-	160,458,697
Net Debt	12,504,981	-96,945	150,959	10,498,271	-390,637	133,413,856	-	156,080,485

REPORT AND ACCOUNTS – JUNE 2016

Consolidated Financial Statements

31 December 2015

Balance Sheet	Resorts	Hotels	Fitness	Energy	Refrigeration and HVAC	Other Assets	Intersegment Adjustments	Consolidated
Fixed Assets Tangible, Intangible and Goodwill	149,956,529	12,436,077	9,005,028	26,895,189	9,993,052	111,446,972	-6,010	319,726,837
Investments	41,797,580	10,705,291	27,638	213,433	4,283	360,907,202	-400,097,398	13,558,029
Other Assets	76,197,823	8,070,031	2,747,073	10,745,078	42,435,788	593,656,434	-493,104,764	240,747,465
Total Assets	267,951,933	31,211,399	11,779,739	37,853,700	52,433,123	1,066,010,608	-893,208,172	574,032,331
Total Liabilities	231,646,193	29,764,342	9,121,409	35,009,190	18,086,642	433,849,763	-493,580,059	263,897,480
Technical investment	1,437,829	575,136	1,312,420	6,242,443	191,289	4,805,144	-	14,564,262
Gross Debt	13,654,719	-	261,161	6,693,808	684,942	163,221,655	-	184,516,284
Net Debt	13,471,474	-104,405	221,797	6,306,008	-813,557	130,116,717	-	149,198,033

31. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 30 June 2016.

32. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 28 July 2016.

The Board of Directors

PART IV
**INDIVIDUAL FINANCIAL
STATEMENTS**
30 JUNE 2016



SONAE CAPITAL

REPORT AND ACCOUNTS - JUNE 2016

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL BALANCE SHEET AS AT 30 JUNE 2016 AND 31 DECEMBER 2015

(Amounts expressed in euro)

ASSETS	Notes	30-06-2016	31-12-2015
NON-CURRENT ASSETS:			
Tangible assets		29,036	29,790
Investments	4	347,148,268	352,789,105
Deferred tax assets	7	8,275,218	8,275,218
Other non-current assets	5	374,301,850	376,801,628
Total non-current assets		729,754,372	737,895,741
CURRENT ASSETS:			
Taxes recoverable	6	2,034,148	1,525,643
Other current assets	6	55,366,153	49,145,079
Cash and cash equivalents		6,936	30,562,977
Total Current Assets		57,407,237	81,233,698
TOTAL ASSETS		787,161,609	819,129,439
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	9	250,000,000	250,000,000
Own Shares	9	(1,404,226)	(1,426,791)
Legal Reserve	10	10,073,164	9,463,225
Other reserves	10	306,815,095	309,676,446
Profit/(Loss) for the year		33,689,005	12,198,782
TOTAL EQUITY		599,173,038	579,911,662
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank Loans	11	60,229,207	45,125,994
Bonds	11	42,178,666	42,123,598
Other non current liabilities		176,280	107,760
Total Non-Current Liabilities		102,584,153	87,357,352
CURRENT LIABILITIES:			
Trade creditors		74,854	101,559
Bank Loans	11	34,000,000	25,990,000
Other creditors	12	50,528,911	124,763,497
Other current liabilities	13	800,653	1,005,369
Total Current Liabilities		85,404,418	151,860,425
TOTAL LIABILITIES		187,988,571	239,217,777
TOTAL EQUITY AND LIABILITIES		787,161,609	819,129,439

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS - JUNE 2016

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL INCOME STATEMENTS BY NATURE

FOR THE SIX MONTHS ENDED 30 JUNE 2016 AND 2015

(Amounts expressed in euro)

	Notes	30-06-2016	30-06-2015
Operational profit			
Other operating income		54,036	11,721
Operational profit total		<u>54,036</u>	<u>11,721</u>
Operational loss			
External supplies and services	14	(486,491)	(492,334)
Staff costs	15	(647,696)	(695,513)
Depreciation and amortisation		(754)	(1,436)
Other operating expenses		(92,733)	(45,776)
Total operating expenses		<u>(1,227,674)</u>	<u>(1,235,059)</u>
Operational profit/(loss)		(1,173,638)	(1,223,338)
Financial Expenses	16	(3,552,636)	(4,915,471)
Financial Income	16	9,447,876	16,347,424
Net financial income / (expenses)		5,895,240	11,431,953
Investment income	16	28,824,614	3,500,638
Profit/(Loss) before taxation		33,546,216	13,709,253
taxation	17	142,789	675,109
Profit / (Loss) for the year		33,689,005	14,384,362
Profit/(Loss) per share			
Basic and Diluted	18	0.136536	0.058401

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS - JUNE 2016

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL INCOME STATEMENTS BY NATURE

FOR THE SECOND QUARTERS OF 2016 AND 2015

(Amounts expressed in euro)

	Notes	2- QUARTER 2016	2- QUARTER 2015
Operational profit			
Other operating income		41,558	4,623
Operational profit total		41,558	4,623
Operational loss			
External supplies and services		(234,576)	(234,274)
Staff costs		(283,825)	(242,936)
Depreciation and amortisation		(377)	(426)
Other operating expenses		(17,623)	(25,234)
Total operating expenses		(536,401)	(502,870)
Operational profit/(loss)		(494,843)	(498,247)
Financial Expenses		(1,836,764)	(2,548,324)
Financial Income		4,726,438	9,281,739
Net financial income / (expenses)		2,889,674	6,733,415
Investment income		28,046,681	(18,787,018)
Profit/(Loss) before taxation		30,441,512	(12,551,850)
taxation		(92,641)	363,113
Profit/(Loss) for the year		30,348,871	(12,188,737)
Profit/(Loss) per share			
Basic and Diluted		0.122999	(0.049487)

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS - JUNE 2016

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016 AND 2015

(Amounts expressed in euro)

	30-06-2016	30-06-2015
Individual net profit/(loss) for the period	33,689,005	14,384,362
Items that may be reclassified subsequently to net profit / (loss):		
Changes in the currency translation differences		
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	-	-
Tax related to other comprehensive income captions	-	-
Other comprehensive income for the period	-	-
Total comprehensive income for the period	33,689,005	14,384,362

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS - JUNE 2016

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

FOR THE SECOND QUARTERS OF 2016 AND 2015

(Amounts expressed in euro)

	2- QUARTER 2016	2- QUARTER 2015
Individual net profit/(loss) for the period	30,348,871	(12,188,737)
	-	-
Items that may be reclassified subsequently to net profit / (loss):		
Changes in the currency translation differences	-	-
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	-	-
Tax related to other comprehensive income captions	-	-
Other comprehensive income for the period	-	-
Total comprehensive income for the period	30,348,871	(12,188,737)

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS - JUNE 2016

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016 AND 2015

(Amounts expressed in euro)

	Share Capital	Own Shares	Fair Value Reserves	Other Reserves	Retained Earnings	Sub total	Net Profit/(Loss)	Total Equity
Balance as at 1 January 2015	250,000,000	(1,486,301)	8,611,464	293,493,001	-	302,104,465	17,035,205	567,653,369
Total individual comprehensive income for the period	-	-	-	-	-	-	14,384,362	14,384,362
Appropriation of profit of 2014:								
Transfer to legal reserves and retained earnings	-	-	851,760	16,183,445	-	17,035,205	(17,035,205)	-
Dividends paid	-	-	-	-	-	-	-	-
(Acquisition)/Sales of own shares	-	72,435	-	-	-	-	-	72,435
Other changes	-	-	-	-	-	-	-	-
Balance as at 30 June 2015	250,000,000	(1,413,866)	9,463,225	309,676,446	-	319,139,671	14,384,362	582,110,167
Balance as at 1 January 2016	250,000,000	(1,426,791)	9,463,225	309,676,446	-	319,139,671	12,198,782	579,911,662
Total individual comprehensive income for the period	-	-	-	-	-	-	33,689,005	33,689,005
Appropriation of profit of 2015:								
Transfer to legal reserves and retained earnings	-	-	609,939	-	11,588,843	12,198,782	(12,198,782)	-
Dividends paid	-	-	-	(3,080,184)	(11,588,843)	(14,669,027)	-	(14,669,027)
(Acquisition)/Sales of own shares	-	22,565	-	218,833	-	218,833	-	241,398
Other changes	-	-	-	-	-	-	-	-
Balance as at 30 June 2016	250,000,000	(1,404,226)	10,073,164	306,815,095	-	316,888,259	33,689,005	599,173,038

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS - JUNE 2016

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF CASH FLOWS

FOR THE SIX AND THREE MONTHS ENDED 30 JUNE 2016 AND 2015

(Amounts expressed in euro)

	Notes	30-06-2016	30-06-2015	2- QUARTER 16	2- QUARTER 15
OPERATING ACTIVITIES:					
Cash receipts from trade debtors		9,512	-	(120)	-
Cash receipts from trade creditors		540,683	517,559	323,412	339,460
Cash paid to employees		413,557	894,290	147,059	696,747
Cash flow generated by operations		(944,728)	(1,411,849)	(470,591)	(1,036,207)
Income taxes (paid) / received		232,124	519	94	(500)
Other cash receipts and (payments) relating to operating activities		(336,652)	2,901	(125,025)	230,924
Net cash from operating activities (1)		(1,513,504)	(1,409,467)	(595,710)	(804,783)
INVESTMENT ACTIVITIES:					
<u>Cash receipts arising from:</u>					
Investments		382	346,542,712	382	(8,678)
Interest and similar income		16,242,517	5,496,655	6,997	220,828
Dividends		28,046,298	22,184,180	28,046,298	22,184,180
Others		777,933	-	-	-
Loans granted		-	-	(240,000)	-
		45,067,131	374,223,547	27,813,677	22,396,330
<u>Cash Payments arising from:</u>					
Investments		1,103,963	-	1,103,963	-
Tangible assets		1,250	9,515	-	-
Loans granted		3,330,968	352,952,772	(6,429,130)	(1,167,228)
		4,436,181	352,962,287	(5,325,167)	(1,167,228)
Net cash used in investment activities (2)		40,630,951	21,261,261	33,138,845	23,563,559
FINANCING ACTIVITIES:					
<u>Cash receipts arising from:</u>					
Sale of own shares		144,043	72,435	144,043	72,435
Loans obtained		63,650,000	12,618,574	34,350,000	1,652,144
		63,794,043	12,691,009	34,494,043	1,724,579
<u>Cash Payments arising from:</u>					
Interest and similar charges		3,593,724	3,905,063	2,223,479	2,608,692
Dividends		14,665,371	-	14,665,371	-
Loans obtained		115,208,436	22,448,800	50,697,721	11,422,500
		133,467,531	26,353,863	67,586,571	14,031,192
Net cash used in financing activities (3)		(69,673,488)	(13,662,854)	(33,092,528)	(12,306,613)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(30,556,041)	6,188,940	(549,393)	10,452,163
Cash and cash equivalents at the beginning of the period	8	30,562,977	5,112,291	556,329	849,067
Cash and cash equivalents at the end of the period	8	6,936	11,301,230	6,936	11,301,230

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS - JUNE 2016

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(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 Commercial Companies Code.

The Company's financial statements are presented as required by the Commercial Companies Code. 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 2015.

2.1 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.

4. FINANCIAL INVESTMENTS

As at 30 June 2016 and 31 December 2015 Investments are detailed as follows:

	30 June 2016	31 December 2015
Investments in affiliated and associated undertakings	361,968,778	360,864,815
Investments in other companies		
Sonae RE - (0,04%)	1,200	1,200
Fundo Invest. Imob. Imosonae Dois - (0,001%)	2,546	2,546
Matadouro Alto Alentejo, SA - (0,89%)	1	1
NET Novas Tecnologias, SA - (2,80%)	23,034	23,034
Fundo F HITEC - (6,46%)	250,950	250,950
	362,246,509	361,142,546
Impairment	(15,098,241)	(8,353,441)
	347,148,268	352,789,105

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4.1 Investments in affiliated and associated undertakings

As at 30 June 2016 and 31 December 2015, the detail of Investments in Affiliated and Associated Companies is as shown in the table below:

30.06.2016						
Sociedade	% Held	Fair Value	Book Value	Fair Value Reserve	Equity	Profit / (Loss) for the period
CAPWATT, S.G.P.S., S.A.	100.00%		2,725,000		8,019,413	5,291,502
Fundo Esp de Invest. Imob Fechado WTC	59.87%		42,268,382		72,643,526	1,630,950
Troiaresort, SGPS, S.A.	100.00%		167,132,793		80,485,571	(1,059,369)
Interlog - SGPS, S.A.	98.94%		21,658,210		21,838,786	15,959
Lidergraf - Artes Gráficas, SA.	24.50%		1,125,301		6,814,013	502,302
SC Assets S.G.P.S., SA	100.00%		25,577,659		29,082,418	11,783,944
Sonae Turismo, S.G.P.S., S.A.	100.00%		5,857,175		6,679,778	238,494
SC Finance B.V.	100.00%		263,698		(10,399,361)	(527,087)
SC-Eng. e Promoção imobiliária, S.G.P.S., S.A.	100.00%		34,575,100		36,804,276	35,604,276
Sistavac, SGPS, S.A.	70.00%		32,492,436		40,845,415	(44,918)
Solinca - Health & Fitness, S.A.	100.00%		14,446,494		3,559,302	1,704
Spred, S.G.P.S., S.A.	100.00%		13,846,529		194,330	51,356
Total			361,968,778			

Perdas por imparidade

SC Assets S.G.P.S., SA	3,469,412
Spred, S.G.P.S., S.A.	11,628,829
Total	15,098,241

31.12.2015						
Sociedade	% Held	Fair Value	Book Value	Fair Value Reserve	Equity	Profit / (Loss) for the period
CAPWATT, S.G.P.S., S.A.	100.00%		2,725,000		2,727,911	22,523
Fundo Esp de Invest. Imob Fechado WTC	59.57%		42,057,274		71,930,258	2,803,517
Troiaresort, SGPS, S.A.	100.00%		167,132,793		81,544,939	(1,267,436)
Interlog - SGPS, S.A.	98.94%		21,658,210		21,822,827	69,173
Lidergraf - Artes Gráficas, SA.	24.50%		1,125,301		5,657,875	920,936
SC Assets S.G.P.S., SA	100.00%		25,577,659		17,298,473	(2,965,535)
Sonae Turismo, S.G.P.S., S.A.	100.00%		5,857,175		6,441,284	(8,964,192)
SC Finance B.V.	100.00%		263,698		(9,872,274)	(10,166,776)
SC-Eng. e Promoção imobiliária, S.G.P.S., S.A.	100.00%		34,575,100		28,471,076	1,353,511
Sistavac, SGPS, S.A.	70.00%		32,492,436		41,890,333	742,129
Solinca - Health & Fitness, S.A.	100.00%		13,553,639		327,590	(892,854)
Spred, S.G.P.S., S.A.	100.00%		13,846,529		6,887,774	(1,923,514)
Total			360,864,815			

Perdas por imparidade

SC Assets S.G.P.S., SA	3,469,412
Spred, S.G.P.S., S.A.	4,884,029
Total	8,353,441

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

In 2015, impairment tests on financial investments were performed, 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 [6.98% - 11.86%]. 5 years projections were considered and growth rates in perpetuity were considered void.

As at 30 June 2016 and 31 December 2015, the detail of Impairments on Investments in Affiliated and Associated Companies is as shown in the table below:

	30 June 2016	31 December 2015	Variation
Spred, SGPS, SA	(11,628,829)	(4,884,029)	(6,744,800)
SC Assets SGPS SA	(3,469,412)	(3,469,412)	-
	(15,098,241)	(8,353,441)	(6,744,800)

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5. OTHER NON-CURRENT ASSETS

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

OTHER NON CURRENT ASSETS

	<u>30 June 2016</u>	<u>31 December 2015</u>
Loans granted to group companies:		
SC Assets, SGPS, SA	180,647,991	181,059,991
Troiareort, S.G.P.S., SA	186,861,637	186,861,637
SC Finance BV	5,885,000	5,885,000
Solinca - Health & Fitness, SA	<u>907,222</u>	<u>2,995,000</u>
	<u>374,301,850</u>	<u>376,801,628</u>

These assets were not due or impaired as at 30 June 2016. The fair value of loans granted to Group companies is basically the same as their book value.

Loans to group companies interest at market rates and are repayable within a period exceeding one year. The interest rate as at 30 June 2016 stood, in average, at approximately 4.617%.

6. OTHER CURRENT ASSETS and INCOME TAX

As at 30 June 2016 and 31 December 2015, other current assets and Income tax are made up as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Trade debtors	-	9,512
Other Debtors - Group	8,042,211	1,097,451
Loans granted	37,113,746	31,283,000
Other Debtors	161,553	28,188
Accrued income	9,475,795	16,240,101
Deferred costs	<u>572,849</u>	<u>486,827</u>
	<u>55,366,153</u>	<u>49,145,079</u>
Income tax withheld	<u>2,034,148</u>	<u>1,525,643</u>
	<u>57,400,301</u>	<u>50,670,722</u>

The balance registered at Shareholding, other Operations is related to the values transferred from subsidiaries under the IRC regime (RETGS).

As at 30 June 2016 and 31 December 2015, the item Loans Granted is related to financial operations with the following subsidiaries:

	<u>30 June 2016</u>	<u>31 December 2015</u>
SC Assets, SGPS, SA	13,628	10,000
SC Sociedade de Consultadoria, SA	-	5,000
SC Hospitality, SGPS, SA	6,150,848	5,341,000
CAPWATT, SGPS, S.A	7,868,000	16,711,000
Inparvi SGPS, SA	100,412	108,000
SC Finance BV	-	5,748,000
SC, SGPS, S.A	12,892,936	-
Solinca - Health & Fitness, SA	1,462,712	1,147,000
SC Engª. Promoção Imobiliária S.A,	5,938,500	-
Troiareort, S.G.P.S., SA	<u>2,686,709</u>	<u>2,213,000</u>
	<u>37,113,746</u>	<u>31,283,000</u>

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Loans to group companies interest at market rates and are repayable within a period inferior to one year. The interest rate as at 30 June 2016 stood, in average, at approximately 3.162%.

As at 30 June 2016 and 31 December 2015, the item Income tax is made up as follows:

	30 June 2016	31 December 2015
Income tax withheld	231,984	576,441
Income tax (advanced payment)	379,360	1,570,680
Income tax	<u>1,422,804</u>	<u>(621,478)</u>
	<u>2,034,148</u>	<u>1,525,643</u>

The amount registered in Accrued Income includes 9,427,659 euro relative to interest o loan granted to subsidiaries.

Deferred Costs includes 546,050 euros relative to bank commissions that are deferred for the loan period.

7. DEFERRED TAXES

Deferred tax assets and liabilities as at 30 June 2016 and 31 December 2015, can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Tax losses carried forward	8,275,218	8,275,218	-	-

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

	30 June 2016			31 December 2015		
	Prejuízo fiscal	Deferred tax assets	To be used until	Prejuízo fiscal	Deferred tax assets	To be used until
Generated in 2013	61,175	12,847	2018	61,175	12,847	2018
Generated in 2014	11,725,573	2,462,370	2026	11,725,573	2,462,370	2026
Generated in 2015	<u>27,619,048</u>	<u>5,800,000</u>	2028	<u>27,619,048</u>	<u>5,800,000</u>	2028
	<u>39,405,796</u>	<u>8,275,217</u>		<u>39,405,796</u>	<u>8,275,217</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.

The analysis carried out on 30 June 2016, 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 30 June 2016 and 31 December 2015, cash and cash equivalents can be detailed as follows:

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	30 June 2016	31 December 2015
Cash	-	-
Bank deposits	6,936	30,562,977
Cash and cash equivalents in the balance sheet	<u>6,936</u>	<u>30,562,977</u>
Bank overdrafts	-	-
Cash and cash equivalents in the cash flow statement	<u>6,936</u>	<u>30,562,977</u>

9. EQUITY

The share capital of Sonae Capital SGPS, SA both in June 2016 and December 2015 is represented by 250,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each.

As at 30 June 2016, Sonae Capital SGPS, SA holds 5,516,226 own shares representing 2.206% of the share capital (5,914,571 shares at 31 December 2015), recorded by 1,404,226 euros (1,426,791 euros at 31 December 2015) (Note 10).

10. RESERVES

As at 30 June 2016 and 31 December 2015 the caption Other Reserves can be detailed as follows:

	30 June 2016	31 December 2015
Free reserves	1 72,772,616	1 75,611,402
Demerger reserve	1 32,638,253	1 32,638,253
Own shares reserve	<u>1,404,226</u>	<u>1,426,791</u>
	<u>306,815,095</u>	<u>309,676,446</u>

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

The overall value of the demerger reserve (Note 1), representing the difference between the book value of the stake in SC, SGPS, SA (382,638,252 euros) which was split off from Sonae, SGPS, SA to the Company and the amount of the Company's share capital (250,000,000 euros) which is comparable to the legal Reserve, according to the Companies Code, 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 is positive, 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. As at 30 June 2016 the value of this item amounts to 10,073,164 Euros.

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.

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11. LOANS

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

	30 June 2016		31 December 2015	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae Capital SGPS - commercial paper a)	25,750,000	-	-	-
Sonae Capital SGPS - commercial paper d)	8,250,000	-	8,250,000	-
Sonae Capital SGPS - commercial paper b)	-	10,350,000	-	-
Sonae Capital SGPS - commercial paper c)	-	30,000,000	-	30,000,000
Sonae Capital SGPS e)	-	-	3,290,000	9,047,500
Sonae Capital SGPS - commercial paper g)	-	-	3,250,000	1,500,000
Sonae Capital SGPS - commercial paper i)	-	-	1,200,000	4,800,000
Sonae Capital SGPS - commercial paper j)	-	20,000,000	-	-
Up-front fees not yet charged to income statement	-	(120,793)	-	(221,506)
	<u>34,000,000</u>	<u>60,229,207</u>	<u>15,990,000</u>	<u>45,125,994</u>
Bank overdrafts (Note 8)	-	-	-	-
	<u>34,000,000</u>	<u>60,229,207</u>	<u>15,990,000</u>	<u>45,125,994</u>
Bond Loans				
Obrigações Sonae Capital 2011/2016 f)	-	-	10,000,000	-
Obrigações Sonae Capital 2014/2019 h)	-	42,500,000	-	42,500,000
Up-front fees not yet charged to income statement	-	(321,334)	-	(376,402)
	<u>-</u>	<u>42,178,666</u>	<u>10,000,000</u>	<u>42,123,598</u>
	<u>34,000,000</u>	<u>102,407,873</u>	<u>25,990,000</u>	<u>87,249,592</u>

- a) Short term commercial paper programme, issued on 28 March 2008 and valid for a 10 year period, which may be extended at the option of Sonae Capital. Placed in investors or financial institutions and guaranteed by credit lines, with commitment of at least six months to a year, placed in relationship banks.
- b) Commercial paper programme, with subscription guarantee, issued on 31 March 2011 and valid up to August 2018, except if the reimbursement is anticipated under the contracted terms of the call/put option, in August 2016. This loan is guaranteed by a mortgage on real estate assets.
- c) Commercial paper programme, with subscription guarantee, issued on 27 December 2012 and valid up to December 2017.
- d) Commercial paper programme, with subscription guarantee, issued on 31 December 2015, with annual renewals up to 3 years.
- e) Bank loan guaranteed by a mortgage on real estate, started on 2 June 2011 and valid up to September 2019, with quarterly payments. At the date of the financial statements, the programme was fully refunded.
- f) Bond loan Sonae Capital, SGPS 2011/2016, repayable after 5 years, in one instalment, on 17 January 2016. This bond issue pays interest every six months.
- g) Commercial paper programme, with subscription guarantee, issued on 7 May 2014 and valid for a 3 year period, with semi-annual payments. At the date of the financial statements, the programme was fully refunded.
- h) Bond loan Sonae Capital, SGPS 2014/2019, repayable after 5 years, in one instalment, on 28 May 2019. This bond issue pays interest every six months.
- i) Commercial paper programme, with subscription guarantee, issued on 18 March 2015 and valid up to March 2020, with annual payments. At the date of the financial statements, the programme was fully refunded.
- j) Commercial paper programme, with subscription guarantee, issued on 23 June 2016 and valid for a 5 year period, with annual payments.

The interest rate on bank loans and bonds in force on 30 June 2016 was on average 2.339%.

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.

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In case of any Bank institution or commercial paper investor do not renew, at the maturity date, its respective loans, the Group has credit lines available to overcome such renewables

No derivatives instruments.

12. OTHER CREDITORS

As at 30 June 2016 and 31 December 2015 other creditors can be detailed as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
<u>Other creditors</u>		
Group companies - Short term loans	48,342,829	122,913,765
Other creditors	<u>2,186,082</u>	<u>1,849,732</u>
	<u>50,528,911</u>	<u>124,763,497</u>

As at 30 June 2016 and 31 December 2015 the caption loans granted is relative to financial operations granted to the following subsidiaries:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Group companies - Short term loans:		
Interlog-SGPS,SA	21,831,700	21,836,500
SC Finance BV	-	5,885,051
SC, SGPS, SA	-	48,703,000
SC-Eng. e Promoção Imobiliária,SGPS,S.A	-	21,292,214
SC For - Serv. de For. e Desenv. de Recur. Hum., Unij	3,400	14,000
Sistavac, SGPS, S.A	21,776,250	21,002,000
Spred, SGPS, SA	<u>4,731,479</u>	<u>4,181,000</u>
	<u>48,342,829</u>	<u>122,913,765</u>

Loans obtained from group companies bear interest at market rates and are repayable within one year. The interest rate as at 30 June 2016 was, in average, approximately 0.234%.

The item 'Other creditors' includes 2,173,218 euros regarding transfers from subsidiaries of tax estimates under the special regime RETGS.

13. SUPLIERS, TAXES AND OTHER CURRENT LIABILITIES

As at 30 June 2016 and 31 December 2015 these items were as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Trade creditors	74,854	101,559
Taxes payable - other taxes	67,686	58,272
Other current liabilities		
Accruals:		
Staff costs	416,685	378,224
Interest payable	271,015	449,038
Other accruals	44,655	115,543
Deferred income	<u>613</u>	<u>4,292</u>
	<u>800,653</u>	<u>1,005,369</u>

As at 30 June 2016 and 31 December 2015 the item 'Other Taxes' can be detailed as follows:

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	30 June 2016	31 December 2015
Income taxation	-	-
Income taxation - amounts withheld	36,414	39,568
VAT	69	462
Social security contributions	31,203	18,242
	<u>67,686</u>	<u>58,272</u>

14. EXTERNAL SUPPLIES AND SERVICES

As at 30 June 2016 and 2015 External Supplies and services can be detailed as follows:

	30 June 2016	30 June 2015
Operational rents	(4,830)	(21,268)
Insurance costs	(20,941)	(26,307)
Travelling expenses	(25,754)	(10,021)
Services obtained	(427,882)	(396,727)
Other services	(7,085)	(38,012)
	<u>(486,491)</u>	<u>(492,334)</u>

15. STAFF COSTS

As at 30 June 2016 and 2015, staff costs were made up as follows:

	30 June 2016	30 June 2015
Governing bodies' remunerations	(533,981)	(596,456)
Staff and other sectors remunerations	(32,744)	-
Social security contributions	(78,644)	(54,162)
Other staff costs	(2,327)	(44,895)
	<u>(647,696)</u>	<u>(695,513)</u>

16. NET FINANCIAL EXPENSES AND INVESTMENT INCOME

As at 30 June 2016 and 2015, Net Financial Expenses and Investment Income can be detailed as follows:

	30 June 2016	30 June 2015
Interest payable and similar expenses		
Interest arising from:		
Bank loans	(1,230,245)	(1,534,553)
Bonds	(867,914)	(1,117,179)
Other	(90,986)	(981,303)
Other financial expenses	(1,363,491)	(1,282,436)
	<u>(3,552,636)</u>	<u>(4,915,471)</u>
Interest receivable and similar income		
Interest income	9,447,876	16,347,424
	<u>9,447,876</u>	<u>16,347,424</u>
Net financial expenses	<u>5,895,240</u>	<u>11,431,953</u>
Reversal of /and Impairment losses (Note 4.1)	(6,744,800)	(18,683,542)
Dividends received	34,791,098	22,184,180
Other income	778,316	-
Investment income	<u>28,824,614</u>	<u>3,500,638</u>

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As at 30 June 2016, the amount mentioned in item "Interest arising from Other" refers to the interest incurred with current loans obtained from group companies.

As at 30 June 2016, the amount of dividends received from affiliated companies can be detailed as follows:

Lidergraf, SA	75,222
SC EPI SGPS, SA	27,271,077
Sistavac SGPS, SA	700,000
Spred SGPS	6,744,800
	<u>34,791,098</u>

As at 30 June 2016 the amount recorded under 'Other income' regards to income earned from the WTC Fund.

17. TAXATION

As at 30 June 2016 and 2015, Taxation was made up as follows:

	<u>30 June 2016</u>	<u>30 June 2015</u>
Current tax	1 42,789	525,352
Deferred tax (Note 7)	-	1 49,757
	<u>1 42,789</u>	<u>675,109</u>

Sonae capital is taxable according to the RETGS.

18. EARNINGS PER SHARE

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

	<u>30 June 2016</u>	<u>30 June 2015</u>
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	33,689,005	1 4,384,362
Effect of dilutive potential shares	-	-
Net profit taken into consideration to calculate diluted earnings per share	<u>33,689,005</u>	<u>1 4,384,362</u>
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	246,740,156	246,303,242
Weighted average number of shares used to calculate diluted earnings per share	<u>246,740,156</u>	<u>246,303,242</u>
Earnings per share (basic and diluted)	<u>0.136536</u>	<u>0.058401</u>

19. 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 30 June 2016 there was no shareholders' loan contracts entered.

In the period ended 30 June 2016 short-term loan contracts were entered with the companies Solinca-Health and Fitness, SA, SC Eng. Promoção Imobiliária, SA, SC For - Serv. de Formação e Desenv. de Recur. Hum., Unipessoal, Lda. and SC, SGPS, S.A.

As at 30 June 2016 amounts due by affiliated companies can be summarized as follows:

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Loans and Short term loans granted

Companies	Closing Balance
SC Assets, SGPS, SA	180,661,620
SC Hospitality, SGPS, SA	6,150,848
CAPWATT, SGPS, S.A	7,868,000
Inparvi SGPS, SA	100,412
SC Finance BV	5,885,000
SC, SGPS, S.A	12,892,936
Solinca - Health & Fitness, SA	2,369,934
Troiaresort, S.G.P.S., SA	189,548,346
SC Engª. Promoção Imobiliária, SA	5,938,500
	<u>411,415,596</u>

As at 30 June 2016 amounts due to affiliated companies can be summarized as follows:

Short term loans obtained

Companies	Closing Balance
SC For - Serv. de Formação. e Desenv. de Recur. Hum., Unipe	3,400
Spred, SGPS, SA	4,731,479
Sistavac, SGPS, SA	21,776,250
Interlog SGPS SA	21,831,700
	<u>48,342,829</u>

20. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 30 June 2016.

21. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on 28 July 2016.

The board of Directors