

SONAE CAPITAL REPORT AND ACCOUNTS

30 JUNE 2018



SONAE CAPITAL

REPORT AND ACCOUNTS

30 June 2018

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PART I

**REPORT OF THE BOARD OF
DIRECTORS**

30 JUNE 2018



SONAE CAPITAL

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Report of the Board of Directors

1. CEO'S MESSAGE AND MAIN HIGHLIGHTS

"Sonae Capital presented a positive operating performance in the first half of 2018.

We remained focused in the strengthening of our Business Units, both in terms of growth and value creation, closing the semester with an EBITDA margin of 8.7%, approximately 70 basis points above the same period of 2017.

In the real estate business, we fulfilled very significant objectives, especially with the closing of the promissory purchase and sale agreement of UNOP 3, in Tróia, in the amount of 20M€. Also in Tróia, but in the residential touristic units' area, as well as in the remaining assets' area, both the amount of sales deeds signed and the promissory purchase and sale agreements in place continued to evolve in line with expectations.

As a result, on a consolidated basis, turnover kept the positive trend of the previous quarters and reached 92.6M€, 27.8% above the same period of 2017 while, at the same time, the operating profitability grew to 6.7M€, an increase of 21.7% strongly backed by a 40.6% growth in the profitability of the Business Units. In the meantime, we continued investing in our businesses and Capex reached 19.7M€ in the first half of 2018. The operating cash-flow generated, coupled with the level of investment and the dividends distributed in the amount of 15M€, kept debt at a controlled level, and an adequate capital structure when considering the Group's portfolio of businesses and real estate assets held: in which Net Debt to EBITDA stood at 2.8x and Loan-to-Value reached 21.7%.

This semester I end my collaboration with Sonae Capital in the quality of CEO. I truly believe that the path drawn so far, which is anchored in the values that have been part of this Group's DNA for many decades, allowed the creation of a company with a renewed portfolio, a stronger company, always based on the premise that one can not grow and create shareholder value without, at the same time, create economic and social value."

Cláudia Azevedo

"I am very proud to continue to collaborate with Sonae Capital, now as CEO. We believe in the strategy that has been implemented and we will strive to deserve the confidence of our stakeholders, knowing in advance that we count with the adequate resources to face the challenges ahead."

Miguel Gil Mata

1H18 MAIN HIGHLIGHTS

- Maintenance of the positive trend in **Business Units** turnover (+29.4%) and improvement of the operating profitability (+40.6%), with the positive contribution of almost all the segments, namely:
 - **Fitness** segment, showing a strong turnover and EBITDA performance (growth of 54.5% and 94.6%, respectively), backed by organic and non-organic growth;
 - **Energy** segment, increasing turnover and operating profitability, benefiting with the operations acquired in 2017;
 - **Hospitality** segment, posting a RevPAR increase of 12.6% in 1H18, and an EBITDA of 0.5M€ in 2Q18, 73.1% above 2Q17. EBITDA of Porto Palácio Hotel positive in 1H18;
- In the **Real Estate Business**:
 - **Troia Resort**: (i) PPSA of UNOP 3 in the amount of 20M€ (not yet reflected in 1H18 results); and, (ii) 19 deeds of residential touristic units in Tróia, in the amount of 7.1M€, plus 11 contracts in Reserve / PPSA, for a total amount of 5.2M€, at the date of this report;
 - **Other Real Estate Assets**: PPSAs of 4.4M€ in addition to sale and purchase deeds signed in the amount of 1.2M€, at the date of this report.
- Operational improvement recorded in the majority of businesses not yet seen in **Net results**, due to non-recurrent costs in 1H18, including the estimate of the closing of RACE Brazil, and due to higher Amortizations, consequence of the new operations in the portfolio;
- **Net Debt** of 144.4M€, driven by: (i) dividends paid in May 2018 (totalling 15M€); (ii) the payment of a deferred component in the amount of 9M€, related to the acquisitions completed in 2Q17 in the Energy segment; and, (iii) the investments made (amounting to 19.7M€), in which the

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acquisition of *Pump* Fitness chain and the beginning of a biomass-fuelled cogeneration project development are included;

- **Capital structure** under control and adequate when considering the Group's portfolio of businesses and real estate assets held: Net Debt to EBITDA of 2.8x and LTV of 21.7%.

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2. OVERALL PERFORMANCE

| Consolidated Profit and Loss Account | | | | | | |
|--|--------------|--------------|---------------|---------------|--------------|------------------|
| Million euro | 2Q 2018 | 2Q 2017 | Δ 18/17 | 1H 2018 | 1H 2017 | Δ 18/17 |
| Turnover | | | | | | |
| Business Units | 45.69 | 35.71 | +27.9% | 84.76 | 65.52 | +29.4% |
| Energy | 13.64 | 11.58 | +17.8% | 25.55 | 21.37 | +19.5% |
| Industrial Engineering | 3.03 | - | - | 6.36 | - | - |
| Fitness | 8.80 | 5.60 | +57.1% | 17.74 | 11.48 | +54.5% |
| Hospitality | 6.39 | 5.92 | +7.9% | 9.25 | 8.68 | +6.5% |
| Refrigeration & HVAC | 11.27 | 9.91 | +13.8% | 22.06 | 20.13 | +9.6% |
| Troia Resort - Operations | 2.55 | 2.70 | -5.4% | 3.81 | 3.86 | -1.4% |
| Real Estate Assets | 6.14 | 6.46 | -5.1% | 10.68 | 9.91 | +7.8% |
| Troia Resort | 3.72 | 4.42 | -15.9% | 6.59 | 5.74 | +14.8% |
| Other Real Estate Assets | 2.42 | 2.04 | +18.5% | 4.09 | 4.17 | -1.8% |
| Eliminations & Adjustments | -1.60 | -1.73 | +7.9% | -2.89 | -3.03 | +4.7% |
| Consolidated Turnover | 50.23 | 40.44 | +24.2% | 92.55 | 72.40 | +27.8% |
| Other Operational Income | 1.18 | 1.24 | -4.2% | 1.81 | 1.90 | -4.9% |
| Total Operational Income | 51.42 | 41.68 | +23.4% | 94.36 | 74.30 | +27.0% |
| EBITDA | | | | | | |
| Business Units | 5.35 | 4.34 | +23.3% | 7.34 | 5.22 | +40.6% |
| Energy | 3.89 | 3.58 | +8.8% | 7.08 | 5.68 | +24.6% |
| Industrial Engineering | -0.26 | - | - | -0.47 | - | - |
| Fitness | 1.37 | 0.41 | >100% | 2.54 | 1.30 | +94.6% |
| Hospitality | 0.48 | 0.28 | +73.1% | -0.97 | -1.22 | +21.1% |
| Refrigeration & HVAC | 0.16 | -0.28 | - | 0.09 | -0.01 | - |
| Troia Resort - Operations | -0.30 | 0.35 | - | -0.92 | -0.53 | -73.0% |
| Real Estate Assets | -0.02 | 1.51 | - | 0.53 | 2.02 | -73.9% |
| Troia Resort | -0.91 | -0.38 | <-100% | -0.99 | -0.49 | <-100% |
| Other Real Estate Assets | 0.89 | 1.89 | -52.9% | 1.51 | 2.51 | -39.8% |
| Eliminations & Adjustments | -0.69 | -0.72 | +3.2% | -1.16 | -1.73 | +33.1% |
| Consolidated EBITDA | 4.63 | 5.13 | -9.7% | 6.71 | 5.51 | +21.7% |
| Amortization & Depreciation | 5.65 | 4.16 | +35.8% | 11.47 | 8.23 | +39.3% |
| Provisions & Impairment Losses | -0.05 | 0.03 | - | 0.08 | -0.26 | - |
| Non-recurrent costs/income (1) | 0.04 | -0.16 | - | 0.72 | 0.08 | >100% |
| EBIT | | | | | | |
| Business Units | 1.51 | 2.33 | -35.1% | -1.02 | 0.95 | - |
| Real Estate Assets | -0.87 | 0.60 | - | -2.02 | -0.66 | <-100% |
| Eliminations & Adjustments | -1.65 | -1.82 | +9.6% | -2.53 | -2.83 | +10.5% |
| Consolidated EBIT | -1.01 | 1.10 | - | -5.57 | -2.54 | <-100% |
| Net Financial Expenses | -0.89 | -1.06 | +15.9% | -2.00 | -2.05 | +2.6% |
| Investment Income and Results from Assoc. Undertakings | 0.02 | 1.93 | -98.9% | 0.22 | 2.00 | -89.0% |
| EBT | -1.88 | 1.96 | - | -7.35 | -2.59 | <-100% |
| Taxes | -0.29 | -0.47 | +38.4% | -0.66 | -0.75 | +11.8% |
| Net Profit - Continued Businesses | -2.17 | 1.50 | - | -8.00 | -3.33 | <-100% |
| Net Profit - Discontinued Businesses | -0.02 | -0.58 | +95.7% | -2.05 | -0.60 | <-100% |
| Net Profit - Total | -2.19 | 0.92 | - | -10.06 | -3.93 | <-100% |
| Attributable to Equity Holders of Sonae Capital | -2.46 | 0.57 | - | -9.93 | -4.48 | <-100% |
| Attributable to Non-Controlling Interests | 0.27 | 0.34 | -21.0% | -0.13 | 0.55 | - |

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

2.1. PROFIT AND LOSS STATEMENT

- Business Units' turnover stood at 84.8M€ in 1H18, showing an increase of 29.4% y.o.y.. In the same period, consolidated turnover reached 92.6M€, which represents an increase of 27.8% compared to 1H17, a positive evolution driven by the performance of the Business Units and the Real Estate business.
- In 1H18, Business Units' EBITDA grew to 7.3M€, 40.6% above 1H17, equivalent to an EBITDA margin of 8.7%, 0.7pp above the 1H17. The consolidated EBITDA increased 21.7%, to 6.7M€, generating an EBITDA margin of 7.2%, 0.4pp below 1H17, driven mostly by the Real Estate business.
- Net results (continued businesses) stood at negative 8.0M€, which represents a decrease of 4.7M€ when compared to the same period of 2017. Notwithstanding the EBITDA increase (+1.2M€), Net Results were primarily impacted by: (i) an increase in Amortization & Depreciation line (+3.2M€), driven by the acquisitions made in Energy and Fitness segments; (ii) non-recurrent costs in the amount of 0.7M€, impacted mostly by staff restructuring costs and an impairment related to a business carried out by RACE Brazil, as reported in 1Q18; and,

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(iii) the recognition, in 1H17, of Badwill in the amount of 1.8M€, consequence of the operations acquired in the Energy segment.

- Net results (discontinued businesses) show, as already reported, the recognition of costs related to the discontinuation of RACE's Brazilian operation, in the amount of 2.0M€
- Therefore, consolidated net results stood at negative 10.1M€.

2.2. CAPITAL STRUCTURE

| Capital Structure/Capex/Ratios | | | |
|---------------------------------|--------------|--------------|---------------|
| Million euro | Jun 2018 | Dec 2017 | Δ 18/17 |
| Net Capital Employed | 406.5 | 400.7 | +1.4% |
| Fixed Assets | 328.8 | 322.6 | +1.9% |
| Non-Current Investments (net) | 6.1 | 8.6 | -29.3% |
| Working Capital | 75.1 | 71.8 | +4.5% |
| Capex (end of period) | 19.7 | 61.6 | -68.1% |
| % Fixed Assets | 6.0% | 19.1% | -13.1pp |
| Net Debt | 144.4 | 109.4 | +32.0% |
| % Net Capital Employed | 35.5% | 27.3% | +8.2pp |
| Debt to Equity | 55.1% | 37.5% | +17.6pp |
| Capital Structure Ratios | | | |
| Loan to Value (Real Estate) | 21.7% | 15.9% | +5.8pp |
| Net Debt/EBITDA (recurrent) | 2.84x | 2.57x | +10.5% |

Capex stood at 19.7M€ in 1H18, mostly a consequence of the investments made in Fitness segment (acquisition of *Pump Fitness* chain in the amount of 8.4M€) and in the Energy segment (beginning of the biomass-fuelled cogeneration project development in the amount of 6.4M€).

- Levered Free Cash Flow reached negative 20.3M€ at the end of June 2018 (before the payment of dividends), an output of the above-mentioned investments, coupled with the payment of a deferred component of 9M€, related to the acquisitions made in the Energy segment in 2Q17.
- Consequence of the Capex registered (19.7M€), the dividends paid, in the amount of 15M€, on May 2018, and the payment of a 9M€ tranche, as previously explained, Net Debt has shown an increase versus the end of 2017, reaching 144.4M€. We continue to maintain an adequate capital structure when considering the Group's portfolio of businesses and real estate assets held: Net Debt to EBITDA of 2.8% and LTV of 21.7%.
- Net capital employed increased by 1.4% when compared to the end of 2017, to 406.5M€, motivated by an increase in fixed assets and working capital.
- Following the Net Debt and Total Equity evolution, Debt to Equity reached 55.1%, +17.6pp when compared to 2017 year-end.

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3. BUSINESS UNITS

3.1. ENERGY



| Profit and Loss Account - Energy | | | | | | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Million euro | 2Q 2018 | 2Q 2017 | Δ 18/17 | 1H 2018 | 1H 2017 | Δ 18/17 |
| Total Operational Income | 14.06 | 11.66 | +20.6% | 26.17 | 21.59 | +21.2% |
| Turnover | 13.64 | 11.58 | +17.8% | 25.55 | 21.37 | +19.5% |
| Other Operational Income | 0.41 | 0.08 | >100% | 0.62 | 0.22 | >100% |
| Total Operational Costs | -10.16 | -8.08 | -25.8% | -19.09 | -15.91 | -20.0% |
| Cost of Goods Sold | -7.12 | -6.09 | -17.0% | -13.35 | -11.81 | -13.0% |
| External Supplies and Services | -1.58 | -1.11 | -42.4% | -3.09 | -2.43 | -27.4% |
| Staff Costs | -0.75 | -0.58 | -29.1% | -1.51 | -1.17 | -29.8% |
| Other Operational Expenses | -0.72 | -0.31 | <-100% | -1.14 | -0.51 | <-100% |
| EBITDA | 3.89 | 3.58 | +8.8% | 7.08 | 5.68 | +24.6% |
| EBITDA Margin (% Turnover) | 28.5% | 30.9% | -2.4pp | 27.7% | 26.6% | +1.1pp |
| EBIT | 1.70 | 2.40 | -29.4% | 2.58 | 3.46 | -25.4% |
| EBIT Margin (% Turnover) | 12.4% | 20.8% | -8.3pp | 10.1% | 16.2% | -6.1pp |
| Capex | 1.57 | 34.88 | -95.5% | 7.15 | 38.41 | -81.4% |
| EBITDA-Capex | 2.32 | -31.30 | - | -0.08 | -32.73 | +99.8% |
| Total Capacity (MW) | 65.5 | 72.5 | -9.7% | 65.5 | 72.5 | -9.7% |
| Owned & Operated | 62.3 | 62.3 | -0.1% | 62.3 | 62.3 | -0.1% |
| Operated (not consolidated) | 3.2 | 10.2 | -68.6% | 3.2 | 10.2 | -68.6% |

- In 1H18, Energy turnover reached 25.6M€, 19.5% above the same period of 2017, much because of the contribution of the operations acquired in 2017, which had a turnover of 5.4M€ in 1H18 (+4.3M€ vs. 1H17).
- EBITDA stood at 7.1M€, performing a growth of 24.6% y.o.y. and generating an EBITDA margin of 27.7%, +1.1pp above 1H17. It should be highlighted that operating profitability kept the positive trend of the previous quarters, notwithstanding the impact of CO2 prices and the reduced solar resource during the period. The EBITDA contribution of the operations acquired was paramount for the performance of the semester, reaching 3.0M€ in 1H18 (+2.0M€ vs 1H17).
- EBIT registered a decrease of 25.4% due to higher Amortization & Depreciation, fully driven by the operations acquired in 2017.
- Capex stood at 7.2M€, greatly because of the beginning of the development of a new biomass-fuelled cogeneration power plant, announced in 4Q17, which is expected to start operating in 2H19.
- Currently, all the projects of the segment operate in regulated market. The first project to be carried over the free market corresponds to 10MW (solar energy), which will take place in 2H21.

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3.2. INDUSTRIAL ENGINEERING



| Profit and Loss Account - Industrial Engineering | | | | | | |
|--|--------------|---------|---------|--------------|---------|---------|
| Million euro | 2Q 2018 | 2Q 2017 | Δ 18/17 | 1H 2018 | 1H 2017 | Δ 18/17 |
| Total Operational Income | 3.17 | - | - | 6.62 | - | - |
| Turnover | 3.03 | - | - | 6.36 | - | - |
| Other Operational Income | 0.14 | - | - | 0.27 | - | - |
| Total Operational Costs | -3.43 | - | - | -7.10 | - | - |
| Cost of Goods Sold | -1.82 | - | - | -4.01 | - | - |
| External Supplies and Services | -0.56 | - | - | -0.93 | - | - |
| Staff Costs | -0.94 | - | - | -1.90 | - | - |
| Other Operational Expenses | -0.11 | - | - | -0.26 | - | - |
| EBITDA | -0.26 | - | - | -0.47 | - | - |
| EBITDA Margin (% Turnover) | -8.4% | - | - | -7.5% | - | - |
| EBIT | -0.49 | - | - | -0.94 | - | - |
| EBIT Margin (% Turnover) | -16.1% | - | - | -14.7% | - | - |
| Capex | 0.19 | - | - | 0.44 | - | - |
| EBITDA-Capex | -0.45 | - | - | -0.91 | - | - |

- The Industrial Engineering segment includes Adira, a company acquired in July 2017; throughout 1H18, we kept focused in the investment on a structure of adequate and sufficient resources for the implementation with success of the growth strategy set. We would like to stress the recent achievements in the operational areas.
- Therefore, 1H18 results are still impacted by the ongoing restructuring process, namely in the suitability to the processes of the Group.
- Although not visible in terms of results, the number of machines continued to evolve positively, totalling 88 in 1H18 (42 machines in 1Q18 and 46 machines in 2Q18, respectively). In addition, it should be noted the positive evolution in orders backlog.
- This segment's contribution to the consolidated results reached 6.4M€ and negative 0.5M€ at turnover and EBITDA, respectively.

3.3. FITNESS



| Profit and Loss Account - Fitness | | | | | | |
|------------------------------------|--------------|--------------|-----------------|---------------|---------------|-----------------|
| Million euro | 2Q 2018 | 2Q 2017 | Δ 18/17 | 1H 2018 | 1H 2017 | Δ 18/17 |
| Total Operational Income | 9.15 | 5.65 | +62.0% | 18.15 | 11.60 | +56.5% |
| Turnover | 8.80 | 5.60 | +57.1% | 17.74 | 11.48 | +54.5% |
| Other Operational Income | 0.36 | 0.05 | >100% | 0.41 | 0.12 | >100% |
| Total Operational Costs | -7.78 | -5.24 | -48.5% | -15.61 | -10.29 | -51.7% |
| Cost of Goods Sold | -0.03 | -0.04 | +27.1% | -0.09 | -0.09 | -5.3% |
| External Supplies and Services | -4.63 | -3.30 | -40.4% | -9.24 | -6.27 | -47.3% |
| Staff Costs | -2.80 | -1.71 | -63.4% | -5.52 | -3.44 | -60.5% |
| Other Operational Expenses | -0.33 | -0.19 | -70.7% | -0.76 | -0.50 | -52.9% |
| EBITDA | 1.37 | 0.41 | >100% | 2.54 | 1.30 | +94.6% |
| EBITDA Margin (% Turnover) | 15.5% | 7.3% | +8.3pp | 14.3% | 11.4% | +2.9pp |
| EBIT | 0.62 | 0.13 | >100% | 0.71 | 0.57 | +25.1% |
| EBIT Margin (% Turnover) | 7.1% | 2.2% | +4.9pp | 4.0% | 4.9% | -0.9pp |
| Capex | 1.25 | 0.45 | >100% | 10.83 | 0.98 | >100% |
| EBITDA-Capex | 0.12 | -0.04 | - | -8.29 | 0.33 | - |
| # Health Clubs in Operation | 29 | 17 | +12 | 29 | 17 | +12 |

- The Fitness segment was able to reinforce, once again, its competitive position, and continued to show positive operating and financial results. At the end of 1H18, the consolidation of *Solinca* and *Pump* operations led the average number of active members to 84,722, more than 70% above the same period of 2017. At the same time, turnover in the period grew by 54.5% (which include a growth of 1% on average membership fees on a like-for-like basis).

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- We ended the 1H18 with 29 clubs in operation: 20 *Solinca* clubs and 9 *Pump* clubs. Throughout the coming quarters, we will continue working in order to expand our position in the Fitness market, in both segments.
- Fitness EBITDA reached 2.5M€ in 1H18, 94.6% above 1H17, generating an EBITDA margin of 14.3%, 2.9pp above 1H17.
- EBIT stood at 0.7M€, a value that compares with 0.6M€ in 1H17. As previously reported, EBIT in 1H18 was negatively impacted by the registration of an impairment of approximately 0.3M€, driven by the discontinuation of the Crossfit operation in “Cascais”, whose profitability was not in line with expectations.

3.4. HOSPITALITY



Profit and Loss Account - Hospitality

| Million euro | 2Q 2018 | 2Q 2017 | Δ 18/17 | 1H 2018 | 1H 2017 | Δ 18/17 |
|---------------------------------|--------------|--------------|-----------------|---------------|---------------|---------------|
| Total Operational Income | 6.52 | 6.04 | +7.9% | 9.50 | 8.91 | +6.6% |
| Turnover | 6.39 | 5.92 | +7.9% | 9.25 | 8.68 | +6.5% |
| Other Operational Income | 0.13 | 0.12 | +8.6% | 0.25 | 0.23 | +7.9% |
| Total Operational Costs | -6.04 | -5.77 | -4.6% | -10.46 | -10.14 | -3.2% |
| Cost of Goods Sold | -0.20 | -0.33 | +37.5% | -0.71 | -0.77 | +7.7% |
| External Supplies and Services | -3.84 | -3.58 | -7.2% | -6.20 | -5.96 | -4.0% |
| Staff Costs | -1.80 | -1.68 | -7.0% | -3.18 | -3.04 | -4.9% |
| Other Operational Expenses | -0.20 | -0.19 | -6.5% | -0.37 | -0.37 | +0.2% |
| EBITDA | 0.48 | 0.28 | +73.1% | -0.97 | -1.22 | +21.1% |
| EBITDA Margin (% Turnover) | 7.6% | 4.7% | +2.8pp | -10.4% | -14.1% | +3.7pp |
| EBIT | 0.38 | 0.18 | >100% | -1.17 | -1.41 | +16.6% |
| EBIT Margin (% Turnover) | 5.9% | 3.1% | +2.8pp | -12.7% | -16.2% | +3.5pp |
| Capex | 0.37 | 0.27 | +36.3% | 0.52 | 0.49 | +6.1% |
| EBITDA-Capex | 0.11 | 0.01 | >100% | -1.48 | -1.71 | +13.4% |
| # Units | 5 | 5 | | 5 | 5 | |

- In Hospitality, the major operating indicators continued to show a positive evolution. In 1H18, we would like to highlight the growth of 12.6% in consolidated RevPAR, benefiting from the positive contribution of all units in operation in Porto (Porto Palácio Hotel, The Artist and The House).
- The performance of the units in operation in Porto was positive in 2Q18, both regarding occupancy rates and room revenues. The operation in Tróia was particularly damaged by the unfavourable weather conditions of the quarter, marked by high rainfall, with impact particularly in the performance of June (the most relevant month for 2Q18 operation).
- Turnover increased 6.5% when compared to 1H17, reaching 9.3M€. In the same period, EBITDA grew 21.1%, to negative 1.0M€. On a quarterly basis, EBITDA in 2Q18 was positive and reached 0.5M€, showing a growth of 73.1% versus 2Q17, the quarter in which the operation saw positive EBITDA for the very first time in the second quarter of the year. Hospitality EBITDAR stood at 1.5M€, which represents an improvement of 21.6% when compared to 1H17.
- Capex remained at a reduced level, totalling 0.5M€ in 1H18, 6.1% above 1H17.

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3.5. REFRIGERATION & HVAC



Profit and Loss Account - Refrigeration & HVAC

| Million euro | 2Q 2018 | 2Q 2017 | Δ 18/17 | 1H 2018 | 1H 2017 | Δ 18/17 |
|---------------------------------|---------------|--------------|---------------|---------------|---------------|---------------|
| Total Operational Income | 11.32 | 9.61 | +17.8% | 22.13 | 20.06 | +10.3% |
| Turnover | 11.27 | 9.91 | +13.8% | 22.06 | 20.13 | +9.6% |
| Other Operational Income | 0.05 | -0.30 | - | 0.07 | -0.07 | - |
| Total Operational Costs | -11.16 | -9.89 | -12.8% | -22.04 | -20.07 | -9.8% |
| Cost of Goods Sold | -6.29 | -4.51 | -39.5% | -11.46 | -9.04 | -26.8% |
| External Supplies and Services | -2.61 | -3.01 | +13.5% | -6.08 | -6.27 | +3.1% |
| Staff Costs | -2.24 | -2.04 | -9.9% | -4.34 | -4.24 | -2.3% |
| Other Operational Expenses | -0.02 | -0.33 | +92.8% | -0.16 | -0.51 | +68.8% |
| EBITDA | 0.16 | -0.28 | - | 0.09 | -0.01 | - |
| EBITDA Margin (% Turnover) | 1.4% | -2.8% | +4.2pp | 0.4% | -0.1% | +0.4pp |
| EBIT | 0.10 | -0.30 | - | -0.33 | -0.29 | -13.2% |
| EBIT Margin (% Turnover) | 0.9% | -3.1% | +3.9pp | -1.5% | -1.4% | -0.0pp |
| Capex | -0.01 | 0.03 | - | 0.09 | 0.09 | +4.5% |
| EBITDA-Capex | 0.17 | -0.32 | - | -0.01 | -0.10 | +92.3% |

- Turnover in 1H18 increased 9.6%, to 22.1M€. Importantly, the volume of contracts in pipeline reached 21.1M€ at the end of the semester, equivalent to approximately 5 months of activity.
- EBITDA grew to 0.1M€ in 1H18, which represents a relevant increase when compared to the same period of 2017, driven mostly by a greater focus on Refrigeration, despite the negative effect of the operating margin deterioration in some specific HVAC projects, which were not carried out as planned. It should be noted that the positive performance of the segment in 1H18 was totally driven by the performance in 2Q18.
- EBIT reached negative 0.3M€, 13.2% below 1H17, driven by the recognition of non-recurrent costs in the amount of 0.4M€, consequence of an impairment related with a business made through RACE Brazil, as disclosed in 1Q18.

3.6. TROIA RESORT - OPERATIONS



Profit and Loss Account - Troia Resort: Operations

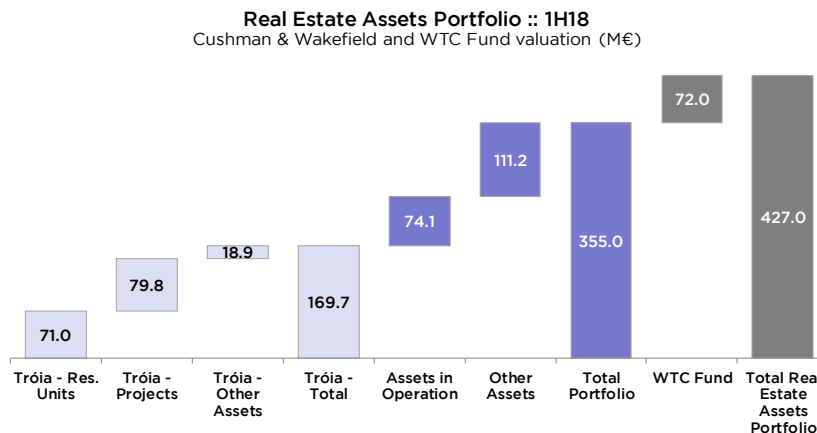
| Million euro | 2Q 2018 | 2Q 2017 | Δ 18/17 | 1H 2018 | 1H 2017 | Δ 18/17 |
|---------------------------------|--------------|--------------|------------------|--------------|--------------|---------------|
| Total Operational Income | 2.65 | 2.99 | -11.4% | 4.01 | 4.29 | -6.6% |
| Turnover | 2.55 | 2.70 | -5.4% | 3.81 | 3.86 | -1.4% |
| Other Operational Income | 0.09 | 0.29 | -67.2% | 0.20 | 0.43 | -53.4% |
| Total Operational Costs | -2.95 | -2.64 | -11.8% | -4.93 | -4.83 | -2.2% |
| Cost of Goods Sold | -0.25 | -0.28 | +10.3% | -0.33 | -0.36 | +10.0% |
| External Supplies and Services | -1.61 | -1.28 | -25.7% | -2.60 | -2.40 | -8.3% |
| Staff Costs | -0.85 | -0.97 | +12.3% | -1.60 | -1.77 | +9.5% |
| Other Operational Expenses | -0.23 | -0.10 | <-100% | -0.40 | -0.29 | -37.6% |
| EBITDA | -0.30 | 0.35 | - | -0.92 | -0.53 | -73.0% |
| EBITDA Margin (% Turnover) | -11.7% | 13.0% | -24.7pp | -24.3% | -13.8% | -10.4pp |
| EBIT | -0.80 | -0.08 | <-100% | -1.87 | -1.38 | -35.8% |
| EBIT Margin (% Turnover) | -31.2% | -3.0% | -28.3pp | -49.2% | -35.7% | -13.5pp |
| Capex | 0.21 | 0.12 | +78.9% | 0.25 | 0.15 | +65.2% |
| EBITDA-Capex | -0.51 | 0.24 | - | -1.17 | -0.68 | -71.3% |

- This segment includes Atlantic Ferries river transportation and operations such Tróia Marina and Tróia Market.
- Turnover generated by Troia Resort operations reached 3.8M€ in 1H18, 1.4% below 1H17. This was caused by a slightly smaller reduction of the activity in the Resort, mostly driven by the unfavourable weather conditions.
- Capex remained at controlled levels and was mainly due to investments in the renovation and improvement of Tróia Marina and Atlantic Ferries river transportation.

REPORT AND ACCOUNTS – JUNE 2018

Report of the Board of Directors

4. REAL ESTATE ASSETS



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

This block considers all the real estate assets of Sonae Capital Group, as well as the assets held by the WTC Fund.

- As of 30 June 2018, the capital employed in this set of real estate assets, excluding touristic residential units in Tróia and WTC Fund, stood at 176.3M€, which compares with 284.0M€, according to valuation made by the independent reference entity Cushman & Wakefield at the end of 2016.
- It should be noted that Sonae Capital's real estate assets portfolio (Cushman & Wakefield valuation), including the WTC Fund valuation (as of 30 June 2018), amounted to 427.0M€.

4.1. TROIA RESORT



The PPSA of UNOP 3, although not yet reflected in results, was one of the most important achievements of the real estate assets' unit in Troia Resort in 2Q18. In 1H18, this unit registered a turnover of 6.6M€, consequence of the following contributions:

- Signature of 14 deeds of touristic real estate units in 1H18, corresponding to 5.4M€, compared to 11 deeds in the amount of 4.1€ in 1H17. Out of the 14 deeds signed, 9 were made under the guaranteed income product.
- Already in 3Q18 and up to the date of this report, 5 additional deeds were signed (in the amount of 1.7M€) and there are still in stock 11 promissory purchase and sale agreements and reserves totalling 5.2M€.
- Rents related to the operation of the assets held (Hotels, Tróia Shopping, Car parking lots, Touristic Units in operation) amounted to 1.2M€, in line with the same period of 2017.

4.2. OTHER REAL ESTATE ASSETS

The unit of other real estate assets registered a turnover of 4.1M€, consequence of the following contributions:

- Signature of deeds in a global amount of 1.2M€ in 1H18, related to various real estate assets.
- Already in 3Q18 and up to the date of this report, there is still a group of promissory purchase and sale agreements and reserves in the amount of 4.4M€, providing good prospects for the coming months.

REPORT AND ACCOUNTS – JUNE 2018

Report of the Board of Directors

5. BACKUP – CONSOLIDATED BALANCE SHEET

| Consolidated Balance Sheet | | | |
|--|--------------|--------------|---------------|
| Million euro | Jun 2018 | Dec 2017 | Δ 18/17 |
| Total Assets | 522.3 | 516.1 | +1.2% |
| Tangible and Intangible Assets | 276.1 | 275.3 | +0.3% |
| Goodwill | 52.7 | 47.4 | +11.3% |
| Non-Current Investments | 2.2 | 2.0 | +8.9% |
| Other Non-Current Assets | 29.9 | 34.4 | -12.9% |
| Stocks | 91.4 | 94.4 | -3.1% |
| Trade Debtors and Other Current Assets | 58.6 | 53.0 | +10.6% |
| Cash and Cash Equivalents | 9.1 | 7.3 | +24.7% |
| Assets held for sale | 2.1 | 2.4 | -12.7% |
| Total Equity | 262.1 | 291.4 | -10.0% |
| Total Equity - Equity Holders of Sonae Capital | 252.6 | 280.5 | -9.9% |
| Total Equity - Non-Controlling Interests | 9.5 | 10.9 | -12.9% |
| Total Liabilities | 260.2 | 224.8 | +15.7% |
| Non-Current Liabilities | 96.6 | 116.2 | -16.9% |
| Non-Current Borrowings | 70.6 | 88.5 | -20.2% |
| Deferred Tax Liabilities | 21.7 | 21.6 | +0.1% |
| Other Non-Current Liabilities | 4.3 | 6.1 | -28.9% |
| Current Liabilities | 163.5 | 108.6 | +50.7% |
| Current Borrowings | 82.9 | 28.2 | >100% |
| Trade Creditors and Other Current Liabilities | 75.0 | 75.5 | -0.7% |
| Liabilities associated to assets held for sale | 5.6 | 4.8 | +16.8% |
| Total Equity and Liabilities | 522.3 | 516.1 | +1.2% |

REPORT AND ACCOUNTS – JUNE 2018

Report of the Board of Directors

6. CORPORATE INFORMATION

6.1. CORPORATE INFORMATION 2Q18

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

On **15 May 2018**, Sonae Capital informed about the date of dividends payment, 30 May 2018. Dividends' global amount is 15M€.

On **28 June 2018**, Sonae Capital informed about the execution, through its subsidiary S.I.I. SOBERANA - INVESTIMENTOS IMOBILIÁRIOS, S.A., of a PPSA regarding the real estate asset in Tróia designated in Tróia Detailed Plan as UNOP 3, for the global amount of 20M€ with LAGUNE TROIA, S.A.. The execution of the sale and purchase deed and the establishment of its respective terms is contingent upon a set of condition precedent that have not yet taken place.

6.2. SUBSEQUENT EVENTS

On **17 July 2018**, Efanor Investimentos informed about the intention to appoint Cláudia Azevedo as the next CEO of Sonae, after the end of the present mandate. Subsequently, Cláudia Azevedo asked Sonae Capital Board of Directors to be released from her role as CEO. The Board accepted and has expressed its gratitude for the valuable contribution of Cláudia Azevedo as CEO. Additionally, Sonae Capital Board of Directors agreed to elect Miguel Gil Mata as CEO for the remaining of the current mandate. Cláudia Azevedo will remain as Board member of Sonae Capital, but as a Non-Executive Director.

REPORT AND ACCOUNTS – JUNE 2018

Report of the Board of Directors

7. METHODOLOGICAL NOTES

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

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

GLOSSARY

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

PART II

**APPENDIX TO THE REPORT
OF THE BOARD OF
DIRECTORS**

30 JUNE 2018



SONAE CAPITAL

REPORT AND ACCOUNTS - JUNE 2018

Appendix to the Report of the Board of Directors

STATEMENT

Under the terms of Article 245, paragraph 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 first half 2018 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, 27 July 2018

Duarte Paulo Teixeira de Azevedo

Álvaro Carmona e Costa Portela

Francisco de La Fuente Sánchez

Paulo José Jubilado Soares de Pinho

Maria Cláudia Teixeira de Azevedo

Ivone Pinho Teixeira

Miguel Jorge Moreira da Cruz Gil Mata

REPORT AND ACCOUNTS - JUNE 2018

Appendix to the Report of the Board of Directors

Article 447 of the Portuguese Companies Act and Article 14(7) of the Portuguese Securities Commission (CMVM) Regulation no.5/2008

Disclosure of the number of shares and other securities issued by the Company held and of the transactions executed over such securities, during the financial year in analysis, by the members of the statutory governing and auditing bodies and by people discharging managerial responsibilities (“dirigentes”), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code:

| | Date | Additions | | Reductions | | Position as at 30.06.2018 | Balance as at |
|---|------------|-----------|-------------|------------|-------------|---------------------------|---------------|
| | | Quantity | Av. Price € | Quantity | Av. Price € | | 30.06.2018 |
| | | | | | | | Quantity |
| Duarte Paulo Teixeira de Azevedo (*) (**) | | | | | | | |
| Efanor Investimentos, SGPS, SA (1) | | | | | | Minority | |
| Migracom, SA (2) | | | | | | Dominant | |
| Maria Cláudia Teixeira de Azevedo (*) (**) (***) | | | | | | | |
| Efanor Investimentos, SGPS, SA (1) | | | | | | Minority | |
| Linhacom, SA (3) | | | | | | Dominant | |
| Sonae Capital, SGPS, SA | 29.03.2018 | 168 718 | 0,928 | | | | 449 213 |
| Maria Margarida Carvalhais Teixeira de Azevedo (**) | | | | | | | |
| Efanor Investimentos, SGPS, SA (1) | | | | | | Minority | |
| Sonae Capital, SGPS, SA | | | | | | | 838 862 |
| Ivone Maria Pinho Teixeira da Silva (*) (***) | | | | | | | |
| Sonae Capital, SGPS, SA | 29.03.2018 | 167 525 | 0,928 | | | | 277 595 |
| Álvaro Carmona e Costa Portela (*) | | | | | | | |
| Sonae Capital, SGPS, SA | | | | | | | 24 942 |
| Sonae Capital/2014-2019 Bonds | | | | | | | 1 |
| Paulo José Jubilado Soares de Pinho (*) | | | | | | | |
| Sonae Capital, SGPS, SA | | | | | | | 12 650 |
| Closely connected person ^(a) | | | | | | | 8 125 |
| Miguel Jorge Moreira da Cruz Gil Mata (*) (***) | | | | | | | |
| Sonae Capital, SGPS, SA | 29.03.2018 | 159 604 | 0,928 | | | | 980 330 |
| | Date | Purchases | | Sales | | Position as at 30.06.2018 | Balance as at |
| | | Quantity | Av. Price € | Quantity | Av. Price € | | 30.06.2018 |
| | | | | | | | Quantity |
| (1) Efanor Investimentos, SGPS, SA | | | | | | | |
| Sonae Capital, SGPS, SA | | | | | | | 88 859 200 |
| Pareuro, BV (4) | | | | | | Dominant | |
| (2) Migracom, SA | | | | | | | |
| Sonae Capital, SGPS, SA | | | | | | | 161 250 |
| Imparfin - Investimentos e Participações Financeiras, SA (5) | | | | | | Minority | |
| (3) Linhacom, SA | | | | | | | |
| Sonae Capital, SGPS, SA | | | | | | | 43 912 |
| Imparfin - Investimentos e Participações Financeiras, SA (5) | | | | | | Minority | |
| (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)

(***) shares acquired in compliance with the annual and medium-term variable remuneration policy

^(a) article 248 B, no.4, paragraph b) of the Portuguese Securities Code: held by Change Partners, SCR, SA, of which is Member of the Board of Directors

REPORT AND ACCOUNTS – JUNE 2018

Appendix to the Report of the Board of Directors

Appendix required by Article 448 of the Portuguese Companies Act

Number of shares held by shareholders owning more than 10%, 33% or 50% of the company's share capital:

| | <u>Number of shares as at 30.06.2018</u> |
|---|--|
| Efanor Investimentos, SGPS, SA (1) | |
| Sonae Capital, SGPS, SA | 88 859 200 |
| Pareuro, BV | Dominated |
| Pareuro, BV | |
| Sonae Capital, SGPS, SA | 66 600 000 |

(1) Under the terms and for the purposes of articles 20 and 21 of the Portuguese Securities Code, Efanor ceased to have a controlling shareholder as of 29th November 2017

REPORT AND ACCOUNTS – JUNE 2018

Appendix to the Report of the Board of Directors

Qualified Shareholdings

Shares held and voting rights attributable to shareholders owning more than 2% of the share capital of the Sonae Capital, SGPS, SA, as required by article 8(1)(b) of the Portuguese Securities Market Commission (CMVM) Regulation No. 5/2008:

| Shareholder | Nr. of Shares | % of Share Capital | % of Voting Rights |
|---|--------------------|--------------------|--------------------|
| Efanor Investimentos, SGPS, S.A. (1) | | | |
| Directly Owned | 88 859 200 | 35,544% | 36,137% |
| Through Pareuro, BV (controlled by Efanor) | 66 600 000 | 26,640% | 27,085% |
| Through Maria Margarida Carvalhais Teixeira de Azevedo (Member of the Board of Directors of Efanor) | 838 862 | 0,336% | 0,341% |
| Through Maria Cláudia Teixeira de Azevedo (Member of the Board of Directors of Efanor) | 449 213 | 0,180% | 0,183% |
| Through Linhacom, 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>156 952 437</u> | <u>62,781%</u> | <u>63,830%</u> |
| Quaero Capital, SA | | | |
| Total attributable | <u>12 633 330</u> | <u>5,053%</u> | <u>5,138%</u> |
| Azvalor Asset Management, SGIIC, SA | | | |
| Total attributable | <u>5 011 941</u> | <u>2,005%</u> | <u>2,038%</u> |

(1) Under the terms and for the purposes of articles 20 and 21 of the Portuguese Securities Code, Efanor ceased to have a controlling shareholder as of 29th November 2017

PART III

**CONSOLIDATED FINANCIAL
STATEMENTS**

30 JUNE 2018



SONAE CAPITAL

REPORT AND ACCOUNTS – JUNE 2018

Consolidated Financial Statements

SONAE CAPITAL, SGPS, S.A.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018 AND 31 DECEMBER 2017

(Amounts expressed in euro)

| ASSETS | Notes | 30/06/2018 | 31/12/2017 |
|--|-------|--------------------|--------------------|
| NON-CURRENT ASSETS: | | | |
| Tangible assets | 8 | 266 688 700 | 265 431 974 |
| Intangible assets | 8 | 9 439 733 | 9 822 521 |
| Goodwill | 9 | 52 721 349 | 47 376 371 |
| Investments in associated companies and joint ventures | 5 | 1 529 008 | 1 419 028 |
| Other investments | 6 | 646 179 | 578 430 |
| Deferred tax assets | 13 | 27 611 484 | 27 774 060 |
| Other non-current debtors | 10 | <u>2 824 618</u> | <u>6 601 994</u> |
| Total non-current assets | | <u>361 461 071</u> | <u>359 004 378</u> |
| CURRENT ASSETS: | | | |
| Inventories | 11 | 91 440 262 | 94 396 634 |
| Trade account receivables and other current assets | 12 | 58 144 238 | 53 002 698 |
| Cash and cash equivalents | 14 | <u>9 108 682</u> | <u>7 307 069</u> |
| Total Current Assets | | <u>158 693 182</u> | <u>154 706 401</u> |
| Assets held for sale | | 2 108 972 | 2 415 830 |
| TOTAL ASSETS | | 522 263 225 | 516 126 609 |
| EQUITY AND LIABILITIES | | | |
| EQUITY: | | | |
| Share capital | 15 | 250 000 000 | 250 000 000 |
| Own Shares | 15 | (1 192 808) | (1 305 839) |
| Reserves and retained earnings | 15 | 13 698 841 | 38 273 437 |
| Profit/(Loss) for the year attributable to the equity holders of Sonae Capital | | (9 930 558) | (6 513 485) |
| Equity attributable to the equity holders of Sonae Capital | | <u>252 575 475</u> | <u>280 454 113</u> |
| Equity attributable to non-controlling interests | 16 | <u>9 509 689</u> | <u>10 915 176</u> |
| Total Equity | | <u>262 085 164</u> | <u>291 369 289</u> |
| NON-CURRENT LIABILITIES: | | | |
| Loans | 17 | 70 611 121 | 88 468 498 |
| Other non-current creditors | 18 | 1 254 908 | 3 015 213 |
| Deferred tax liabilities | 13 | 21 660 389 | 21 638 983 |
| Provisions | 21 | <u>3 079 824</u> | <u>3 079 824</u> |
| Total Non-Current Liabilities | | <u>96 606 242</u> | <u>116 202 518</u> |
| CURRENT LIABILITIES: | | | |
| Loans | 17 | 82 915 493 | 28 211 633 |
| Trade creditors and other current liabilities | 20 | 70 699 718 | 71 146 195 |
| Provisions | 21 | <u>4 357 837</u> | <u>4 403 401</u> |
| Total Current Liabilities | | <u>157 973 048</u> | <u>103 761 229</u> |
| TOTAL LIABILITIES | | <u>254 579 290</u> | <u>219 963 747</u> |
| Liabilities associated with assets held for sale | | 5 598 771 | 4 793 573 |
| TOTAL EQUITY AND LIABILITIES | | 522 263 225 | 516 126 609 |

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS – JUNE 2018

Consolidated Financial Statements

SONAE CAPITAL, SGPS, S.A.

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE SIX MONTHS ENDED 30 JUNE 2018 AND 2017

(Amounts expressed in euro)

| | Notes | 30/06/2018 | 30/06/2017 Restated |
|--|-----------|---------------------|------------------------|
| Sales | | 33 692 959 | 39 958 671 |
| Services rendered | | 53 460 870 | 29 741 594 |
| Other operating income | 22 | 3 529 384 | 2 713 407 |
| Cost of sales | | (27 383 555) | (23 414 127) |
| Changes in stocks of finished goods and work in progress | | (3 055 767) | (829 526) |
| External supplies and services | | (30 127 990) | (24 370 958) |
| Staff costs | | (20 443 200) | (16 360 405) |
| Depreciation and amortisation | | (11 467 047) | (8 233 962) |
| Provisions and impairment losses (Increases)/Decreases | | (200 038) | 182 900 |
| Other operating expenses | | (3 571 434) | (1 923 753) |
| Operational profit/(loss) | | (5 565 818) | (2 536 159) |
| Financial Expenses | | 48 299 | 86 012 |
| Financial Income | | (2 047 304) | (2 137 696) |
| Net financial income / (expenses) | | (1 999 005) | (2 051 684) |
| Profit/(Loss) in associated and jointly controlled companies measured using the equity method | 5 | 230 863 | 193 871 |
| Investment income | 24 | (11 515) | 1 808 237 |
| Profit/(Loss) before taxation | | (7 345 475) | (2 585 735) |
| Taxation | 25 | 657 822 | 745 664 |
| Profit/(Loss) for the year - continued operations | | (8 003 297) | (3 331 399) |
| Profit/(Loss) for the year - discontinued operations | | (2 052 482) | (598 884) |
| Profit/(Loss) for the year | 26 | (10 055 779) | (3 930 283) |
| Attributable to: | | | |
| Equity holders of Sonae Capital | | (9 930 558) | (4 475 984) |
| Non-controlling interests | 16 | (125 221) | 545 703 |
| Profit/(Loss) per share - continued operations | | | |
| Basic | 28 | (0,031756) | (0,015675) |
| Diluted | 28 | (0,031756) | (0,015675) |
| Profit/(Loss) per share - discontinued operations | | | |
| Basic | 28 | (0,008273) | (0,002421) |
| Diluted | 28 | (0,008273) | (0,002421) |

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS – JUNE 2018

Consolidated Financial Statements

SONAE CAPITAL, SGPS, S.A.

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE 2ND QUARTER OF 2018 AND 2017

(Amounts expressed in euro)

| | Notes | 2nd Quarter 2018 ¹ | 2nd Quarter 2017 ¹ |
|--|-------|----------------------------------|----------------------------------|
| Sales | | 9 159 537 | 27 394 908 |
| Services rendered | | 37 721 190 | 10 752 372 |
| Other operating income | | 2 208 439 | 1 890 024 |
| Cost of sales | | (14 792 805) | (12 432 047) |
| Changes in stocks of finished goods and work in progress | | (1 281 695) | (235 655) |
| External supplies and services | | (16 152 038) | (12 876 265) |
| Staff costs | | (10 220 519) | (8 238 036) |
| Depreciation and amortisation | | (5 654 426) | (4 163 340) |
| Provisions and impairment losses (Increases)/Decreases | | 314 807 | (17 808) |
| Other operating expenses | | (2 316 461) | (979 536) |
| Operational profit/(loss) | | (1 013 971) | 1 094 617 |
| Financial Expenses | | (2 271) | 28 395 |
| Financial Income | | (890 457) | (1 090 466) |
| Net financial income / (expenses) | | (892 728) | (1 062 071) |
| Profit/(Loss) in associated and jointly controlled companies measured using the equity method | | 37 461 | 146 773 |
| Investment income | | (16 331) | 1 780 641 |
| Profit/(Loss) before taxation | | (1 885 569) | 1 959 960 |
| Taxation | | 287 359 | 466 620 |
| Profit/(Loss) for the year - continued operations | | (2 172 928) | 1 493 341 |
| Profit/(Loss) for the year - discontinued operations | | (24 955) | (575 381) |
| Profit/(Loss) for the year | | (2 197 883) | 917 960 |
| Attributable to: | | | |
| Equity holders of Sonae Capital | | (2 464 186) | 573 392 |
| Non-controlling interests | | 266 303 | 344 567 |

The accompanying notes are part of these financial statements.

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

REPORT AND ACCOUNTS – JUNE 2018

Consolidated Financial Statements

SONAE CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018 AND 2017

(Amounts expressed in euro)

| | 30/06/2018 | 30/06/2017 |
|--|----------------------------|---------------------------|
| Consolidated net profit/(loss) for the period | (10 055 779) | (3 930 283) |
| Items that may be reclassified subsequently to net profit / (loss): | | |
| Changes in the currency translation differences | (26 303) | (45 052) |
| Change in the fair value of cash flow hedging derivatives | - | 1 366 |
| Other comprehensive income for the period - continued operations | - | 352 |
| Other comprehensive income for the period - discontinued operations | (26 303) | (44 038) |
| Total comprehensive income for the period | <u>(10 082 082)</u> | <u>(3 973 969)</u> |
| Attributable to: | | |
| Equity holders of Sonae Capital | (9 956 861) | (4 491 595) |
| Non-controlling interests | (125 222) | 517 626 |

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS – JUNE 2018

Consolidated Financial Statements

SONAE CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 2ND QUARTER OF 2018 AND 2017

(Amounts expressed in euro)

| | 2nd Quarter 2018 ¹ | 2nd Quarter 2017 ¹ |
|--|----------------------------------|----------------------------------|
| Consolidated net profit/(loss) for the period | (2 197 883) | 917 960 |
| Items that may be reclassified subsequently to net profit / (loss): | | |
| Changes in the currency translation differences | (49 894) | 24 439 |
| Change in the fair value of cash flow hedging derivatives | - | 1 366 |
| Other comprehensive income for the period - continued operations | - | 4 561 |
| Other comprehensive income for the period - discontinued operations | (49 894) | 19 878 |
| Total comprehensive income for the period | (2 247 777) | 942 399 |
| Attributable to: | | |
| Equity holders of Sonae Capital | (2 514 080) | 603 573 |
| Non-controlling interests | 266 303 | 338 826 |

The accompanying notes are part of these financial statements.

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

REPORT AND ACCOUNTS – JUNE 2018

Consolidated Financial Statements

SONAE CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018 AND 2017

(Amounts expressed in euro)

| | Attributable to Equity Holders of Sonae Capital | | | | | | | | | | | |
|---|---|-------------|----------------------------|----------------------|---------------------|------------------|----------------|--------------|-------------------|--------------|---------------------------|--------------|
| | Share Capital | Own Shares | Demerger Reserve (Note 15) | Translation Reserves | Fair Value Reserves | Hedging Reserves | Other Reserves | Subtotal | Net Profit/(Loss) | Total | Non-Controlling Interests | Total Equity |
| Balance as at 1 January 2017 | 250 000 000 | (1 404 226) | 132 638 253 | 12 876 | - | 5 004 | (88 414 342) | 44 241 791 | 17 594 199 | 310 431 764 | 9 925 965 | 320 357 729 |
| Total consolidated comprehensive income for the period | - | - | - | (16 975) | - | 1 366 | - | (15 609) | (4 475 984) | (4 491 593) | 517 624 | (3 973 969) |
| Appropriation of profit of 2016: | | | | | | | | | | | | |
| Transfer to legal reserves and retained earnings | - | - | - | - | - | - | 17 594 199 | 17 594 199 | (17 594 199) | - | - | - |
| Dividends paid | - | - | - | - | - | - | (24 198 866) | (24 198 866) | - | (24 198 866) | (926 710) | (25 125 576) |
| (Acquisition)/Sales of own shares | - | 98 387 | - | - | - | - | - | - | - | 98 387 | - | 98 387 |
| Changes in the percentage of capital held in affiliated companies | - | - | - | - | - | - | - | - | - | - | - | - |
| Other changes | - | - | - | - | - | - | 525 711 | 525 711 | - | 525 711 | - | 525 711 |
| Balance as at 30 June 2017 | 250 000 000 | (1 305 839) | 132 638 253 | (4 099) | - | 6 370 | (94 493 298) | 38 147 226 | (4 475 984) | 282 365 403 | 9 516 879 | 291 882 282 |
| Balance as at 1 January 2018 | 250 000 000 | (1 305 839) | 132 638 253 | 146 352 | - | 6 370 | (94 517 538) | 38 273 437 | (6 513 485) | 280 454 113 | 10 915 176 | 291 369 289 |
| Total consolidated comprehensive income for the period | - | - | - | (26 303) | - | - | - | (26 303) | (9 930 558) | (9 956 861) | (125 222) | (10 082 082) |
| Appropriation of profit of 2017: | | | | | | | | | | | | |
| Transfer to legal reserves and retained earnings | - | - | - | - | - | - | (6 513 485) | (6 513 485) | 6 513 485 | - | - | - |
| Dividends paid | - | - | - | - | - | - | (14 753 543) | (14 753 543) | - | (14 753 543) | (603 041) | (15 356 584) |
| (Acquisition)/Sales of own shares | - | 113 031 | - | - | - | - | - | - | - | 113 031 | - | 113 031 |
| Changes in the percentage of capital held in affiliated companies | - | - | - | - | - | - | (3 846 181) | (3 846 181) | - | (3 846 181) | (677 224) | (4 523 405) |
| Other changes | - | - | - | - | - | - | 564 916 | 564 916 | - | 564 916 | - | 564 916 |
| Balance as at 30 June 2018 | 250 000 000 | (1 192 808) | 132 638 253 | 120 049 | - | 6 370 | (119 065 831) | 13 698 841 | (9 930 558) | 252 575 475 | 9 509 689 | 262 085 164 |

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS - JUNE 2018

Cosolidated Financial Statements

SONAE CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018 AND 2017

(Amounts expressed in euro)

| | Notes | 30/06/2018 | 30/06/2017 Restated | 2 nd Quarter 2018 ¹ | 2 nd Quarter 2017 ¹ |
|---|-------|--------------|------------------------|---|---|
| OPERATING ACTIVITIES: | | | | | |
| Cash receipts from trade debtors | | 93 388 628 | 74 556 202 | 49 547 760 | 43 777 127 |
| Cash paid to trade creditors | | (58 857 193) | (45 966 880) | (27 962 392) | (23 298 240) |
| Cash paid to employees | | (20 995 220) | (17 276 536) | (11 053 654) | (8 858 780) |
| Cash flow generated by operations | | 13 536 215 | 11 312 786 | 10 531 714 | 11 620 107 |
| Income taxes (paid) / received | | (1 126 858) | (454 666) | (561 758) | (298 075) |
| Other cash receipts and (payments) relating to operating activities | | (12 017 162) | 2 609 939 | (9 483 801) | 4 029 844 |
| Discontinued operations | | (2 514 369) | 79 583 | (1 575 986) | 91 449 |
| Net cash from operating activities (1) | | 2 906 564 | 13 388 476 | 2 062 141 | 15 260 427 |
| INVESTMENT ACTIVITIES: | | | | | |
| <u>Cash receipts arising from:</u> | | | | | |
| Investments | | 656 217 | 697 913 | 581 318 | 617 953 |
| Tangible assets | | 6 380 279 | 4 312 788 | 3 807 744 | 3 903 775 |
| Subsidies | | - | 44 209 | - | 44 198 |
| Interest and similar income | | 61 499 | 91 952 | 18 322 | 31 427 |
| Dividends | | 120 883 | 187 652 | 120 883 | 114 074 |
| Others | | - | 6 392 | - | 4 944 |
| Changes in consolidation perimeter (companies in) | | 81 143 | 2 803 838 | - | 2 803 838 |
| | | 7 300 021 | 8 144 755 | 4 528 267 | 7 520 220 |
| <u>Cash Payments arising from:</u> | | | | | |
| Investments | | (7 595 409) | (28 715 339) | 679 258 | (27 042 636) |
| Tangible assets | | (14 229 261) | (3 696 759) | (5 891 996) | (2 184 352) |
| Intangible assets | | (1 366 161) | (634 672) | (1 133 810) | (310 592) |
| Loans granted | | - | (33 860) | - | (3 818) |
| | | (23 190 831) | (33 080 630) | (6 346 548) | (29 541 398) |
| Discontinued operations | | (47 479) | 2 348 | (18 730) | 714 |
| Net cash used in investment activities (2) | | (15 843 331) | (24 938 223) | (1 799 551) | (22 021 892) |
| FINANCING ACTIVITIES: | | | | | |
| <u>Cash receipts arising from:</u> | | | | | |
| Loans obtained | | 49 350 514 | 45 885 506 | 28 229 848 | 43 673 381 |
| Sale of own shares | | 190 012 | 98 387 | 190 012 | 98 387 |
| | | 49 540 526 | 45 983 893 | 28 419 860 | 43 771 768 |
| <u>Cash Payments arising from:</u> | | | | | |
| Loans obtained | | (14 893 275) | (24 318 548) | (5 788 070) | (2 165 737) |
| Interest and similar charges | | (2 134 133) | (2 516 934) | (1 263 222) | (1 705 854) |
| Dividends | | (15 089 397) | (24 844 957) | (14 749 893) | (24 844 957) |
| | | (32 116 805) | (51 680 439) | (21 801 185) | (28 716 548) |
| Discontinued operations | | 2 611 772 | 13 379 | 1 715 083 | 33 880 |
| Net cash used in financing activities (3) | | 14 811 949 | (5 709 925) | 4 903 592 | 15 021 340 |
| Net increase in cash and cash equivalents (4) = (1) + (2) + (3) | | 1 875 182 | (17 259 673) | 5 166 182 | 8 259 875 |
| Effect of foreign exchange rate | | - | 23 428 | - | 17 067 |
| Cash and cash equivalents at the beginning of the period | 14 | 7 233 498 | 32 735 869 | 2 | 516 019 |
| Caixa e equivalentes cindidos | | - | - | - | - |
| Cash and cash equivalents at the end of the period | 14 | 9 108 680 | 15 452 768 | 5 166 184 | 8 758 827 |

The accompanying notes are part of these financial statements.

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

REPORT AND ACCOUNTS – JUNE 2018

Cosolidated Financial Statements

SONAE CAPITAL, SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

1. INTRODUCTION

SONAE CAPITAL, SGPS, S.A. (“Company”, “Group” or “Sonae Capital”) whose head-office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, is the parent company of a group of companies, as detailed in Notes 4 to 6 (“Sonae Capital Group”) and was set up on 14 December 2007 as a result of the demerger of the shareholding in SC, SGPS, S.A. (previously named Sonae Capital, SGPS, S.A.) from Sonae, SGPS, S.A., 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:

- Tróia Resort Operations;
- Hospitality;
- Fitness;
- Energy;
- Refrigeration & HVAC;
- Real Estate;
- Industrial Engineering;
- Holding & Others.

The non-strategic assets (including non-tourism real estate assets and financial shareholdings) are included in the segment Holding & Others.

2. MAIN ACCOUNTING POLICIES

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

Basis of preparation

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

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

3. CHANGES IN ACCOUNTING POLICIES

Changes to international accounting standards that came into force on or after 1 January 2018, did not have material impacts in the financial statements as at 30 June 2018.

REPORT AND ACCOUNTS – JUNE 2018

Cosolidated Financial Statements

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and the percentage of the share capital held by the Group as at 30 June 2018 and 31 December 2017, are as follows:

| Company | Head Office | Percentage of capital held | | | |
|--|---------------|----------------------------|---------|------------------|---------|
| | | 30 June 2018 | | 31 December 2017 | |
| | | Direct | Total | Direct | Total |
| Sonae Capital, SGPS, S.A. | Maia | Holding | Holding | Holding | Holding |
| Hospitality | | | | | |
| Porto Palácio Hotel, S.A. | a) Porto | 100,00% | 100,00% | 100,00% | 100,00% |
| SC Hospitality, SGPS, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| The Artist Porto Hotel & Bistrô - Actividades Hoteleiras, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| The House Ribeira Hotel - Exploração Hoteleira, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Aqualuz Tróia, S.A. | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Tróia Resort Operations | | | | | |
| Atlantic Ferries - Tráf. Loc. Flu. e Marít., S.A. | a) Grândola | 95,77% | 95,77% | 95,77% | 95,77% |
| Marina de Tróia, S.A. | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Tróia Market, S.A. | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Tróia Natura, S.A. | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Troiareport-Investimentos Turísticos, S.A. | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Troiareport, SGPS, S.A. | a) Matosinhos | 100,00% | 100,00% | 100,00% | 100,00% |
| Golf Time - Golfe e Invest. Turísticos, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Fitness | | | | | |
| 3) Acrobatic Title, S.A. | a) Lisboa | 100,00% | 100,00% | 10,00% | 10,00% |
| Solinca - Health & Fitness, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 4) SC Fitness, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 1) & 8) Pump, S.A. | a) Maia | 100,00% | 100,00% | | |
| 1) & 12) About Changes Investimentos, Unipessoal, Lda. | a) Maia | 100,00% | 100,00% | | |
| 1) & 12) Ineditalchemy, Unipessoal, Lda. | a) Maia | 100,00% | 100,00% | | |
| 1) & 12) Magnetic Nature, Unipessoal, Lda. | a) Maia | 100,00% | 100,00% | | |
| 1) & 12) Ocean Destiny, Unipessoal, Lda. | a) Maia | 100,00% | 100,00% | | |
| 1) & 12) Questão Magenta, Unipessoal, Lda. | a) Maia | 100,00% | 100,00% | | |
| 1) & 12) Rhythmdragon, Unipessoal, Lda. | a) Maia | 100,00% | 100,00% | | |
| Energy | | | | | |
| Atelgen - Produção Energia, ACE | a) Barcelos | 51,00% | 51,00% | 51,00% | 51,00% |
| CAPWATT - Brainpower, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| CAPWATT - ACE, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Capwatt Colombo - Heat Power, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Capwatt Engenho Novo - Heat Power, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Capwatt Hectare - Heat Power, ACE | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 13) Capwatt Évora - Solar 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% |
| 14) Capwatt IV - Heat Power, Unipessoal, Lda. | 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% |
| 15) Capwatt Estuário - Heat Power, Unipessoal, Lda. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 16) Capwatt Lousado - Heat Power, Unipessoal, Lda. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 17) Capwatt Alrota - Wind Power, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |

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Cosolidated Financial Statements

| | | | | | | | |
|-----|--|----|-----------|---------|---------|---------|---------|
| 18) | Capwatt Chamusca – Bio Power, Unipessoal, Lda. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 19) | Capwatt Ferreira – Solar Power, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | CAPWATT – SGPS, 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% |
| | Soternix – Produção de Energia, ACE | a) | Barcelos | 51,00% | 51,00% | 51,00% | 51,00% |
| | Suncoutim – Solar Energy, S.A. | a) | Faro | 85,00% | 85,00% | 85,00% | 85,00% |
| | Sociedade de Iniciativa e Aproveitamentos Florestais – Energia, S.A. | a) | Mangualde | 90,00% | 90,00% | 90,00% | 90,00% |

Refrigeration e HVAC

| | | | | | | | |
|-----|---|----|------------|---------|--------|---------|--------|
| 11) | QCE – Desenvolvimento e fabrico de Equipamentos, S.A. | a) | Matosinhos | 100,00% | 70,00% | 100,00% | 70,00% |
| 6) | RACE – Refrigeration & Air Conditioning Engineering, S.A. | a) | Matosinhos | 100,00% | 70,00% | 100,00% | 70,00% |
| 5) | RACE, SGPS, S.A. | a) | Matosinhos | 70,00% | 70,00% | 70,00% | 70,00% |
| 2) | Sistavac Sistemas HVAC – R do Brasil, Ltda. | a) | São Paulo | 100,00% | 70,00% | 100,00% | 70,00% |
| | Sopair, S.A. | a) | Madrid | 100,00% | 70,00% | 100,00% | 70,00% |
| 2) | Spinarq Moçambique, Lda. | a) | Maputo | 70,00% | 70,00% | 70,00% | 70,00% |

Real Estate

| | | | | | | | |
|----|---|----|----------|---------|---------|---------|---------|
| | Bloco Q – Soc. Imobil, S.A. | 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., S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Cinclus Imobiliária, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Contry Club da Maia – Imobiliária, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Empreend. Imob. Quinta da Azenha, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Fundo Esp. Inv. Imo. Fec. WTC | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Imoclub – Serviços Imobiliários, S.A. | 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, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Imoponte – Sociedade Imobiliária, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Imosedas – Imobiliária e Serviços, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Implantação – Imobiliária, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Porturbe – Edifícios e Urbanizações, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Praedium II – Imobiliária, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Prédios Privados Imobiliária, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Predisedas – Predial das Sedas, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Promessa Sociedade Imobiliária, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | SC Assets, SGPS, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Sete e Meio Herdades – Inv. Agr. e Tur., S.A. | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| | Soira – Soc. Imobiliária de Ramalde, S.A. | 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, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Spinveste – Gestão Imobiliária SGII, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Urbisedas – Imobiliária das Sedas, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Vistas do Freixo – Emp. Tur. Imobiliários, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Soltroia – Imob. de Urb. Turismo de Tróia, S.A. | a) | Lisboa | 100,00% | 100,00% | 100,00% | 100,00% |
| | SII – Soberana Invest. Imobiliários, S.A. | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| | Tulipamar – Expl. Hoteleira Imob., S.A. | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| | Marmagno – Expl. Hoteleira Imob., S.A. | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| | Imopenínsula – Sociedade Imobiliária, S.A. | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| | Imoresort – Sociedade Imobiliária, S.A. | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| | Marvero – Expl. Hotel. Im.. S.A. | a) | Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| 9) | Andar – Sociedade Imobiliária, S.A. | a) | Maia | 100,00% | 100,00% | 50,00% | 50,00% |
| 9) | Sociedade de Construções do Chile, S.A. | a) | Maia | 100,00% | 100,00% | 50,00% | 50,00% |
| 9) | Vastgoed One – Sociedade Imobiliária, S.A. | a) | Maia | 100,00% | 100,00% | 50,00% | 50,00% |
| 9) | Vastgoed Sun – Sociedade Imobiliária, S.A. | a) | Maia | 100,00% | 100,00% | 50,00% | 50,00% |

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| Industrial Engineering | | | | | | | |
|-------------------------------|--|----|------------|---------|---------|---------|---------|
| 4) & 7) | SC, INDUSTRIALS, SGPS, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Adira - Metal Forming Solutions, S.A. | a) | Porto | 100,00% | 100,00% | 100,00% | 100,00% |
| | Guimadira - Máquinas e Ferramentas, Lda. | a) | V. N. Gaia | 100,00% | 100,00% | 100,00% | 100,00% |
| Holding & Others | | | | | | | |
| | Imobeauty, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | SC - Sociedade de Consultadoria, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | SC Finance BV | a) | Amesterdão | 100,00% | 100,00% | 100,00% | 100,00% |
| 10) | SC For - Ser. Formação e Desenvolv. Recursos Humanos, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | UP Invest., SGPS, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | SC, SGPS, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Solinfitness - Club Málaga, S.L. | a) | Málaga | 100,00% | 100,00% | 100,00% | 100,00% |
| | Praedium - Serviços, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| | Inparvi, SGPS, S.A. | a) | Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 10) | Interlog - SGPS, S.A. | a) | Lisboa | 98,98% | 98,98% | 98,98% | 98,98% |
| | Société de Tranchage Isoroy, S.A.S. | a) | Honfleur | 100,00% | 100,00% | 100,00% | 100,00% |

- 1) Company acquired during the period in consideration;
 - 2) Discontinued operations;
 - 3) Acquisition of 90% participation during the period in consideration;
 - 4) Transferred from the segment Holding & Others;
 - 5) Ex - Sistavac, SGPS, S.A.;
 - 6) Ex - Sistavac, S.A.;
 - 7) Ex - SC-Eng. e promoção imobiliária, SGPS, S.A.;
 - 8) Ex - About, SGPS, S.A.;
 - 9) Acquisition of the remaining 50% participation during the period in consideration;
 - 10) Disposals during the period in consideration;
 - 11) Company merged into RACE - Refrigeration & Air Conditioning Engineering, S.A.;
 - 12) Company merged into Pump, S.A.;
 - 13) Ex - Capwatt II - Heat Power, S.A.;
 - 14) Ex - Ronfegen - Recursos Energéticos, Lda.;
 - 15) Ex - CTE - Central Termoeléctrica do Estuário, Lda.;
 - 16) Ex - Enerlousado - Recursos Energéticos, Lda.;
 - 17) Ex - Lusobrisa - Produção de Energia Eléctrica, S.A.;
 - 18) Ex - Gasflow, Unipessoal, Lda.;
 - 19) Ex - Ventos da Serra - Produção de Energia S.A.
- a) Majority of voting rights.

These group companies are consolidated using the full consolidation method.

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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 2018 and 31 December 2017, are as follows:

| 30 June 2018 | | | | | | | | | | |
|---|---------------|----------------------------|--------|-------------------|-------------------|-------------------|-------------------|------------------|----------------|------------------|
| Company name | Head Office | Percentage of Capital Held | | Total Assets | Total Liabilities | Total Costs | Total incomes | Shared Capital | Net income | Balance Value |
| | | Direct | Total | | | | | | | |
| Jointly Controlled Companies | | | | | | | | | | |
| Holding & Others | | | | | | | | | | |
| 1) Andar - Sociedade Imobiliária, S.A. | Maia | - | - | - | - | - | - | - | - | - |
| 1) Sociedade de Construções do Chile, S.A. | Maia | - | - | - | - | - | - | - | - | - |
| 1) Vastgoed One - Sociedade Imobiliária, S.A. | Maia | - | - | - | - | - | - | - | - | - |
| 1) Vastgoed Sun - Sociedade Imobiliária, S.A. | Maia | - | - | - | - | - | - | - | - | - |
| Associated Companies | | | | | | | | | | |
| Holding & Others | | | | | | | | | | |
| Lidergraf - Artes Gráficas, Lda | Vila do Conde | 24,50% | 24,50% | 18 155 228 | 10 150 645 | 10 003 316 | 10 195 586 | 8 004 584 | 192 270 | 1 195 042 |
| Energy | | | | | | | | | | |
| 2) Feneralt - Produção de Energia, ACE | Barcelos | 25,00% | 25,00% | 1 547 362 | 348 322 | 87 815 | 743 135 | 1 199 039 | 655 320 | 333 966 |
| | | | | 19 702 590 | 10 498 967 | 10 091 131 | 10 938 721 | 9 203 623 | 847 590 | 1 529 008 |

1) Companies that beginning from Q2 2018 integrates into Sonae Capital SGPS' consolidation perimeter;

2) Information related to March 2018.

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

1) Null investment values result from the adoption of the equity method in Andar - Sociedade Imobiliária, S.A., holder of all of these investments.

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

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

During the periods ended 30 June 2018 and December 2017, movements in investments of associated and jointly controlled companies may be summarized as follows:

| | 30 June 2018 | 31 December 2017 |
|--------------------------------------|------------------|------------------|
| Opening balance as at 1 January | 1 419 028 | 1 266 842 |
| Disposals in the period | - | (31 948) |
| Equity method | 230 863 | 391 017 |
| Dividends received | (120 883) | (206 883) |
| Closing balance as at 30 June | 1 529 008 | 1 419 028 |

The use of the equity method had the following impacts: 230,863€ recorded on share of results of associated undertakings (391,017€ at 31 December 2017).

6. OTHER INVESTMENTS

Group companies, jointly controlled companies and associated companies excluded from consolidation, their head offices, the percentage of share capital held and book value as at 30 June 2018 and 31 December 2017 are as follows:

| Company | Head Office | Percentage of capital held | | | | Book value | |
|---|-------------|----------------------------|--------|------------------|--------|----------------|------------------|
| | | 30 June 2018 | | 31 December 2017 | | 30 June 2018 | 31 December 2017 |
| | | Direct | Total | Direct | Total | | |
| Tróia Resort Operations | | | | | | | |
| Infratróia - Infraestruras de Tróia, E.M. | Grândola | 25,90% | 25,90% | 25,90% | 25,90% | 64 750 | 64 747 |
| Holding & Others | | | | | | | |
| Fundo de Investimento Imobiliário Imosonae Dois | Maia | - | - | 0,06% | 0,06% | - | - |
| Net, S.A. | Lisbon | 0,98% | 0,98% | 0,98% | 0,98% | 23 034 | 23 034 |
| Fundo de Capital de Risco F-HITEC | Lisbon | 6,48% | 6,48% | 6,48% | 6,48% | 250 950 | 250 950 |
| Outros Investimentos | | - | - | - | - | 307 445 | 239 699 |
| Total | | | | | | 632 974 | 578 430 |

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As at 30 June 2018 and 31 December 2017, movements in investments were as follows:

| | 30 June 2018 | | 31 December 2017 | |
|---|----------------|----------|------------------|----------|
| | Non-current | Current | Non-current | Current |
| Investments at acquisition cost | | | | |
| Opening balance as at 1 January | 870 268 | - | 770 693 | - |
| Acquisitions in the period | 115 530 | - | 46 214 | - |
| Disposals in the period | (57 439) | - | (57 684) | - |
| Transfers | - | - | 134 | - |
| Changes in consolidation perimeter | (1 029) | - | 110 911 | - |
| Closing balance end of period | 938 017 | - | 870 268 | - |
| Accumulated impairment losses (Note 21) | (291 838) | - | (291 838) | - |
| Other Investments | 646 179 | - | 578 430 | - |

7. CHANGES TO THE CONSOLIDATION PERIMETER

During the period ended 30 June 2018 the following companies were acquired:

| Company | Head Office | Percentage of capital held | |
|---|-------------|----------------------------|---------|
| | | Direct | Total |
| About, SGPS, S.A. | Maia | 100,00% | 100,00% |
| About Changes Investimentos, Unipessoal, Lda. | Maia | 100,00% | 100,00% |
| Ineditalchemy Unipessoal, Lda. | Maia | 100,00% | 100,00% |
| Magnetic Nature, Unipessoal, Lda. | Maia | 100,00% | 100,00% |
| Ocean Destiny, Unip. Lda. | Maia | 100,00% | 100,00% |
| Questão Magenta, Unipessoal, Lda. | Maia | 100,00% | 100,00% |
| Rhythmdragon, Unipessoal, Lda. | Maia | 100,00% | 100,00% |
| Andar - Sociedade Imobiliária, S.A. | Maia | 100,00% | 100,00% |
| Sociedade de Construções do Chile, S.A. | Maia | 100,00% | 100,00% |
| Vastgoed One - Sociedade Imobiliária, S.A. | Maia | 100,00% | 100,00% |
| Vastgoed Sun - Sociedade Imobiliária, S.A. | Maia | 100,00% | 100,00% |

During 2018 the remaining 50% participation of the Andar Group was acquired, thus, gaining full control of the entities.

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

| | Acquisition date | 30 June 2018 |
|--|------------------|------------------|
| Net assets acquired | | |
| Tangible and intangible assets (Note 8) | 5 246 221 | 5 851 913 |
| Financial investments | 20 371 | 12 214 |
| Other assets | 750 853 | 582 683 |
| Cash and cash equivalents | 78 339 | 522 069 |
| Other liabilities | (4 048 181) | (4 380 212) |
| | <u>2 047 603</u> | <u>2 588 667</u> |
| Total equity | <u>2 047 603</u> | |
| | | |
| | Acquisition date | 30 June 2018 |
| Income statements from the acquired companies | | |
| Cost of sales | - | 24 923 |
| External supplies and services | 13 240 | 1 716 341 |
| Staff costs | - | 909 109 |
| Depreciation and amortisation | - | 427 367 |
| Other operating expenses | - | 189 547 |
| Operational expenses | <u>13 240</u> | <u>3 267 286</u> |
| Sales | - | 82 344 |
| Services rendered | - | 3 572 899 |
| Other operating income | 196 | 348 306 |
| Operational income | <u>196</u> | <u>4 003 549</u> |
| Operational profit/(loss) | <u>(13 044)</u> | <u>736 262</u> |
| Financial income | 6 | 8 045 |
| Financial expenses | 12 684 | 50 772 |
| Net financial income / (expenses) | <u>(12 678)</u> | <u>(42 727)</u> |
| Profit/(Loss) before taxation | <u>(25 722)</u> | <u>693 535</u> |
| Taxation | - | (181 760) |
| Profit/(Loss) for the year | <u>(25 722)</u> | <u>511 776</u> |
| | | |
| Acquisition price | 6 404 463 | |
| Payments made | 1 919 736 | |
| Net cash flow from the acquisition | | |
| Payments made | 8 324 198 | |
| Cash and equivalents acquired | (89 059) | |
| | <u>8 235 139</u> | |

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8. TANGIBLE ASSETS AND INTANGIBLE ASSETS

During the six-month period ended 30 June 2018, movements in tangible and intangible fixed assets as well as in amortisation and accumulated impairment losses, are made up as follows:

| | Tangible Assets | | | | | | | Total Tangible Assets |
|--|----------------------------|-----------------------------------|---------------------|------------------|-----------------------|------------------|-----------------------------|-----------------------|
| | Land and Natural Resources | Buildings and Other Constructions | Plant and Machinery | Vehicles | Fixtures and Fittings | Others | Tangible Assets in progress | |
| Gross Cost: | | | | | | | | |
| Opening balance as at 1 January 2018 | 49 859 173 | 155 688 594 | 285 701 503 | 1 244 107 | 4 055 064 | 4 795 793 | 6 548 831 | 507 893 064 |
| Changes in consolidation perimeter (companies in) | - | 5 299 212 | 1 380 771 | 77 390 | 270 461 | 61 567 | 48 505 | 7 137 906 |
| Capital expenditure | 214 962 | 75 067 | 1 649 409 | - | - | 73 594 | 10 702 398 | 12 715 430 |
| Disposals | (1 224 128) | (3 224 669) | (3 859 965) | (73 000) | (10 441) | (39 842) | - | (8 432 046) |
| Exchange rate effect | - | - | (2 209) | 205 | (4 330) | (6 866) | - | (13 201) |
| Transfers | 16 433 | 25 424 | 4 968 450 | (205) | 253 658 | 116 297 | (5 412 318) | (32 261) |
| Closing balance as at 30 June 2018 | 48 866 441 | 157 863 629 | 289 837 958 | 1 248 497 | 4 564 411 | 5 000 542 | 11 887 415 | 519 268 893 |
| Accumulated depreciation | | | | | | | | |
| Opening balance as at 1 January 2018 | - | 43 580 976 | 157 597 181 | 1 070 247 | 3 303 302 | 2 274 539 | - | 207 826 244 |
| Changes in consolidation perimeter (companies in) | - | 1 309 434 | 448 713 | 11 869 | 154 584 | 52 384 | - | 1 976 984 |
| Changes in consolidation perimeter (companies out) | - | - | 19 245 | - | 19 101 | 33 759 | - | 72 105 |
| Charges for the period | - | 1 615 273 | 9 367 603 | 22 196 | 140 807 | 84 936 | - | 11 230 814 |
| Disposals | - | (1 005 792) | (1 462 001) | (9 125) | (5 103) | (38 583) | - | (2 520 604) |
| Exchange rate effect | - | - | (1 848) | 242 | (4 175) | (4 388) | - | (10 170) |
| Transfers | - | - | (9 812) | (1 283) | 3 832 | 2 457 | - | (4 806) |
| Closing balance as at 30 June 2018 | - | 45 499 891 | 165 920 591 | 1 094 145 | 3 574 146 | 2 337 585 | - | 218 426 357 |
| Accumulated impairment losses | | | | | | | | |
| Opening balance as at 1 January 2018 | 6 000 391 | 23 414 766 | 5 219 689 | - | - | - | - | 34 634 846 |
| Charges for the period | 4 086 | 8 277 | 1 303 | - | - | - | - | 13 666 |
| Reversals for the period | (185 412) | (233 702) | (75 562) | - | - | - | - | (494 676) |
| Closing balance as at 30 June 2018 | 5 819 064 | 23 189 342 | 5 145 430 | - | - | - | - | 34 153 837 |
| Carrying amount | | | | | | | | |
| As at 1 January 2018 | <u>43 858 783</u> | <u>88 692 851</u> | <u>122 884 633</u> | <u>173 860</u> | <u>751 762</u> | <u>2 521 253</u> | <u>6 548 831</u> | <u>265 431 974</u> |
| As at 30 June 2018 | <u>43 047 377</u> | <u>89 174 396</u> | <u>118 771 937</u> | <u>154 352</u> | <u>990 266</u> | <u>2 662 957</u> | <u>11 887 415</u> | <u>266 688 700</u> |

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

| | <u>30 June 2018</u> | <u>31 December 2017</u> |
|--|---------------------|-------------------------|
| Tróia Resort | 1 842 012 | 1 671 835 |
| Marina Troia | 199 834 | 187 465 |
| Industrial plants reconstruction / remodeling and project management | 7 451 339 | 2 240 148 |
| Remodeling / New Health Club Openings | 1 055 491 | 1 280 759 |
| Industrial Engineering | 1 133 515 | 1 112 976 |
| Others | 205 224 | 55 647 |
| | <u>11 887 415</u> | <u>6 548 830</u> |

The increase seen in the item Industrial plants reconstruction / remodelling and project management refers mainly to the Energy segment in relation to the reconstruction of the factory in Mangualde and other projects in progress.

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During the six-month period ended 30 June 2018, intangible fixed assets as well as in amortisation and accumulated impairment losses, are made up as follows:

| | Intangible Assets | | | | |
|---|----------------------------------|------------------|------------------|-------------------------------|-------------------------|
| | Patents and other similar rights | Software | Others | Intangible Assets in progress | Total Intangible Assets |
| Gross Cost: | | | | | |
| Opening balance as at 1 January 2018 | 9 336 173 | 4 819 214 | 4 004 093 | 1 519 682 | 19 679 162 |
| Changes in consolidation perimeter (companies in) | - | - | 19 790 | - | 19 790 |
| Capital expenditure | - | - | 997 022 | 458 721 | 1 455 744 |
| Disposals | (162 029) | - | - | - | (162 029) |
| Exchange rate effect | - | (2 435) | - | - | (2 435) |
| Transfers | 5 883 | 211 134 | (1 144 731) | (171 296) | (1 099 010) |
| Closing balance as at 30 June 2018 | 9 180 027 | 5 027 913 | 3 876 174 | 1 807 108 | 19 891 221 |
| Accumulated amortization | | | | | |
| Opening balance as at 1 January 2018 | 2 656 361 | 3 681 794 | 2 828 951 | - | 9 167 106 |
| Changes in consolidation perimeter (companies in) | - | - | 6 596 | - | 6 596 |
| Charges for the period | 207 293 | 325 319 | 141 340 | - | 673 952 |
| Disposals | (55 237) | - | (30 059) | - | (85 296) |
| Exchange rate effect | - | (2 261) | - | - | (2 261) |
| Transfers | - | 1 856 | - | - | 1 856 |
| Closing balance as at 30 June 2018 | 2 808 418 | 4 006 708 | 2 946 827 | - | 9 761 953 |
| Accumulated impairment losses: | | | | | |
| Opening balance as at 1 January 2018 | 89 536 | - | 600 000 | - | 689 536 |
| Closing balance as at 30 June 2018 | 89 536 | - | 600 000 | - | 689 536 |
| Carrying amount | | | | | |
| As at 1 January 2018 | 6 679 812 | 1 137 420 | 1 175 142 | 1 519 682 | 9 822 521 |
| As at 30 June 2018 | 6 371 609 | 1 021 204 | 929 347 | 1 807 108 | 9 439 733 |

As at 30 June 2018 the net assets related to the concession rights of Marina de Troia, accounted for within “Patents and other similar rights”, amounts to 5,032,473€ (5,261,284€ at 31 December 2017).

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9. GOODWILL

During the periods ended 30 June 2018 and 31 December 2017, movements in goodwill, as well as in corresponding impairment losses, are as follows:

| | 30 June 2018 | 31 December 2017 |
|---|-------------------|-------------------|
| Gross amount: | | |
| Opening balance | 72 080 082 | 62 194 124 |
| Increases - acquisition of affiliated companies | 10 262 880 | 10 449 890 |
| Decreases - disposals of affiliated companies | - | 563 932 |
| Closing balance | 82 342 962 | 72 080 082 |
| Accumulated impairment losses: (Note 21) | | |
| Opening balance | 24 703 711 | 24 353 034 |
| Increases | - | 350 677 |
| Transfers | 4 917 902 | - |
| Closing balance | 29 621 613 | 24 703 711 |
| Total | 52 721 349 | 47 376 371 |

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10. OTHER NON-CURRENT DEBTORS

As at 30 June 2018 and 31 December 2017, other non-current debtors are detailed as follows:

| | 30 June 2018 | 31 December 2017 |
|--|------------------|------------------|
| Loans granted to related parties | | |
| Others | 34 916 | 907 655 |
| | 34 916 | 907 655 |
| Impairment losses (Note 21) | (34 916) | (34 916) |
| | (0) | 872 739 |
| Trade accounts receivable and other debtors | | |
| Sale of financial investments | 505 000 | 505 000 |
| Others | 2 114 375 | 4 947 709 |
| Impairment losses (Note 21) | - | - |
| | 2 619 375 | 5 452 709 |
| Deferred costs | | |
| Financing charges | 205 243 | 276 547 |
| | 205 243 | 276 547 |
| Total financial instruments | 2 824 618 | 6 601 994 |
| Other non-current debtors | 2 824 618 | 6 601 994 |

The variation in the loans granted to related parties reflects the acquisition of control in the group of companies Andar from the Andar Group.

The amount registered under the item Sale of financial investments includes amounts to be received from the sale of the participation in UPK.

The amounts included in the item Others within the account “Trade accounts receivable and other debtors” are related to the sale of real estate during the financial year of 2017.

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11. INVENTORIES

Inventories as at 30 June 2018 and 31 December 2017 can be detailed as follows, highlighting the value attributable to real estate developments:

| | 30 June 2018 | | 31 December 2017 | |
|---|--------------------------|-----------------------------------|--------------------------|-----------------------------------|
| | Total | of which Real Estate Developments | Total | of which Real Estate Developments |
| Raw materials, by-products and consumables | 4 883 845 | - | 4 677 862 | - |
| Goods for sale | 14 476 450 | 13 684 270 | 14 767 604 | 13 282 113 |
| Finished goods | 13 325 120 | 13 301 295 | 13 281 182 | 12 613 221 |
| Work in progress | 64 457 544 | 64 897 222 | 67 372 682 | 62 728 774 |
| | <u>97 142 959</u> | <u>91 882 787</u> | <u>100 099 331</u> | <u>88 624 108</u> |
| Accumulated impairment losses on stocks (Note 21) | (5 702 697) | (5 240 945) | (5 702 697) | (5 240 945) |
| Total Operations | <u>91 440 262</u> | <u>86 641 842</u> | <u>94 396 634</u> | <u>83 383 163</u> |

12. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at 30 June 2018 and 31 December 2017, trade accounts receivable and other current assets are detailed as follows:

| | 30 June 2018 | 31 December 2017 |
|---|--------------------------|--------------------------|
| Trade accounts receivable | 30 523 349 | 31 008 486 |
| Accumulated impairment losses on trade debtors (Note 21) | (6 148 223) | (6 208 847) |
| | <u>24 375 126</u> | <u>24 799 640</u> |
| Taxes recoverable | 9 467 450 | 8 828 905 |
| Loans granted to and other amounts to be received from related parties | 74 191 | 38 897 |
| Other current assets | | |
| Suppliers with a debtor balance | 1 482 713 | 1 153 208 |
| Other debtors | 4 888 990 | 5 129 832 |
| Accounts receivable from the sale of financial investments | 2 202 347 | 2 862 642 |
| Accounts receivable from the sale of tangible assets | 5 671 600 | 2 859 253 |
| Interest receivable | 15 | 15 434 |
| Deferred costs - Rents | 914 481 | 627 096 |
| Deferred costs - External supplies and services | 1 626 246 | 1 382 160 |
| Other current assets | 9 437 005 | 7 301 557 |
| | <u>26 223 397</u> | <u>21 331 182</u> |
| Accumulated impairment losses on other current assets (Note 21) | (1 995 925) | (1 995 925) |
| Trade accounts receivable and other current assets | <u>58 144 238</u> | <u>53 002 698</u> |

The caption "Other current assets" includes accruals related with works in progress at the end of the reporting period of 1M€ related to the Industrial Engineering segment and the remaining within the Refrigeration and HVAC segment.

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13. DEFERRED TAXES

Deferred tax assets and liabilities as at 30 June 2018 and 31 December 2017 can be detailed as follows, splitted between the different types of temporary differences:

| | Deferred tax assets | | Deferred tax liabilities | |
|--|---------------------|-------------------|--------------------------|-------------------|
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| Amortisation and Depreciation harmonisation adjustments | 257 909 | 267 271 | 4 714 602 | 4 618 137 |
| Provisions and impairment losses of non-tax deductible | 5 134 269 | 5 238 117 | - | - |
| Write off of tangible and intangible assets | 71 250 | 71 250 | - | - |
| Revaluation of tangible assets | - | - | 93 680 | 93 355 |
| Tax losses carried forward | 20 710 838 | 20 710 838 | - | - |
| Write off of stocks | - | - | 393 996 | 393 996 |
| Taxable temporary differences arising from the fair value of non-current liabilities | - | - | 6 544 704 | 6 544 704 |
| Others | 1 437 218 | 1 486 584 | 9 913 407 | 9 988 792 |
| | <u>27 611 484</u> | <u>27 774 060</u> | <u>21 660 389</u> | <u>21 638 983</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 2018 and 31 December 2017, and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

| | 30 June 2018 | | | 31 December 2017 | | |
|------------------------------|----------------------------|---------------------|------------|----------------------------|---------------------|------------|
| | Tax losses carried forward | Deferred tax assets | Time limit | Tax losses carried forward | Deferred tax assets | Time limit |
| With limited time use | | | | | | |
| Generated in 2013 | 18 852 311 | 3 958 985 | 2018 | 18 852 311 | 3 958 985 | 2018 |
| Generated in 2014 | 13 536 168 | 2 842 595 | 2026 | 13 536 168 | 2 842 595 | 2026 |
| Generated in 2015 | 45 035 288 | 9 457 411 | 2027 | 45 035 288 | 9 457 411 | 2027 |
| Generated in 2016 | 12 025 566 | 2 525 369 | 2028 | 12 025 566 | 2 525 369 | 2028 |
| Generated in 2017 | 9 173 702 | 1 926 477 | 2022 | 9 173 702 | 1 926 477 | 2022 |
| | <u>98 623 036</u> | <u>20 710 838</u> | | <u>98 623 036</u> | <u>20 710 838</u> | |

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

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

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As at 30 June 2018, tax losses carried forward amounting to 65,397,474€ (43,912,619€ as at 31 December 2017), have not originated deferred tax assets for prudential reasons and are detailed as follows:

| | 30 June 2018 | | | 31 December 2017 | | |
|--|----------------------------|--------------------------|------------|----------------------------|-------------------------|------------|
| | Tax losses carried forward | Tax Credit | Time limit | Tax losses carried forward | Tax Credit | Time limit |
| With limited time use | | | | | | |
| Generated in 2013 | 25 853 804 | 5 429 299 | 2018 | 25 043 382 | 5 259 110 | 2018 |
| Generated in 2014 | 963 693 | 202 376 | 2026 | 49 633 | 10 423 | 2026 |
| Generated in 2015 | 1 190 501 | 250 005 | 2027 | 4 751 | 998 | 2027 |
| Generated in 2016 | 1 115 520 | 234 259 | 2028 | 19 292 | 4 051 | 2028 |
| Generated in 2017 | 13 601 250 | 2 856 263 | 2022 | 6 368 844 | 1 337 457 | 2022 |
| Generated in 2018 | 10 094 457 | 2 119 836 | 2023 | - | - | 2023 |
| | <u>52 819 224</u> | <u>11 092 037</u> | | <u>31 485 902</u> | <u>6 612 039</u> | |
| Without limited time use | 12 147 066 | 3 036 767 | | 12 001 155 | 3 000 289 | |
| With a time limit different from the above mentioned | 431 184 | 96 382 | | 425 562 | 95 258 | |
| | <u>12 578 250</u> | <u>3 133 149</u> | | <u>12 426 717</u> | <u>3 095 547</u> | |
| | <u><u>65 397 474</u></u> | <u><u>14 225 186</u></u> | | <u><u>43 912 619</u></u> | <u><u>9 707 586</u></u> | |

14. CASH AND CASH EQUIVALENTS

As at 30 June 2018 and 31 December 2017, cash and cash equivalents can be detailed as follows:

| | 30 June 2018 | 31 December 2017 |
|---|-------------------------|-------------------------|
| Cash at hand | 277 522 | 30 132 |
| Bank deposits | 8 820 441 | 7 276 938 |
| Treasury applications | 10 719 | - |
| Cash and cash equivalents on the balance sheet | <u>9 108 682</u> | <u>7 307 069</u> |
| Bank overdrafts - (Note 17) | - | (73 571) |
| Cash and cash equivalents in the statement of cash-flows | <u><u>9 108 682</u></u> | <u><u>7 233 499</u></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).

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15. EQUITY

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

As at 30 June 2018, Sonae Capital owns 4,107,623 own shares (4,783,433 own shares at 31 December 2017) booked for 1,192,808€ (1,305,839 € at 31 December 2017).

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 2018 and 31 December 2017 are as follows:

| | 30 June 2018 | 31 December 2017 |
|---|-------------------|-------------------|
| Demerger reserve | 132 638 253 | 132 638 253 |
| Translation reserves | 120 049 | 146 352 |
| Hedging reserves | 6 370 | 6 370 |
| Others | (119 065 831) | (94 517 536) |
| Other reserves and retained earnings | 13 698 841 | 38 273 439 |

Demerger reserve

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

Translation reserves

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

Hedging Reserve

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

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16. NON-CONTROLLING INTERESTS

Movements in non-controlling interests in the periods ended 30 June 2018 and 31 December 2017 are as follows:

| | 30 June 2018 | 31 December 2017 |
|---|------------------|-------------------|
| Opening balance as at 1 January | 10 915 176 | 9 925 965 |
| Changes in the percentage of capital held in affiliated companies | - | 776 824 |
| Changes resulting from currency translation | - | 27 009 |
| Dividends paid | (603 041) | (926 710) |
| Changes in consolidation perimeter | (677 225) | - |
| Profit for the period attributable to minority interests | (125 221) | 1 112 088 |
| Closing balance | 9 509 689 | 10 915 176 |

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

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17. BORROWINGS

As at 30 June 2018 and 31 December 2017, Borrowings are made up as follows:

| | 30 June 2018 | | 31 December 2017 | | Repayable on |
|---|--------------------|-------------------|--------------------|-------------------|--------------|
| | Outstanding amount | | Outstanding amount | | |
| | Current | Non-Current | Current | Non-Current | |
| Bank loans | | | | | |
| Sonae Capital SGPS - commercial paper ^{a)} | - | - | 4 500 000 | - | Jun/2021 |
| Sonae Capital SGPS - commercial paper ^{b)} | - | 21 000 000 | - | 4 000 000 | Set/2021 |
| Sonae Capital SGPS - commercial paper ^{c)} | 19 000 000 | - | 3 200 000 | - | Mar/2028 |
| Sonae Capital SGPS - commercial paper ^{d)} | 10 000 000 | - | 10 000 000 | - | Jun/2018 |
| Sonae Capital SGPS ^{e)} | 1 000 000 | 9 000 000 | - | 10 000 000 | Feb/2023 |
| Sonae Capital SGPS - commercial paper ^{f)} | - | - | 5 000 000 | - | Dec/2018 |
| Sonae Capital SGPS - commercial paper ^{g)} | - | - | - | - | Jun/2021 |
| Up-front fees | - | (12 730) | - | (16 867) | |
| Others | 1 836 049 | 2 358 799 | 1 966 697 | 3 235 083 | |
| | <u>36 836 049</u> | <u>42 346 069</u> | <u>24 666 697</u> | <u>17 218 215</u> | |
| Bank overdrafts (Note 14) | - | - | 73 571 | - | |
| Bank loans | <u>36 836 049</u> | <u>42 346 069</u> | <u>24 740 268</u> | <u>17 218 215</u> | |
| Bond Loans | | | | | |
| Sonae Capital 2016/2021 Bonds ^{h)} | - | 15 000 000 | - | 15 000 000 | Jul/2021 |
| Sonae Capital 2014/2019 Bonds ⁱ⁾ | 42 500 000 | - | - | 42 500 000 | May/2019 |
| Up-front fees | - | (185 707) | - | (254 190) | |
| Bond Loans | <u>42 500 000</u> | <u>14 814 293</u> | <u>-</u> | <u>57 245 810</u> | |
| Other loans | <u>48 788</u> | <u>172 995</u> | <u>48 788</u> | <u>197 389</u> | |
| Obligations under finance leases | <u>3 530 656</u> | <u>13 331 479</u> | <u>3 422 578</u> | <u>13 867 519</u> | |
| Up-front fees on finance leases | <u>-</u> | <u>(53 715)</u> | <u>-</u> | <u>(60 437)</u> | |
| | <u>82 915 493</u> | <u>70 611 121</u> | <u>28 211 633</u> | <u>88 468 497</u> | |

- a) Commercial paper programme, with subscription guarantee, issued on 31 December 2013 with automatic annual renewal until a maximum of seven years and six months, unless denounced by either part.
- b) Commercial paper programme, with subscription guarantee, issued on 29 September 2017 and valid until September 2021.
- c) Short term commercial paper programme, launched on 28 March 2008 and valid until 28 March 2018, with the option of prolonging the duration for another 10 years. This option was exercised and thus, the current maturity was prorogated for 28 March 2028. Placement with investors or financial institutions and guaranteed by committed credit lines with duration between six months and a year, contracted through relationship banks.
- d) Commercial paper programme, with subscription guarantee, issued on 30 June 2017 with annual renewal, unless denounced by either part.
- e) Commercial paper programme, with subscription guarantee, issued on 24 February 2017 valid until February 2023 with amortizations every six months beginning 2019.
- f) Commercial paper programme, without subscription guarantee, issued on 20 December 2017 with annual renewal for issues placed with investors.
- g) Commercial paper programme, with subscription guarantee, issued on 23 June 2016 valid for a 5-year period, with annual amortizations and a 1-year grace period.
- h) Sonae Capital, SGPS, S.A., 2016/2021 bond loan in the amount of 15,000,000€, 5 years until maturity and a sole reimbursement on 29 July 2021, except if the Issuer exercise the Call Option. This bond loan bears interest every six months.
- i) Sonae Capital, SGPS, S.A., 2014/2019 bond loan in the amount of 42,500,000€, 5 years until maturity and a sole reimbursement on 28 May 2019. This bond loan bears interest every six months.

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The interest rate on bonds and bank loans in force on 30 June 2018 was on average 1.79% (2.27% in December 2017).

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

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

There does not exist derivative instruments.

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

| | 30 June 2018 | | 31 December 2017 | |
|--------------|--------------------|------------------|--------------------|------------------|
| | Nominal value | Interest | Nominal value | Interest |
| N+1 | 82 915 493 | 2 312 110 | 28 211 633 | 2 437 850 |
| N+2 | 11 783 590 | 584 175 | 57 664 567 | 1 493 224 |
| N+3 | 12 067 754 | 488 241 | 4 359 194 | 586 376 |
| N+4 | 40 453 371 | 246 885 | 22 329 433 | 497 625 |
| N+5 | 5 400 646 | 32 370 | 3 373 693 | 85 336 |
| After N+5 | 1 157 912 | 15 775 | 1 073 103 | 26 328 |
| Total | 153 778 767 | 3 679 555 | 117 011 623 | 5 126 740 |

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18. OTHER NON-CURRENT CREDITORS

As at 30 June 2018 and 31 December 2017 other non-current creditors can be detailed as follows:

| | 30 June 2018 | 31 December 2017 |
|---|-------------------------|-------------------------|
| Loans and other amounts payable to related parties | | |
| Plaza Mayor Parque de Ocio, S.A. (Note 27) | - | 1 739 399 |
| Others | 232 513 | 203 172 |
| | <u>232 513</u> | <u>1 942 571</u> |
| Other creditors | | |
| Creditors in the restructuring process of Torralta | 729 399 | 650 478 |
| Others | - | 5 349 |
| | <u>729 399</u> | <u>655 827</u> |
| Deferred income | | |
| Obligations by share-based payments (Note 19) | 292 997 | 416 815 |
| | <u>292 997</u> | <u>416 814</u> |
| Other non-current creditors | <u><u>1 254 908</u></u> | <u><u>3 015 213</u></u> |

The main variation in the item Loans and other amounts payable to related parties reflects the liquidation this year of the loan outstanding obtained from Plaza Mayor.

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19. SHARE-BASED PAYMENTS

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

As at 30 June 2018 and 31 December 2017, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

| | Granting year | Vesting year | Number of participants | Fair Value | |
|---------------|---------------|--------------|------------------------|------------------|------------------|
| | | | | 30 June 2018 | 31 December 2017 |
| Shares | | | | | |
| | 2015 | 2018 | 5 | - | 569 471 |
| | 2016 | 2019 | 5 | 456 381 | 415 708 |
| | 2017 | 2020 | 12 | 453 162 | 419 031 |
| | 2018 | 2021 | 13 | 388 839 | - |
| Total | | | | 1 298 382 | 1 404 211 |

As at 30 June 2018 and 31 December 2017, the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which have not yet vested:

| | 30 June 2018 | 31 December 2017 |
|---------------------------------------|----------------|------------------|
| Other non-current creditors (Note 18) | 292 997 | 416 815 |
| Other current creditors | 377 635 | 569 471 |
| Reserves | (416 815) | (277 619) |
| Staff Costs | 253 817 | 708 667 |

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20. TRADE ACCOUNTS PAYABLE

As at 30 June 2018 and 31 December 2017 trade accounts payable can be detailed as follows:

| | 30 June 2018 | 31 December 2017 |
|---|--------------------------|--------------------------|
| Trade creditors | 22 909 656 | 25 369 800 |
| Loans granted by and other payables to related parties | 908 094 | 608 120 |
| Other current liabilities | | |
| Fixed assets suppliers | 1 972 753 | 2 392 508 |
| Advances from customers and down payments | 5 228 014 | 1 881 047 |
| Other creditors | 8 898 114 | 12 743 820 |
| Taxes and contributions payable | 5 162 714 | 4 469 392 |
| Accrued staff costs | 8 375 180 | 7 590 826 |
| Amounts invoiced for works not yet completed | 4 185 263 | 3 640 702 |
| Accrued expenses with purchases - Energy Segment | 448 970 | 397 691 |
| Interest payable | 347 863 | 354 584 |
| Investment aid | 80 061 | 126 309 |
| Other liabilities | 12 183 037 | 11 571 394 |
| | <u>46 881 968</u> | <u>45 168 275</u> |
| Trade accounts payable and other current liabilities | <u>70 699 718</u> | <u>71 146 195</u> |

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21. PROVISIONS AND ACUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses over the period ended 30 June 2018 were as follows:

| Captions | Balance as at 1 January 2018 | Increases | Decreases | Utilisations | Transfers | Balance as at 30 June 2018 |
|--|------------------------------------|----------------|--------------------|------------------|------------------|-------------------------------------|
| Accumulated impairment losses on: | | | | | | |
| Tangible Assets (Note 8) | 34 634 847 | 13 666 | (422 916) | (71 760) | - | 34 153 837 |
| Intangible Assets (Note 8) | 689 536 | - | - | - | - | 689 536 |
| Goodwill (Note 9) | 24 703 711 | - | - | - | 4 917 902 | 29 621 613 |
| Other Investments | 291 838 | - | - | - | - | 291 838 |
| Other non-current assets (Note 10) | 34 916 | - | - | - | - | 34 916 |
| Trade accounts receivable (Note 12) | 6 208 847 | 551 861 | (533 963) | (78 521) | - | 6 148 223 |
| Other current assets (Note 12) | 1 995 925 | - | - | - | - | 1 995 925 |
| Stocks (Note 11) | 5 702 697 | - | - | - | - | 5 702 697 |
| Non-current provisions | 3 079 824 | - | - | - | - | 3 079 824 |
| Current provisions | 4 403 401 | 205 450 | (107 936) | (143 078) | - | 4 357 837 |
| Total | 81 745 545 | 770 977 | (1 064 815) | (293 359) | 4 917 902 | 86 076 250 |

As at 30 June 2018 and 31 December 2017 detail of other provisions was as follows:

| | 30 June 2018 | 31 December 2017 |
|------------------------------|------------------|------------------|
| Judicial claims | 1 981 544 | 2 225 121 |
| Provision for secured income | 1 656 729 | 1 451 279 |
| Others | 3 799 389 | 3 806 826 |
| Total | 7 437 662 | 7 483 226 |

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

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22. OTHER OPERATIONAL INCOME

Other operational income for the period ended 30 June 2018 and 2017 was as follows:

| | 30 June 2018 | 30 June 2017 |
|-----------------------------|------------------|------------------|
| Own work capitalised | 211 710 | 35 716 |
| Gains on sales of assets | 1 594 601 | 1 616 814 |
| Supplementary income | 622 558 | 251 029 |
| Others | 1 100 514 | 809 848 |
| Continued Operations | 3 529 384 | 2 713 407 |
| Total | 3 529 384 | 2 713 407 |

In the financial period ended on 30 June 2018, the amount within Other Operational Income includes mainly, recognition of operating subsidies and gains on acquisitions of CO² licences.

The amount in gains on sales of assets for the period ended on 30 June 2018 includes gains obtained by the sale of real estate assets located in Tróia.

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23. CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2018 and 31 December 2017 the most important contingent liabilities referred to guarantees given and were made up as follows:

| | 30 June 2018 | 31 December 2017 |
|--------------------------------------|--------------|------------------|
| Guarantees given: | | |
| on VAT reimbursements | 5 199 346 | 5 199 346 |
| on tax claims | 18 359 488 | 15 163 918 |
| on municipal claims | 1 134 224 | 1 134 224 |
| guarantees given on rental contracts | 23 072 776 | 16 466 333 |
| Others | 33 880 402 | 9 574 135 |

Others include the following guarantees:

- 4,220,699 € as at 30 June 2018 (4,222,349€ as at 31 December 2017) of guarantees on construction works given to clients;
- 3,766,391€ as at 30 June 2018 (3,766,391€ as at 31 December 2017) of guarantees given concerning building permits within the Tróia Resort Operations segment.
- 23,324,580€ as at 30 June 2018 of guarantees given concerning building permits in the Energy segment.

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

24. INVESTMENT INCOME

As at 30 June 2018 and 2017, Investment income was made up as follows:

| | 30 June 2018 | 30 June 2017 |
|--|-------------------|--------------------|
| Equity settlement of group companies | 13 273 | 36 603 |
| Adjustment to the liquidation price of Box Lines Navegação | 12 076 | - |
| Gains on disposal of investments in group companies | 25 349 | 36 603 |
| Impairment losses related to Investments | (36 864) | - |
| Others | - | 1 771 634 |
| Investment Income | - (11 515) | - 1 808 237 |

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25. TAXATION

As at 30 June 2018 and 2017, Taxation was made up as follows:

| | 30 June 2018 | 30 June 2017 |
|-----------------|----------------|----------------|
| Current tax | 474 167 | 367 159 |
| Deferred tax | 183 655 | 378 505 |
| Taxation | 657 822 | 745 664 |

26. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 30 June 2018 and 2017, the reconciliation of consolidated net profit can be analysed as follows:

| | 30 June 2018 | 30 June 2017 |
|---|---------------------|--------------------|
| Aggregate net profit - continued operations | 65 612 864 | 151 259 357 |
| Aggregate net profit - discontinued operations | (2 510 203) | (541 829) |
| Harmonisation adjustments | (133 422) | (1 744 446) |
| Elimination of intragroup dividends | (63 288 522) | (154 894 877) |
| Share of gains/(losses) of associated undertakings | 230 863 | 193 871 |
| Elimination of intragroup capital gains/(losses) | 106 324 093 | 32 399 |
| Elimination of intragroup impairment | (116 308 035) | - |
| Adjustments of gains/(losses) of financial shareholdings sale | - | 1 765 245 |
| Others | 16 580 | (3) |
| Consolidated net profit for the year - continued operations | (8 003 297) | (3 331 399) |
| Consolidated net profit for the year - discontinued operations | (2 052 482) | (598 884) |
| Consolidated net profit for the year | (10 055 779) | (3 930 283) |

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27. RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

| Transactions | June 2018 | | June 2017 | |
|---|-----------------------------|---------------------------------|-----------------------------|---------------------------------|
| | Sales and services rendered | Purchases and services obtained | Sales and services rendered | Purchases and services obtained |
| Parent company | | | | |
| Associated companies | 12 305 | 1 714 | 14 760 | 2 342 |
| Feneralt - Produção de Energia, ACE | 7 873 | (10 054) | 8 533 | (10 748) |
| Lidergraf - Artes Gráficas, Lda | 4 432 | 11 768 | 6 227 | 13 090 |
| Other partners and Group companies | 16 964 900 | 3 325 998 | 21 275 852 | 2 777 136 |
| 8ª Avenida - Centro Comercial, S.A. | 1 827 | - | - | - |
| Águas Furtadas - Soc. Agrícola, S.A. | 1 295 | - | 1 253 | - |
| Algarveshopping - Centro Comercial, S.A. | (4 443) | - | - | - |
| Alpêssego - Sociedade Agrícola, S.A. | 1 258 | - | 3 314 | - |
| Casa Agrícola de Ambrães, S.A. | 862 | - | 1 564 | - |
| Aqualuz - Turismo e Lazer, Lda | 717 560 | (89) | 695 123 | 1 661 |
| Arrábidasshopping - Centro Comercial, S.A. | 934 | - | 435 | - |
| BB Food Service, S.A. | 129 375 | (2 215) | 259 961 | (3 041) |
| BOM MOMENTO - Comércio Retalista, S.A. | 41 474 | (1 199) | 31 940 | (34) |
| Bright Development Studio, S.A. | - | - | 62 | - |
| Prod. Agric. Biológica, S.A. | 117 445 | (422) | - | - |
| Cascaishopping - Centro Comercial, S.A. | 3 740 | (130) | 508 351 | (5) |
| Centro Colombo - Centro Comercial, S.A. | 314 502 | 710 373 | 370 781 | 108 714 |
| Continente Hipermercados, S.A. | 2 262 655 | (143 291) | 1 959 234 | (16 543) |
| Contimobe - Imobil.Castelo Paiva, S.A. | - | 2 423 | - | 1 790 |
| Digitmarket - Sistemas de Informação, S.A. | 69 | 164 646 | - | 135 730 |
| Discovery Sports, S.A. | - | - | 1 235 | - |
| Efanor Investimentos, SGPS, S.A. | 1 121 | - | - | - |
| Efanor Serviços de Apoio à Gestão, S.A. | 34 265 | - | 33 682 | - |
| Estação Viana - Centro Comercial, S.A. | - | - | 16 | - |
| Euroresinas - Indústrias Químicas, S.A. | - | 147 | - | (2 820) |
| Fashion Division, S.A. | 163 | - | 2 602 | - |
| Sonae Arauco Deutschland AG | 218 | - | - | - |
| Guimarãesshopping - Centro Comercial, S.A. | 810 | - | 1 529 | - |
| Iberosegur - Sociedade Ibérica de Mediação de Seguros, Lda. | 951 | - | 553 | - |
| Fundo de Invest. Imobiliário Imosede | 113 553 | 280 370 | 76 710 | 279 464 |
| Imosistema - Sociedade Imobiliária, S.A. | - | - | (3 550) | - |
| Fundo Invest. Imobiliário Imosonae Dois | - | - | 77 215 | - |
| Infofield - Informática, S.A. | - | - | 41 | - |
| Inovretail, S.A. | 1 357 | - | - | - |
| Insco Insular de Hipermercados, S.A. | 446 726 | (56 822) | 84 585 | (4) |
| LCC LeiriaShopping Centro Comercial S.A. | 140 | - | (2 276) | - |
| Loureshopping - Centro Comercial, S.A. | - | 1 437 | - | - |
| NOS Sistemas S.A. | - | 93 080 | 21 082 | 559 385 |
| Modelo - Dist. de Mat. de Construção, S.A. | 43 004 | - | 2 498 | - |
| Modelo Continente Hipermercados, S.A. | 10 177 126 | 269 081 | 9 341 735 | 252 984 |
| Modelo Continente Hipermercados, Suc. | - | 2 553 | 302 | 5 700 |
| Modelo Hipermercados Trading, S.A. | 1 726 | - | - | - |
| MDS Corretor de Seguros, S.A. | 175 648 | (9 579) | 171 357 | 748 |
| MDS Africa SGPS, S.A. | 275 | - | 418 | - |
| MDS Auto - Mediação de Seguros, S.A. | 972 | - | 951 | - |
| MDS Consulting, S.A. | 5 489 | 1 669 | 5 489 | 1 026 |
| MDS, SGPS, S.A. | 496 | - | 636 | - |
| Modalfa - Comércio e Serviços, S.A. | 852 | - | 15 636 | - |
| MODALLOOP - Vestuário e Calçado, S.A. | 224 | - | 375 | - |
| Modelo Hiper Imobiliária, S.A. | (42) | - | - | - |

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| | | | | |
|---|-------------------|------------------|-------------------|------------------|
| Movelpartes - Comp.para Ind. Mobiliária, S.A. | 197 | - | 118 | - |
| Norteshopping - Centro Comercial, S.A. | 9 084 | 227 137 | 21 500 | 118 302 |
| Paracentro - Gest. de Galerias Com., S.A. | - | - | 46 009 | 2 300 |
| Parklake Shopping, S.A. | - | - | 6 668 986 | (366) |
| PHARMACONTINENTE - Saúde e Higiene, S.A. | 28 | - | 2 270 | 541 |
| Prosa - Produtos e Serviços Agrícolas, S.A. | 15 682 | 1 186 | 15 460 | (505) |
| Público - Comunicação Social, S.A. | 900 | 3 829 | 90 | 6 993 |
| QCE - Desenvolvimento e Fabrico de Equipamentos, S.A. | - | (234 332) | - | (218 921) |
| Saphety Level - Trusted Services S.A. | - | 71 687 | - | 67 197 |
| SONAESR - Serviços e logística, S.A. | 14 558 | - | 10 826 | - |
| SFS - Serviços de Gestão e Marketing, S.A. | - | 867 | - | - |
| Sonae Financial Services, S.A. | - | 378 | 1 580 | - |
| Sondis Imobiliária, S.A. | 22 378 | - | - | - |
| Sonae Indústria - SGPS, S.A. | 534 | - | 725 | - |
| Sonae Arauco Portugal, S.A. | 1 324 554 | 1 088 917 | 28 207 | (80) |
| Sonae Industria de Revestimentos, S.A. | 226 529 | 216 187 | 229 701 | 147 894 |
| SIRS - Soc. Ind. Radiodifusão Sonora, S.A. | 505 | 14 426 | - | 14 942 |
| RACE - Refrigeration & Air Conditioning Engineering, S.A. | - | - | - | (39 493) |
| Sierra Management Portugal - Gest. CC, S.A. | (295) | 58 665 | 7 733 | 799 546 |
| Sohi Meat Solut - Distr. Carnes | 168 844 | 8 814 | 26 681 | 10 414 |
| Sonae Center Serviços II, S.A. | 34 088 | 309 773 | 25 955 | 284 728 |
| Sonae.com, SGPS, S.A. | - | 4 950 | - | - |
| Sonae Investment Management - S.T., SGPS, S.A. | 13 | - | - | - |
| Sonaecom - Serviços Partilhados, S.A. | - | - | 49 452 | (75 276) |
| Sonaegest - Soc.Gest. Fundos Investimentos | 1 489 | 112 701 | 1 441 | 112 209 |
| Sonaerp - Retail Properties, S.A. | 470 476 | 40 457 | 213 541 | 8 456 |
| Sonae, SGPS, S.A. | 7 985 | 36 500 | 7 417 | 36 500 |
| Sport Zone - Comércio Art. Desporto, S.A. | 836 | 13 017 | 23 762 | 27 404 |
| Sonae Arauco, S.A. | (71) | - | 1 929 | - |
| Textil do Marco, S.A. | 57 451 | - | 57 254 | - |
| Tableros Tradema, S.L. | 451 | - | 1 530 | - |
| Centro Vasco da Gama - Centro Comercial, S.A. | - | 2 927 | - | 1 951 |
| We Do Consulting - SI, S.A. | - | 35 784 | 181 | 148 077 |
| Worten - Equipamento para o Lar, S.A. | 9 119 | 96 | 163 759 | (432) |
| ZIPPY - Comércio e Distribuição, S.A. | 5 938 | - | 4 906 | - |
| | 16 977 205 | 3 327 712 | 21 290 612 | 2 779 478 |

| Transactions | Interest income | Interest expenses | Interest income | Interest expenses |
|---|-----------------|-------------------|-----------------|-------------------|
| Parent company | | | | |
| Associated companies | - | - | 26 236 | - |
| Andar - Sociedade Imobiliária, S.A. | - | - | 26 236 | - |
| Other partners and Group companies | - | 32 728 | - | 44 613 |
| Plaza Mayor Parque de Ocio, S.A. | - | 32 728 | - | 44 613 |
| | - | 32 728 | 26 236 | 44 613 |

REPORT AND ACCOUNTS - JUNE 2018

Cosolidated Financial Statements

| Balances | June 2018 | | December 2017 | |
|---|---------------------|------------------|---------------------|------------------|
| | Accounts receivable | Accounts payable | Accounts receivable | Accounts payable |
| Parent company | | | | |
| Associated companies | 11 084 | 5 659 | 34 294 | 17 105 |
| Andar - Sociedade Imobiliária, S.A. | - | - | 16 054 | - |
| Feneralt - Produção de Energia, ACE | 8 759 | - | 9 333 | - |
| Lidergraf - Artes Gráficas, Lda. | 2 325 | 5 659 | 8 907 | 17 105 |
| Other partners and Group companies | 8 589 165 | 2 483 127 | 7 586 105 | 2 117 281 |
| Águas Furtadas - Soc. Agrícola, S.A. | 266 | - | 257 | - |
| Algarveshopping - Centro Comercial, S.A. | 16 479 | - | 21 943 | - |
| Alpêssego - Sociedade Agrícola, S.A. | 2 874 | - | 2 866 | - |
| Arrábidasshopping- Centro Comercial, S.A. | 383 | - | - | - |
| Asprela - Sociedade Imobiliária, S.A. | (1 513) | - | 1 513 | - |
| Aqualuz - Turismo e Lazer, Lda | 422 588 | 208 494 | 85 036 | 53 327 |
| BB Food Service, S.A. | 27 722 | (5 098) | 101 974 | 1 783 |
| BOM MOMENTO - Comércio Retalhista, S.A. | 12 551 | - | 157 504 | - |
| Casa Agrícola de Ambrães, S.A. | 177 | - | 171 | - |
| Cascaishopping - Centro Comercial, S.A. | 73 812 | - | 163 696 | - |
| Centro Colombo - Centro Comercial, S.A. | 152 527 | 171 261 | 75 232 | 199 160 |
| Contimobe - Imobil.Castelo Paiva, S.A. | 404 | 1 490 | 404 | 993 |
| Continente Hipermercados, S.A. | 708 493 | 7 268 | 1 630 860 | 10 144 |
| Digitmarket - Sistemas de Informação, S.A. | 22 706 | 22 330 | 133 948 | 39 418 |
| Efanor Investimentos, SGPS, S.A. | 1 192 | 4 | 280 | - |
| Efanor Serviços de Apoio à Gestão, S.A. | 1 317 | 5 512 | 2 709 | 5 512 |
| Sonaerp - Retail Properties, S.A. | 59 058 | 35 706 | 390 668 | 34 839 |
| Euroresinas - Indústrias Químicas, S.A. | - | 882 | - | 10 160 |
| Fashion Division, S.A. | 425 | - | 1 364 | - |
| Fundo de Invest. Imobiliário Imosede | 41 212 | 53 795 | 13 502 | 6 410 |
| Gaiashopping II - Centro Comercial, S.A. | (163) | (163) | - | 163 |
| Go Well, S.A. | - | 3 | - | 635 |
| Guimarãesshopping - Centro Comercial, S.A. | 996 | - | 163 | - |
| Infocfield - Informática, S.A. | 1 683 | - | 1 683 | - |
| Insco Insular de Hipermercados, S.A. | 113 849 | - | 523 525 | - |
| LCC LeiriaShopping Centro Comercial S.A. | - | - | 9 372 | - |
| Loureshopping - Centro Comercial, S.A. | - | - | 1 768 | - |
| MDS Africa SGPS, S.A. | - | - | 170 | - |
| MDS Auto - Mediação de Seguros, S.A. | 26 | - | - | - |
| MDS Consulting, S.A. | - | 901 | - | 1 918 |
| MDS Corretor de Seguros, S.A. | 24 734 | 195 636 | 17 948 | 106 257 |
| MDS RE - Mediador de Resseguros, SGPS, S.A. | (838) | - | (838) | - |
| MDS, SGPS, S.A. | 172 | 8 | - | - |
| Modalfa - Comércio e Serviços, S.A. | 2 216 | - | 68 245 | - |
| MODALLOOP - Vestuário e Calçado, S.A. | 6 235 | 6 235 | 6 241 | 6 235 |
| Modelo - Dist. de Mat. de Construção, S.A. | 3 065 | - | 989 | - |
| Modelo Continente Hipermercados, Suc. | - | - | 160 | - |
| Modelo Continente Hipermercados, S.A. | 5 290 228 | 404 482 | 3 550 053 | 311 852 |
| Modelo Hiper Imobiliária, S.A. | - | - | 52 | - |
| Modelo Hipermercados Trading, S.A. | 405 | - | - | - |
| Movelpartes - Comp. para Ind. Mobiliária, S.A. | - | - | 494 | - |
| Norteshopping - Centro Comercial, S.A. | 22 031 | 281 910 | 21 699 | 347 635 |
| NOS Sistemas S.A. | 223 | 95 248 | - | 90 938 |
| Paracentro - Gest. de Galerias Com., S.A. | - | 4 000 | - | 4 000 |
| Parklake Shopping, S.A. | 463 000 | - | - | 117 207 |
| PHARMACONTINENTE - Saúde e Higiene, S.A. | 35 | - | 1 841 | - |
| Plaza Mayor Parque de Ocio, S.A. | - | - | - | 40 300 |
| Prod. Agric. Biológica, S.A. | 35 812 | - | 19 818 | - |
| Prosa - Produtos e Serviços Agrícolas, S.A. | 2 914 | 1 186 | 28 772 | 3 740 |
| Público - Comunicação Social, S.A. | 886 | 875 | - | 1 047 |
| QCE - Desenvolvimento e Fabrico de Equipamentos, S.A. | - | (549) | - | - |

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| | | | | |
|--|------------------|------------------|------------------|------------------|
| Rio Sul - Centro Comercial, S.A. | 5 270 | - | 6 334 | - |
| Saphety Level - Trusted Services S.A. | - | 56 387 | - | 53 466 |
| SEKIWI, SGPS., S.A. | 303 | - | 273 | - |
| SFS - Serviços de Gestão e Marketing, S.A. | 1 864 | 39 772 | 235 | 146 825 |
| Sierra Management Portugal-Gest. CC, S.A. | 816 | 16 043 | 5 357 | 29 276 |
| SIRS - Soc. Ind. Radiodifusão Sonora, S.A. | 4 920 | 12 930 | - | 7 824 |
| Sohi Meat Solut - Distr. Carnes | (29 718) | 88 451 | 119 910 | 27 332 |
| Sonae Arauco Netherlands B.V. | - | 538 | - | - |
| Sonae Arauco Portugal, S.A. | 834 629 | 413 440 | 19 861 | 10 890 |
| Sonae Arauco, S.A. | 404 | - | 544 | - |
| Sonae Center Serviços II, S.A. | 35 616 | 194 012 | 52 498 | 183 618 |
| Sonae Industria de Revestimentos, S.A. | 164 185 | 77 883 | 185 960 | 83 380 |
| Sonae Indústria - SGPS, S.A. | - | 3 199 | 830 | - |
| Sonae Investment Management - S.T., SGPS, S.A. | 15 | - | 208 | - |
| Sonae, SGPS, S.A. | 12 481 | 25 038 | 5 341 | 50 000 |
| Sonae UK, Ltd. | - | 269 | - | - |
| Sonae.com, SGPS, S.A. | - | - | - | 4 059 |
| Sonaecenter Serviços, S.A. | 320 | 269 | - | - |
| Sonaecom - Serviços Partilhados, S.A. | - | - | 25 460 | - |
| Sonaegest - Soc. Gest. Fundos Investimentos | 1 832 | 33 631 | - | 16 849 |
| SONAESR - Serviços e logística, S.A. | 19 504 | 24 | 10 289 | - |
| Sondis Imobiliária, S.A. | - | 60 | - | - |
| Sport Zone - Comércio Art. Desporto, S.A. | 985 | 2 294 | 2 178 | 14 337 |
| Tableros Tradema, S.L. | 205 | - | 215 | - |
| Textil do Marco, S.A. | 9 171 | 119 | 9 101 | 119 |
| We Do Consulting - SI, S.A. | - | 18 116 | 20 191 | 86 412 |
| Worten - Equipamento para o Lar, S.A. | 16 158 | 9 236 | 79 431 | 9 221 |
| ZIPPY - Comércio e Distribuição, S.A. | 23 | - | 5 807 | - |
| | 8 600 249 | 2 488 786 | 7 620 399 | 2 134 386 |

| Balances | Loans obtained | Loans granted | Loans obtained | Loans granted |
|---|----------------|---------------|------------------|----------------|
| Parent company | | | | |
| Associated companies | - | - | - | 872 739 |
| Andar - Sociedade Imobiliária, S.A. | - | - | - | 872 739 |
| Other partners and Group companies | - | - | 1 710 059 | - |
| Plaza Mayor Parque de Ocio, S.A. | - | - | 1 710 059 | - |
| | - | - | 1 710 059 | 872 739 |

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28. EARNINGS PER SHARE

Earnings per share for the periods ended 30 June 2018 and 2017 were calculated taking into consideration the following amounts:

| | <u>30 June 2018</u> | <u>30 June 2017</u> |
|---|---------------------|---------------------|
| Net profit | | |
| Net profit taken into consideration to calculate basic earnings per share (Net profit for the period) | (9 930 558) | (4 475 984) |
| Net profit taken into consideration to calculate diluted earnings per share | <u>(9 930 558)</u> | <u>(4 475 984)</u> |
| Number of shares | | |
| Weighted average number of shares used to calculated basic earnings per share | 248 085 190 | 247 345 810 |
| Weighted average number of shares used to calculated diluted earnings per share | 248 085 190 | 247 345 810 |
| Earnings per share (basic and diluted) - Continued operations | <u>(0,031756)</u> | <u>(0,015675)</u> |
| Earnings per share (basic and diluted) - Discontinued operations | <u>(0,008273)</u> | <u>(0,002421)</u> |
| Earnings per share (basic and diluted) | (0,040029) | (0,018096) |

There are no convertible instruments used in relation to the shares of Sonae Capital, SGPS, S.A., hence, there is no dilution effect.

REPORT AND ACCOUNTS – JUNE 2018

Cosolidated Financial Statements

29. SEGMENT INFORMATION

In 30 June 2018 and 31 December 2017, the following were identified as segments:

- Tróia Resort Operations;
- Hospitality;
- Fitness;
- Energy;
- Refrigeration and HVAC;
- Real Estate;
- Industrial Engineering;
- Holding & Others.

The contribution of the business segments to the income statement of the periods ended 30 June 2018 and 2017 can be detailed as follows:

| 30 June 2018 | | | | | | | | | |
|---------------------------------|-------------------------|------------------|-------------------|-------------------|------------------------|------------------------|------------------|--------------------------|-------------------|
| Profit and Loss Account | Tróia Resort Operations | Hospitality | Fitness | Energy | Refrigeration and HVAC | Industrial Engineering | Holding & Others | Intersegment Adjustments | Consolidated |
| Turnover | 3 530 224 | 9 505 015 | 17 736 300 | 25 546 622 | 22 137 443 | 6 355 869 | 5 160 898 | (6 069 872) | 87 153 829 |
| Other operational income | 400 056 | 262 950 | 530 312 | 671 173 | 70 875 | 265 227 | 1 908 621 | (671 119) | 3 529 384 |
| Total operational income | 3 930 280 | 9 767 966 | 18 266 612 | 26 217 796 | 22 208 318 | 6 621 097 | 7 069 519 | (6 740 990) | 90 683 212 |
| Operational cash-flow (EBITDA) | (290 449) | (1 103 284) | 2 193 059 | 7 121 818 | (288 510) | (484 515) | 914 620 | (804 697) | 5 901 228 |

| 30 June 2017 | | | | | | | | | |
|---------------------------------|-------------------------|------------------|-------------------|-------------------|------------------------|------------------------|------------------|--------------------------|-------------------|
| Profit and Loss Account | Tróia Resort Operations | Hospitality | Fitness | Energy | Refrigeration and HVAC | Industrial Engineering | Holding & Others | Intersegment Adjustments | Consolidated |
| Turnover | 3 555 994 | 8 328 424 | 11 477 942 | 21 373 805 | 23 344 945 | - | 5 280 639 | (6 454 048) | 69 700 265 |
| Other operational income | 537 378 | 268 700 | 334 476 | 223 866 | 140 308 | - | 4 049 611 | (2 911 269) | 2 713 407 |
| Total operational income | 4 093 372 | 8 597 124 | 11 812 418 | 21 597 671 | 23 485 253 | - | 9 330 251 | (9 365 317) | 72 413 672 |
| Operational cash-flow (EBITDA) | (754 037) | (1 443 256) | 1 475 834 | 5 680 836 | (69 384) | - | 5 084 411 | (2 585 633) | 5 697 803 |

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Cosolidated Financial Statements

The contribution of the business segments to the Balance sheets as at 30 June 2018 and 31 December 2017 can be detailed as follows:

| 30 June 2018 | | | | | | | | | |
|--|-------------------------|-------------------|-------------------|-------------------|------------------------|------------------------|--------------------|--------------------------|--------------------|
| Balance Sheet | Tróia Resort Operations | Hospitality | Fitness | Energy | Refrigeration and HVAC | Industrial Engineering | Holding & Others | Intersegment Adjustments | Consolidated |
| Fixed Assets Tangible, Intangible and Goodwill | 66 498 263 | 12 761 673 | 49 166 623 | 67 013 670 | 205 497 | 17 022 140 | 745 287 | (22 813 302) | 328 849 782 |
| Investments | 167 795 811 | 10 936 528 | 46 193 | 366 097 | 17 949 | 51 569 | 435 272 177 | (613 602 227) | 2 175 188 |
| Other Assets | 67 966 094 | 6 995 546 | 2 985 709 | 13 748 686 | 42 585 962 | 9 500 013 | 461 433 915 | (510 336 249) | 191 238 257 |
| Total Assets | 302 260 168 | 30 693 747 | 52 198 525 | 81 128 454 | 42 809 409 | 26 573 721 | 897 451 379 | (1 146 751 777) | 522 263 226 |
| Total Liabilities | 181 074 553 | 25 542 620 | 50 298 262 | 77 299 978 | 17 253 534 | 27 988 248 | 154 945 292 | (508 550 107) | 254 579 294 |
| Technical Investment | 1 024 763 | 519 278 | 2 404 433 | 9 415 137 | 120 394 | 438 400 | 120 336 | (1 711) | 14 171 174 |
| Gross Debt | 9 003 516 | - | 1 278 834 | 7 480 201 | 252 897 | 3 449 771 | 132 314 293 | (252 897) | 153 526 614 |
| Net Debt | 8 492 394 | (139 237) | 989 555 | 7 053 012 | 176 789 | 3 371 260 | 131 878 473 | (252 897) | 144 417 933 |

| 31 December 2017 | | | | | | | | | |
|--|-------------------------|-------------------|-------------------|-------------------|------------------------|------------------------|--------------------|--------------------------|--------------------|
| Balance Sheet | Tróia Resort Operations | Hospitality | Fitness | Energy | Refrigeration and HVAC | Industrial Engineering | Holding & Others | Intersegment Adjustments | Consolidated |
| Fixed Assets Tangible, Intangible and Goodwill | 71 505 248 | 12 618 277 | 10 476 681 | 67 475 147 | 9 763 348 | - | 1 018 191 | (2 598 001) | 322 630 866 |
| Investments | 153 770 439 | 10 849 159 | 25 662 | 172 389 | 15 484 | - | 449 240 469 | (620 145 656) | 1 997 458 |
| Other Assets | 81 279 867 | 5 694 754 | 2 287 983 | 12 812 445 | 49 257 629 | - | 396 404 923 | (380 364 104) | 191 498 283 |
| Total Assets | 306 555 555 | 29 162 190 | 12 790 326 | 80 459 981 | 59 306 461 | - | 846 663 583 | (1 003 377 762) | 516 126 607 |
| Total Liabilities | 181 173 050 | 25 962 972 | 9 029 069 | 72 862 309 | 21 196 764 | - | 132 520 962 | (465 020 715) | 224 757 320 |
| Technical Investment | 1 827 798 | 954 495 | 3 232 316 | 4 666 123 | 102 031 | - | 474 430 | (22 575) | 12 723 301 |
| Gross Debt | 9 886 023 | - | 964 151 | 7 582 867 | 73 571 | - | 93 945 810 | (0) | 116 680 131 |
| Net Debt | 9 348 956 | (334 502) | 838 451 | 7 373 986 | (2 590 142) | - | 93 729 788 | 0 | 109 373 062 |

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Cosolidated Financial Statements

30. SUBSEQUENT EVENTS

No significant events with impact on the financial statements, requiring further disclosure, have occurred after 30 June 2018.

31. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 27 July 2018.

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Álvaro Carmona e Costa Portela

Francisco de La Fuente Sánchez

Paulo José Jubilado Soares de Pinho

Maria Cláudia Teixeira de Azevedo

Ivone Pinho Teixeira

Miguel Jorge Moreira da Cruz Gil Mata

PART IV

**SEPARATED FINANCIAL
STATEMENTS**

30 JUNE 2018



SONAE CAPITAL

REPORT AND ACCOUNTS - JUNE 2018

Separated Financial Statements

SONAE CAPITAL, SGPS, S.A.

SEPARATE BALANCE SHEET AS AT 30 JUNE 2018 AND 31 DECEMBER 2017

(Amounts expressed in euro)

| ASSETS | Notes | 30/06/2018 | 31/12/2017 |
|--|-------|--------------------|--------------------|
| NON-CURRENT ASSETS: | | | |
| Tangible assets | | 26 723 | 27 721 |
| Investments | 4 | 264 412 942 | 300 257 447 |
| Investments in associated companies and joint ventures | 4 | 1 125 301 | 1 125 301 |
| Other investments | 4 | 275 184 | 275 185 |
| Deferred tax assets | 7 | 16 764 699 | 16 764 699 |
| Other non-current debtors | 5 | <u>387 991 358</u> | <u>314 130 161</u> |
| Total non-current assets | | <u>670 596 206</u> | <u>632 580 515</u> |
| CURRENT ASSETS: | | | |
| Other debtors | 6 | 54 915 968 | 61 331 400 |
| Income tax receivable | 6 | 1 872 554 | 1 639 594 |
| Other current assets | 6 | 4 862 773 | 4 316 836 |
| Cash and cash equivalents | 8 | <u>406 308</u> | <u>171 848</u> |
| Total Current Assets | | <u>62 058 389</u> | <u>67 459 678</u> |
| TOTAL ASSETS | | 732 654 595 | 700 040 193 |
| EQUITY AND LIABILITIES | | | |
| EQUITY: | | | |
| Share capital | 9 | 250 000 000 | 250 000 000 |
| Own Shares | 9 | (1 192 808) | (1 305 839) |
| Reserves | 10 | 292 980 837 | 301 630 917 |
| Profit/(Loss) for the year | | <u>40 615 431</u> | <u>5 589 342</u> |
| Total Equity | | <u>582 403 460</u> | <u>555 914 420</u> |
| NON-CURRENT LIABILITIES: | | | |
| Bank Loans | 11 | 40 000 000 | 14 000 000 |
| Bonds | 11 | 14 814 293 | 57 245 810 |
| Other non-current liabilities | 13 | <u>168 327</u> | <u>287 354</u> |
| Total Non-Current Liabilities | | <u>54 982 620</u> | <u>71 533 164</u> |
| CURRENT LIABILITIES: | | | |
| Bank Loans | 11 | 35 000 000 | 22 700 000 |
| Bonds | 11 | 42 500 000 | - |
| Trade creditors | 13 | 138 981 | 137 599 |
| Other creditors | 12 | 16 710 358 | 48 568 841 |
| Other taxes payable | 13 | 43 040 | 50 069 |
| Other current liabilities | 13 | <u>876 138</u> | <u>1 136 100</u> |
| Total Current Liabilities | | <u>95 268 516</u> | <u>72 592 608</u> |
| TOTAL LIABILITIES | | <u>150 251 136</u> | <u>144 125 773</u> |
| TOTAL EQUITY AND LIABILITIES | | 732 654 595 | 700 040 193 |

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS - JUNE 2018

Separated Financial Statements

SONAE CAPITAL, SGPS, S.A.

SEPARATE INCOME STATEMENTS BY NATURE

FOR THE SIX MONTHS ENDED 30 JUNE 2018 AND 2017

(Amounts expressed in euro)

| | Notes | 30/06/2018 | 30/06/2017 |
|-----------------------------------|-------|--------------------|--------------------|
| Other operating income | 17 | 58 962 | 54 560 |
| External supplies and services | 14 | (769 304) | (670 329) |
| Staff costs | 15 | (646 065) | (1 049 450) |
| Depreciation and amortisation | | (998) | (939) |
| Other operating expenses | 17 | (30 218) | (27 967) |
| Operational profit/(loss) | | (1 387 623) | (1 694 126) |
| Financial Income | 16 | 4 526 554 | 5 527 075 |
| Financial Expenses | 16 | (1 789 497) | (1 879 163) |
| Net financial income / (expenses) | | 2 737 057 | 3 647 912 |
| Investment income | 16 | 38 897 405 | 19 208 415 |
| Profit/(Loss) before taxation | | 40 246 839 | 21 162 201 |
| Taxation | 18 | 368 592 | 531 375 |
| Profit/(Loss) for the year | | 40 615 431 | 21 693 576 |
| Profit/(Loss) per share | | | |
| Basic | 19 | 0,163716 | 0,087705 |
| Diluted | 19 | 0,163716 | 0,087705 |

The accompanying notes are part of these financial statements.

REPORT AND ACCOUNTS - JUNE 2018

Separated Financial Statements

SONAE CAPITAL, SGPS, S.A.

SEPARATE INCOME STATEMENTS BY NATURE

FOR THE 2ND QUARTER OF 2018 AND 2017

(Amounts expressed in euro)

| | Notes | 2nd Quarter 2018 (Unaudited) * | 2nd Quarter 2017 (Unaudited) * |
|-----------------------------------|-------|--------------------------------------|--------------------------------------|
| Other operating income | | 29 718 | 30 740 |
| External supplies and services | | (412 829) | (323 700) |
| Staff costs | | (321 294) | (548 613) |
| Depreciation and amortisation | | (499) | (470) |
| Other operating expenses | | (14 917) | (19 195) |
| Operational profit/(loss) | | (719 820) | (861 238) |
| Financial Income | | 2 365 594 | 2 807 348 |
| Financial Expenses | | (772 519) | (938 059) |
| Net financial income / (expenses) | | 1 593 075 | 1 869 290 |
| Investment income | | 37 994 504 | 19 186 991 |
| Profit/(Loss) before taxation | | 38 867 759 | 20 195 043 |
| taxation | | 103 748 | 312 321 |
| Profit/(Loss) for the year | | 38 971 508 | 20 507 364 |

The accompanying notes are part of these financial statements.

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

REPORT AND ACCOUNTS - JUNE 2018

Separated Financial Statements

SONAE CAPITAL, SGPS, S.A.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018 AND 2017

(Amounts expressed in euro)

| | 30/06/2018 | 30/06/2017 |
|--|-------------------|-------------------|
| Net profit/(loss) for the period | 40 615 431 | 21 693 576 |
| Total comprehensive income for the period | 40 615 431 | 21 693 576 |

The accompanying notes are part of these financial statements.

SONAE CAPITAL, SGPS, S.A.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE 2ND QUARTER OF 2018 AND 2017

(Amounts expressed in euro)

| | 2nd Quarter 2018 (Unaudited) * | 2nd Quarter 2017 (Unaudited) * |
|--|--------------------------------------|--------------------------------------|
| Net profit/(loss) for the period | 19 995 135 | (14 633 354) |
| Total comprehensive income for the period | 19 995 135 | (14 633 354) |

The accompanying notes are part of these financial statements.

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

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Separated Financial Statements

SONAE CAPITAL, SGPS, S.A.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018 AND 2017

(Amounts expressed in euro)

| | Attributable to Equity Holders of Sonae Capital | | | | | | Net Profit/(Loss) | Total | Non-Controlling Interests | Total Equity |
|---|---|---------------------|-------------------------|--------------------------|-------------------|--------------|-------------------|--------------|---------------------------|--------------|
| | Share Capital (Note 9) | Own Shares (Note 9) | Legal Reserve (Note 10) | Other Reserves (Note 10) | Retained Earnings | Subtotal | | | | |
| Balance as at 1 January 2017 | 250 000 000 | (1 404 226) | 10 073 164 | 306 815 095 | - | 316 888 259 | 8 738 316 | 574 222 349 | - | 574 222 348 |
| Total comprehensive income for the period | - | - | - | - | - | - | 21 693 576 | 21 693 576 | - | 21 693 576 |
| Appropriation of profit of 2016: | | | | | | | | | | |
| Transfer to legal reserves and retained earnings | - | - | - | - | 8 738 316 | 8 738 316 | (8 738 316) | - | - | - |
| Dividends paid | - | - | - | (16 220 257) | (8 301 400) | (24 521 657) | - | (24 521 657) | - | (24 521 657) |
| (Acquisition)/Sales of own shares | - | 98 387 | - | 962 915 | (436 916) | 525 999 | - | 624 386 | - | 624 386 |
| Changes in the percentage of capital held in affiliated companies | - | - | - | - | - | - | - | - | - | - |
| Other changes | - | - | - | - | - | - | - | - | - | - |
| Balance as at 30 June 2017 | 250 000 000 | (1 305 839) | 10 073 164 | 291 557 753 | - | 301 630 917 | 21 693 576 | 572 018 654 | - | 572 018 653 |
| Balance as at 1 January 2018 | 250 000 000 | (1 305 839) | 10 510 080 | 291 120 837 | - | 301 630 917 | 5 589 342 | 555 914 420 | - | 555 914 420 |
| Total comprehensive income for the period | - | - | - | - | - | - | 40 615 431 | 40 615 431 | - | 40 615 431 |
| Appropriation of profit of 2017: | | | | | | | | | | |
| Transfer to legal reserves and retained earnings | - | - | 279 467 | - | 5 309 875 | 5 589 342 | (5 589 342) | - | - | - |
| Dividends paid | - | - | - | (9 443 668) | (5 309 875) | (14 753 543) | - | (14 753 543) | - | (14 753 543) |
| (Acquisition)/Sales of own shares | - | 113 031 | - | - | - | - | - | 113 031 | - | 113 031 |
| Changes in the percentage of capital held in affiliated companies | - | - | - | - | - | - | - | - | - | - |
| Other changes | - | - | - | 514 121 | - | 514 121 | - | 514 121 | - | 514 121 |
| Balance as at 30 June 2018 | 250 000 000 | (1 192 808) | 10 789 547 | 282 191 290 | - | 292 980 837 | 40 615 431 | 582 403 460 | - | 582 403 460 |

The accompanying notes are part of these financial statements.

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Separated Financial Statements

SONAE CAPITAL, SGPS, SA
 INDIVIDUAL STATEMENTS OF CASH FLOWS
 FOR THE SIX MONTHS ENDED 30 JUNE 2018 AND 2017
 (Amounts expressed in euro)

| | Notes | 30/06/2018 | 30/06/2017 | 2nd Quarter 2018 (Unaudited)* | 2nd Quarter 2017 (Unaudited)* |
|---|-------|--------------|--------------|-------------------------------------|-------------------------------------|
| OPERATING ACTIVITIES: | | | | | |
| Cash receipts from trade debtors | | (786) | - | (786) | - |
| Cash paid to trade creditors | | (798 726) | (679 424) | (377 783) | (444 056) |
| Cash paid to employees | | (572 675) | (740 916) | (398 652) | (495 665) |
| Cash flow generated by operations | | (1 372 187) | (1 420 340) | (777 221) | (939 721) |
| Income taxes (paid) / received | | (263 647) | (259 424) | (58 954) | (263 438) |
| Other cash receipts and (payments) relating to operating activities | | 313 312 | (1 684 077) | 1 594 691 | (194 137) |
| Net cash from operating activities (1) | | (1 322 522) | (3 363 841) | 758 516 | (1 397 296) |
| INVESTMENT ACTIVITIES: | | | | | |
| <u>Cash receipts arising from:</u> | | | | | |
| Investments | 22 | 50 196 330 | 600 000 | 50 196 330 | 600 000 |
| Interest and similar income | | 3 948 971 | 8 450 559 | 7 350 | 12 |
| Loans granted | 6 | 12 883 189 | 411 222 | 12 883 189 | - |
| Dividends | 16 | 25 433 333 | 18 122 785 | 25 433 333 | 18 122 785 |
| Others | | 1 137 575 | 1 053 753 | 239 490 | 1 053 753 |
| | | 93 599 398 | 28 638 319 | 88 759 692 | 19 776 550 |
| <u>Cash Payments arising from:</u> | | | | | |
| Investments | 22 | (1 442 572) | (1 069 344) | (149 894) | (1 069 344) |
| Loans granted | 6 | (80 615 500) | (33 124 608) | (64 458 636) | (20 939 372) |
| | | (82 058 072) | (34 193 952) | (64 608 530) | (22 008 716) |
| Net cash used in investment activities (2) | | 11 541 326 | (5 555 633) | 24 151 162 | (2 232 166) |
| FINANCING ACTIVITIES: | | | | | |
| <u>Cash receipts arising from:</u> | | | | | |
| Loans obtained | 11 | 46 000 000 | 45 700 000 | 28 000 000 | 43 500 000 |
| Sale of own shares | | 190 012 | 98 387 | 190 012 | 98 387 |
| | | 46 190 012 | 45 798 387 | 28 190 012 | 43 598 387 |
| <u>Cash Payments arising from:</u> | | | | | |
| Loans obtained | 11 | (39 704 800) | (29 035 543) | (35 580 400) | (5 121 843) |
| Interest and similar charges | | (1 719 663) | (1 774 576) | (1 072 280) | (1 144 853) |
| Dividends | | (14 749 893) | (24 515 574) | (14 749 893) | (24 515 574) |
| | | (56 174 356) | (55 325 693) | (51 402 573) | (30 782 270) |
| Net cash used in financing activities (3) | | (9 984 344) | (9 527 307) | (23 212 561) | 12 816 116 |
| Net increase in cash and cash equivalents (4) = (1) + (2) + (3) | | 234 460 | (18 446 781) | 338 005 | 9 186 653 |
| Cash and cash equivalents at the beginning of the period | 14 | 171 848 | 27 861 181 | 68 303 | 227 746 |
| Cash and cash equivalents at the end of the period | 14 | 406 308 | 9 414 399 | 406 308 | 9 414 399 |

The accompanying notes are part of these financial statements.

Prepared in accordance with IAS 34 - Interim Financial Reporting

REPORT AND ACCOUNTS – JUNE 2018

Separated Financial Statements

SONAE CAPITAL, SGPS, S.A.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

1. INTRODUCTION

Sonae Capital, SGPS, S.A. (“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, S.A. of the whole of the shareholding in the company formerly named Sonae Capital, SGPS, S.A., now named SC, SGPS, S.A., in compliance with paragraph a) of Article 118 of the Code of Commercial Companies.

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

2. MAIN ACCOUNTING POLICIES

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

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.

REPORT AND ACCOUNTS - JUNE 2018

Separated Financial Statements

4. FINANCIAL INVESTMENTS

As at 30 June 2018 and 31 December 2017, Investments are detailed as follows:

| | 30 June 2018 | 31 December 2017 |
|---|--------------------|--------------------|
| Investments in affiliated and associated undertakings | 313 313 359 | 349 194 729 |
| Investments in other companies | | |
| Sonae RE - (0,04%) | 1 200 | 1 200 |
| Matadouro Alto Alentejo, S.A. - (0,89%) | - | 1 |
| NET Novas Tecnologias, S.A. - (0,98%) | 23 034 | 23 034 |
| Fundo F HITEC - (6,48%) | 250 950 | 250 950 |
| | 313 588 543 | 349 469 914 |
| Impairment | (47 775 117) | (47 811 981) |
| | <u>265 813 427</u> | <u>301 657 933</u> |

4.1 Investments in affiliated and associated undertakings

As at 30 June 2018 and 31 December 2017, the detail of Investments in Affiliated and Associated Companies is as shown in the table below:

| Sociedade | 30.06.2018 | | | |
|---------------------------------------|------------|--------------------|-------------|-----------------------------------|
| | % Held | Book Value | Equity | Profit / (Loss) for the period |
| CAPWATT, SGPS, S.A. | 100,00% | 2 725 000 | 6 845 422 | 3 745 824 |
| Fundo Esp de Invest. Imob Fechado WTC | 59,87% | 42 271 519 | 72 005 755 | 1 694 941 |
| Troiareort, SGPS, S.A. | 100,00% | 167 132 793 | 101 601 036 | 22 850 864 |
| Lidergraf - Artes Gráficas, S.A. | 24,50% | 1 125 301 | 8 004 584 | 192 270 |
| SC Assets, SGPS, S.A. | 100,00% | 25 577 659 | 12 502 563 | (1 004 816) |
| SC Hospitality, SGPS, S.A. | 100,00% | 5 857 175 | 6 445 531 | 173 264 |
| SC Finance B.V. | 100,00% | 263 698 | (4 865 247) | (51 162) |
| SC, Industrials, SGPS, S.A. | 100,00% | 34 575 100 | 579 139 | (620 861) |
| Race, SGPS, S.A. | 70,00% | 32 492 436 | 40 916 738 | 13 655 |
| SC Fitness, S.A. | 100,00% | 1 292 678 | 1 202 595 | (90 083) |
| Total | | 313 313 359 | | |
| Impairment | | | | |
| SC Assets, SGPS, S.A. | | 25 577 659 | | |
| Troiareort, SGPS, S.A. | | 11 140 826 | | |
| SC Finance BV | | 263 698 | | |
| SC, Industrials, SGPS, S.A. | | 10 792 934 | | |
| Total | | 47 775 117 | | |

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

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

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

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

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

As a result of these impairment tests as at 30 June 2018 and 31 December 2017, the detail of Impairments on Investments in Affiliated and Associated Companies is as shown in the table below:

| | 30 June 2018 | 31 December 2017 | Variation |
|-----------------------------|---------------------|---------------------|---------------|
| Interlog, SGPS, S.A. | - | (36 864) | 36 864 |
| Troiareort, SGPS, S.A. | (11 140 826) | (11 140 826) | - |
| SC Assets, SGPS, S.A. | (25 577 659) | (25 577 659) | - |
| SC Finance BV | (263 698) | (263 698) | - |
| SC, Industrials, SGPS, S.A. | (10 792 934) | (10 792 934) | - |
| | (47 775 117) | (47 811 981) | 36 864 |

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5. OTHER NON-CURRENT ASSETS

As at 30 June 2018 and 31 December 2017, other non-current assets are detailed as follows:

| | 30 June 2018 | 31 December 2017 |
|---|---------------------|---------------------|
| Loans granted | | |
| SC Assets, SGPS, S.A. | 168 575 597 | 174 450 597 |
| Troiaresort, SGPS, S.A. | 138 658 637 | 138 805 637 |
| SC Finance BV | 5 885 000 | 5 885 000 |
| Solinca - Health & Fitness, S.A. | - | 661 000 |
| SC Fitness, S.A. | 28 615 500 | - |
| SC Hospitality, SGPS, S.A. | 6 155 000 | 6 155 000 |
| SC, Industrials, SGPS, S.A. | 12 000 000 | - |
| CAPWATT, SGPS, S.A. | 40 000 000 | - |
| | <u>399 889 734</u> | <u>325 957 234</u> |
| Impairment | | |
| SC Assets, SGPS, S.A. | (11 640 970) | (11 640 970) |
| SC Finance BV | (462 650) | (462 650) |
| | <u>(12 103 620)</u> | <u>(12 103 620)</u> |
| Up-front fees not yet charged to income statement | <u>205 243</u> | <u>276 547</u> |
| | <u>387 991 358</u> | <u>314 130 161</u> |

Loans to group companies interest at market rates and are repayable within a period exceeding one year. The interest rate as at 30 June 2018 stood, on average, at approximately 2.35%.

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

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6. OTHER CURRENT ASSETS AND INCOME TAX

As at 30 June 2018 and 31 December 2017, Other current assets and Income tax are made up as follows:

| | 30 June 2018 | 31 December 2017 |
|-----------------------|--------------------------|--------------------------|
| Other debtors - Group | 1 809 013 | 1 447 535 |
| Loans granted | 52 507 612 | 58 707 800 |
| Other debtors | <u>599 343</u> | <u>1 176 066</u> |
| | 54 915 968 | 61 331 400 |
| Accrued income | 4 612 163 | 4 094 304 |
| Deferred costs | <u>250 610</u> | <u>222 532</u> |
| | 4 862 773 | 4 316 836 |
| Income tax withheld | <u>1 872 554</u> | <u>1 639 594</u> |
| | <u><u>61 651 294</u></u> | <u><u>67 287 830</u></u> |

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

As at 30 June 2018 and 31 December 2017, the item Loans Granted is related to financial operations with the following subsidiaries:

| | 30 June 2018 | 31 December 2017 |
|----------------------------------|--------------------------|--------------------------|
| Loans granted | | |
| SC Assets, SGPS, S.A. | 7 104 402 | 73 000 |
| SC Hospitality, SGPS, S.A. | 1 471 325 | 454 000 |
| CAPWATT, SGPS, S.A. | 13 288 300 | 41 175 000 |
| Inparvi, SGPS, S.A. | 80 793 | 69 000 |
| SC, SGPS, S.A. | 15 955 706 | 14 269 500 |
| Solinca - Health & Fitness, S.A. | 1 983 700 | 1 186 300 |
| SC Fitness, S.A. | 7 460 400 | - |
| SC, Industrials, SGPS, S.A. | 3 812 000 | - |
| Troiareort, SGPS, S.A. | <u>1 350 985</u> | <u>1 481 000</u> |
| | <u><u>52 507 612</u></u> | <u><u>58 707 800</u></u> |

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 2018 stood, on average, at approximately 1.36%.

The item Other Debtors includes as at 30 June 2018 the amount 585,435€ related to the settlement of the sale price of the stake in the company, Box Lines Navegação S.A., in previous years.

The amount recorded in the accrued income includes 4,557,900€ relating to interest on loans granted to subsidiaries as well as 54,263€ relating to commissions of guarantees given to subsidiaries.

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Deferred costs include 211.947€ relating to bank charges, which are deferred over the loan period.

Income Tax

Under current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except if there have been tax losses or tax benefits, or ongoing tax inspections or claims. In these cases, and depending on the circumstances, the time limits are extended or suspended. In this way the Company tax return, from the years 2015 to 2018, could still be subject to review. However, in the opinion of the Company's Board of Directors, it is not expected that any correction relating to the said financial years will be significant for the financial statements as at 30 June 2018.

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

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

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

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

As at 30 June 2018 and 31 December 2017, the item Income tax is made up as follows:

| | <u>30 June 2018</u> | <u>31 December 2017</u> |
|-------------------------------|-------------------------|-------------------------|
| Income tax withheld | 1 134 843 | 849 047 |
| Income tax (advanced payment) | 863 935 | 760 611 |
| Income tax | <u>(126 225)</u> | <u>29 935</u> |
| | <u><u>1 872 554</u></u> | <u><u>1 639 594</u></u> |

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7. DEFERRED TAXES

Deferred tax assets and liabilities as at 30 June 2018 and 31 December 2017 can be detailed as follows, split between the different types of temporary differences:

| | Deferred tax assets | | Deferred tax liabilities | |
|----------------------------|---------------------|------------------|--------------------------|------------------|
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| Tax losses carried forward | 16 764 699 | 16 764 699 | - | - |

The movements in deferred tax assets and liabilities for the periods ended 30 June 2018 and 31 December 2017 were as follows:

| | Deferred tax assets | | Deferred tax liabilities | |
|----------------------------|---------------------|------------------|--------------------------|------------------|
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| Opening balance | 16 764 699 | 14 314 699 | - | - |
| Tax losses carried forward | - | 2 450 000 | - | - |
| Closing balance | 16 764 699 | 16 764 699 | - | - |

In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 30 June 2018 and 31 December 2017, tax losses carried forward can be summarized as follows:

| | 30 June 2018 | | | 31 December 2017 | | |
|-------------------|-------------------|---------------------|------------------|-------------------|---------------------|------------------|
| | Tax losses | Deferred tax assets | To be used until | Tax losses | Deferred tax assets | To be used until |
| Generated in 2013 | 61 175 | 12 847 | 2018 | 61 175 | 12 847 | 2018 |
| Generated in 2014 | 13 536 168 | 2 842 595 | 2026 | 13 536 168 | 2 842 595 | 2026 |
| Generated in 2015 | 45 035 288 | 9 457 411 | 2027 | 45 035 288 | 9 457 411 | 2027 |
| Generated in 2016 | 12 025 566 | 2 525 369 | 2028 | 12 025 566 | 2 525 369 | 2028 |
| Generated in 2017 | 9 173 702 | 1 926 477 | 2022 | 9 173 702 | 1 926 477 | 2022 |
| | <u>79 831 899</u> | <u>16 764 699</u> | | <u>79 831 899</u> | <u>16 764 699</u> | |

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

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

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

Since fiscal year 2014, most of the Group's subsidiaries, based in Portugal, are part of the perimeter of the taxed Corporate Group in accordance with the Special Taxation Regime for Company Groups (RETGS), whose parent company is the Sonae Capital, SGPS, S.A.

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Gains generated by the application of this tax regime are allocated to Sonae Capital, SGPS, S.A.

The analysis carried out on 30 June 2018, resulted that there is reasonable expectation of recovery of deferred tax assets recorded before their date of expiry.

8. CASH AND CASH EQUIVALENTS

As at 30 June 2018 and 31 December 2017, cash and cash equivalents can be detailed as follows:

| | 30 June 2018 | 31 December 2017 |
|--|----------------|------------------|
| Cash | - | - |
| Bank deposits | 406 308 | 171 848 |
| Cash and cash equivalents in the balance sheet | <u>406 308</u> | <u>171 848</u> |
| Bank overdrafts | - | - |
| Cash and cash equivalents in the cash flow statement | <u>406 308</u> | <u>171 848</u> |

9. EQUITY

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

As at 30 June 2018, Sonae Capital, SGPS, S.A. holds 4,107,623 own shares representing 1.643% of the share capital (4,783,433 shares at 31 December 2017), recorded by 1,192,808€ (1,305,839€ at 31 December 2017) (Note 10).

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10. RESERVES

As at 30 June 2018 and 31 December 2017 the item Other Reserves can be detailed as follows:

| | 30 June 2018 | 31 December 2017 |
|--------------------|--------------------|--------------------|
| Legal reserves | 10 789 547 | 10 510 080 |
| Free reserves | 148 360 229 | 157 176 745 |
| Demerger reserve | 132 638 253 | 132 638 253 |
| Own shares reserve | 1 192 808 | 1 305 839 |
| | <u>292 980 837</u> | <u>301 630 917</u> |

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

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

Legal Reserve: Under the law, at least 5% of annual net profit, should be allocated to the Legal Reserve until it represents 20% of the share capital. This reserve is not distributable except in the event of liquidation of the company, but can be used to absorb losses after the other reserves, or increase capital. On 30 June 2018 the value of this item amounts to 10,789,547€ (December 2017: 10,510,080€).

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

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11. LOANS

As at 30 June 2018 and 31 December 2017, this item included the following loans:

| | 30 June 2018 | | 31 December 2017 | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Current | Non Current | Current | Non Current |
| Bank loans | | | | |
| Sonae Capital SGPS - commercial paper ^{a)} | - | - | 4 500 000 | - |
| Sonae Capital SGPS - commercial paper ^{b)} | - | 21 000 000 | - | 4 000 000 |
| Sonae Capital SGPS - commercial paper ^{c)} | 19 000 000 | - | 3 200 000 | - |
| Sonae Capital SGPS - commercial paper ^{d)} | 10 000 000 | - | 10 000 000 | - |
| Sonae Capital SGPS - commercial paper ^{e)} | 1 000 000 | 9 000 000 | - | 10 000 000 |
| Sonae Capital SGPS - commercial paper ^{f)} | - | - | 5 000 000 | - |
| Sonae Capital SGPS - commercial paper ^{g)} | 5 000 000 | 10 000 000 | - | - |
| Up-front fees not yet charged to income statement | - | (205 243) | - | (276 547) |
| | <u>35 000 000</u> | <u>39 794 757</u> | <u>22 700 000</u> | <u>13 723 453</u> |
| Bank overdrafts (Note 8) | - | - | - | - |
| | <u>35 000 000</u> | <u>39 794 757</u> | <u>22 700 000</u> | <u>13 723 453</u> |
| Bond Loans | | | | |
| Sonae Capital 2016/2021 Bonds ^{h)} | - | 15 000 000 | - | 15 000 000 |
| Sonae Capital 2014/2019 Bonds ⁱ⁾ | 42 500 000 | - | - | 42 500 000 |
| Up-front fees not yet charged to income statement | - | (185 707) | - | (254 190) |
| | <u>42 500 000</u> | <u>14 814 293</u> | <u>-</u> | <u>57 245 810</u> |
| | <u>77 500 000</u> | <u>54 609 049</u> | <u>22 700 000</u> | <u>70 969 264</u> |

- j) Commercial paper programme, with subscription guarantee, issued on 31 December 2013 with automatic annual renewal until a maximum of seven years and six months, unless denounced by either part.
- k) Commercial paper programme, with subscription guarantee, issued on 29 September 2017 and valid until September 2021.
- l) Short term commercial paper programme, launched on 28 March 2008 and valid until 28 March 2018, with the option of prolonging the duration for another 10 years. This option was exercised and thus, the current maturity was prorogated for 28 March 2028. Placement with investors or financial institutions and guaranteed by committed credit lines with duration between six months and a year, contracted through relationship banks.
- m) Commercial paper programme, with subscription guarantee, issued on 30 June 2017 with annual renewal, unless denounced by either part.
- n) Commercial paper programme, with subscription guarantee, issued on 24 February 2017 valid until February 2023 with amortizations every six months beginning 2019.
- o) Commercial paper programme, without subscription guarantee, issued on 20 December 2017 with annual renewal for issues placed with investors.
- p) Commercial paper programme, with subscription guarantee, issued on 23 June 2016 valid for a 5-year period, with annual amortizations and a 1-year grace period.
- q) Sonae Capital, SGPS, S.A., 2016/2021 bond loan in the amount of 15,000,000€, 5 years until maturity and a sole reimbursement on 29 July 2021, except if the Issuer exercise the Call Option. This bond loan bears interest every six months.
- r) Sonae Capital, SGPS, S.A., 2014/2019 bond loan in the amount of 42,500,000€, 5 years until maturity and a sole reimbursement on 28 May 2019. This bond loan bears interest every six months.

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The interest rate on bank loans and bonds in force on 30 June 2018 was on average 1.77%

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.

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

| | 30 June 2018 | | 31 December 2017 | |
|-----------|--------------------|--------------------|-------------------|--------------------|
| | Capital | Interest | Capital | Interest |
| N+1 | 77 500 000 | (1 993 552) | 22 700 000 | (2 112 847) |
| N+2 | 7 000 000 | (361 563) | 52 500 000 | (1 255 768) |
| N+3 | 8 000 000 | (348 125) | - | (427 135) |
| N+4 | 37 000 000 | (169 688) | 19 000 000 | (410 573) |
| N+5 | 3 000 000 | - | - | (46 667) |
| After N+5 | - | - | - | (2 917) |
| | <u>132 500 000</u> | <u>(2 872 927)</u> | <u>94 200 000</u> | <u>(4 255 906)</u> |

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12. OTHER CREDITORS

As at 30 June 2018 and 31 December 2017, other creditors can be detailed as follows:

| | <u>30 June 2018</u> | <u>31 December 2017</u> |
|------------------------------------|---------------------|-------------------------|
| <u>Other creditors</u> | | |
| Group companies - Short term loans | 15 844 200 | 47 849 000 |
| Other creditors | <u>866 158</u> | <u>719 841</u> |
| | <u>16 710 358</u> | <u>48 568 841</u> |

As at 30 June 2018 and 31 December 2017 the item loans granted is relative to financial operations granted to the following subsidiaries:

| | <u>30 June 2018</u> | <u>31 December 2017</u> |
|--|---------------------|-------------------------|
| Interlog, SGPS, S.A. | - | 21 858 000 |
| SC Industrials, SGPS, S.A. | - | 9 347 000 |
| SC For - Serv.de For. e Des. de Rec. Hum., Unip., Lda. | - | 11 000 |
| RACE, SGPS, S.A. | 15 840 200 | 16 613 000 |
| SC Hospitality, SGPS, S.A. | - | - |
| SC Fitness, S.A. | - | - |
| Solinca - Health & Fitness, S.A. | - | 20 000 |
| SC, SGPS, S.A. | <u>4 000</u> | <u>-</u> |
| | <u>15 844 200</u> | <u>47 849 000</u> |

Loans obtained from group companies bear interest at market rates and are repayable within one year. The interest rate as at 30 June 2018 was, on average, approximately 0.050%.

Within the item Other Creditors - other creditors, there is included 820.998€ regarding transfers from subsidiaries of tax estimates under the special regime RETGS.

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

As at 30 June 2018 and 31 December 2017, these items were as follows:

| | 30 June 2018 | | 31 December 2017 | |
|-----------------------------|----------------|----------------|------------------|----------------|
| | Current | Non-Current | Current | Non-Current |
| Trade creditors | 138 981 | - | 137 599 | - |
| Taxes payable - other taxes | 43 040 | - | 50 069 | - |
| Other current liabilities | | | | |
| Accruals: | | | | |
| Staff costs | 506 023 | 168 327 | 750 007 | 287 354 |
| Interest payable | 312 640 | - | 308 166 | - |
| Other accruals | 54 068 | - | 73 158 | - |
| Deferred income | 3 406 | - | 4 769 | - |
| | <u>876 138</u> | <u>168 327</u> | <u>1 136 100</u> | <u>287 354</u> |

As at 30 June 2018 and 31 December 2017, interest payable can be detailed as follows:

| | 30 June 2018 | 31 December 2017 |
|-----------------------|----------------|------------------|
| Interest payable: | | |
| Bank Loans | 305 987 | 305 672 |
| Group companies loans | 6 654 | 2 494 |
| | <u>312 640</u> | <u>308 166</u> |

As at 30 June 2018 and 31 December 2017, the Income tax and Other taxes can be detailed as follows:

| | 30 June 2018 | 31 December 2017 |
|------------------------------------|---------------|------------------|
| Taxes payable - income taxes | | |
| Income taxes | - | - |
| Taxes payable - other taxes | | |
| Income taxation - amounts withheld | 22 059 | 27 300 |
| VAT | 89 | 69 |
| Social security contributions | - | 22 700 |
| Others | 20 892 | - |
| | <u>43 040</u> | <u>50 069</u> |

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14. EXTERNAL SUPPLIES AND SERVICES

As at 30 June 2018 and 2017, External Supplies and services can be detailed as follows:

| | 30 June 2018 | 30 June 2017 |
|---------------------|------------------|------------------|
| Operational rents | (21 310) | (21 645) |
| Insurance costs | (22 736) | (19 953) |
| Travelling expenses | (14 887) | (26 274) |
| Services obtained | (681 034) | (558 944) |
| Other services | (29 336) | (43 514) |
| | <u>(769 304)</u> | <u>(670 329)</u> |

In services obtained, stands out the amounts related to fees from shared services, of 135,298€ (2017: 46,003€) and the item Holding costs with the amount of 397,854€ (2017: 165,831€), invoiced by subsidiary SC - Sociedade de Consultadoria, S.A.

15. STAFF COSTS

As at 30 June 2018 and 2017, staff costs were made up as follows:

| | 30 June 2018 | 30 June 2017 |
|---------------------------------------|------------------|--------------------|
| Governing bodies' remunerations | (414 789) | (607 493) |
| Staff and other sectors remunerations | (141 144) | (292 961) |
| Social security contributions | (80 132) | (95 977) |
| Other staff costs | (10 000) | (53 019) |
| | <u>(646 065)</u> | <u>(1 049 450)</u> |

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

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16. NET FINANCIAL EXPENSES AND INVESTMENT INCOME

As at 30 June 2018 and 30 June 2017, Net Financial Expenses and Investment Income can be detailed as follows:

| | 30 June 2018 | 30 June 2017 |
|---|--------------------|--------------------|
| Interest payable and similar expenses | | |
| Interest arising from: | | |
| Bank loans | (178 699) | (135 748) |
| Bonds | (966 329) | (976 367) |
| Other | (8 650) | (28 795) |
| Other financial expenses | (635 820) | (738 253) |
| | <u>(1 789 497)</u> | <u>(1 879 163)</u> |
| Interest receivable and similar income | | |
| Interest income | 4 526 554 | 5 527 075 |
| | <u>4 526 554</u> | <u>5 527 075</u> |
| Net financial expenses | <u>2 737 057</u> | <u>3 647 912</u> |
| Reversal of /and Impairment losses (Note 4.1) | - | - |
| Other income | 38 897 405 | 19 208 415 |
| Investment income | <u>38 897 405</u> | <u>19 208 415</u> |

As at 30 June 2018, the amount mentioned in “Interest arising from other” refers in its entirety to interest on current loans obtained from group companies.

As at 30 June 2018, the amount mentioned in “Interest receivable and similar income” includes interest on loans granted to group companies amounting to 4,526,554€.

As at 30 June 2018, the amount mentioned in “Other financial expenses” refers to commissions incurred with the assembly and management of bank loans and bonds.

As at 30 June 2018, the amount mentioned in “Other income” refers to the debt update on the sale of the stake in the company, Box Lines Navegação, S.A. (12,076€), in previous years, income from participation in the Real Estate Hedge Fund WTC (1,137,575€), the liquidations of the participations in Interlog, SGPS, S.A. (27,071€) and Solinca - Health & Fitness, S.A. (12,287,350€) and the distribution of dividends of an amount totalling 25,433,333€.

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17. OTHER OPERATIONAL PROFIT AND OTHER OPERATIONAL EXPENSES

As at 30 June 2018 and 2017, the items Other operational profit and expenses were as follows:

| | <u>30 June 2018</u> | <u>30 June 2017</u> |
|---|---------------------|---------------------|
| Other operating income | | |
| Other supplementary income - Comissions | 58 812 | 54 131 |
| Other | 150 | 429 |
| | <u>58 962</u> | <u>54 560</u> |
| Other operating expenses | | |
| Taxes | (29 844) | (27 965) |
| Other | (374) | (1) |
| | <u>(30 218)</u> | <u>(27 967)</u> |

18. TAXATION

As at 30 June 2018 and 2017, Taxation was made up as follows:

| | <u>30 June 2018</u> | <u>30 June 2017</u> |
|----------------------|---------------------|---------------------|
| Current tax (Note 6) | 368 592 | 531 375 |
| | <u>368 592</u> | <u>531 375</u> |

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

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19. EARNINGS PER SHARE

Earnings per share for the periods ended 30 June 2018 and 2017 were calculated taking into consideration the following amounts:

| | 30 June 2018 | 30 June 2017 |
|---|--------------|--------------|
| Net profit | | |
| Net profit taken into consideration to calculate basic earnings per share (Net profit for the period) | 40 615 431 | 21 693 576 |
| Net profit taken into consideration to calculate diluted earnings per share | 40 615 431 | 21 693 576 |
| Number of shares | | |
| Weighted average number of shares used to calculate basic earnings per share | 248 085 190 | 247 345 810 |
| Earnings per share (basic and diluted) | 0,163716 | 0,087705 |

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20. COMPLIANCE WITH LEGAL REQUIREMENTS

Art. 5 No. 4 of Decree-Law No. 495/88 of 30 December changed by art 1 of Decree-Law No. 318/94 of 24 December.

In the period ended 30 June 2018 there are no shareholders' loan contracts.

In the period ended 30 June 2018 short-term loan contracts were entered with the companies: Companhia Térmica Tagol, Lda.; Capwatt Maia-Heat Pow.,SA; Capwatt Martim Longo,SA; Capwatt Valde Caima-H.P,SA; Capwatt, SGPS, S.A; Capwatt ACE; Soltroia - Sociedade Imobil., S.A.; QCE-D.Fab.Equipamentos,SA,; RACE, S.A.; Soberana Invest.Imobil.SA; Troiamarket, S.A.; The House Ribeira Hotel S.A.; Soternix-Prod.Energia,ACE; Porto Palácio Hotel Exploração Hoteleira S.A.; Enerlousado-R.E.Unipessoal Lda; Capwatt Colombo H.P., S.A.; Atelgen - Prod. Energia ACE; Carvemagere - Man. E Energias Renováveis Lda; CTE - Central Térmica Estuário Lda; Capwatt Vale do Tejo H.P., S.A.; Capwatt Engenho Novo H.P., S.A.; Capwatt II Heat Power S.A; Capwatt III Heat Power S.A.; Imobeauty, S.A.; Troia Natura S.A.; Marvero Exp. Hotel. Imob., S.A.; Golftime - Golfe e Inv. Turisticos S.A.; Troiaresort S.A.; Tulipamar-Expl.Hoteleira Imob.SA; Imoresort - Sociedade Imobiliária, S.A.; Marmagno-Expl.Hoteleira Imob.,SA; Atlantic Ferries-Tráf.Loc,Flu.e Marít.SA; Marina de Tróia, S.A.; Aqualuz Tróia - Exploração Hoteleira e Imobiliária S.A. and Imopenínsula - Sociedade Imobiliária, S.A.

As at 30 June 2018, amounts due by affiliated companies can be summarized as follows:

Loans and Short term loans granted

| Companies | Closing Balance |
|----------------------------------|--------------------|
| SC Assets, SGPS, S.A. | 175 679 999 |
| Troiaresort, SGPS, S.A. | 140 009 622 |
| SC Finance BV | 5 885 000 |
| Solinca - Health & Fitness, S.A. | 1 983 700 |
| SC Hospitality, SGPS, S.A. | 7 626 325 |
| SC, Industrials, SGPS, S.A. | 15 812 000 |
| CAPWATT, SGPS, S.A. | 53 288 300 |
| Inparvi, SGPS, S.A. | 80 793 |
| SC, SGPS, S.A. | 15 955 706 |
| | <u>416 321 445</u> |

As at 30 June 2018, amounts due to affiliated companies can be summarized as follows:

Short term loans obtained

| Companies | Closing Balance |
|------------------|-------------------|
| RACE, SGPS, S.A. | 15 840 200 |
| | <u>15 840 200</u> |

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21. SUBSEQUENT EVENTS

No significant events with impact on the financial statements, requiring further disclosure, have occurred after 30 June 2018.

22. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on 27 July 2018.

O Contabilista Certificado

O Conselho de Administração

Rui Manuel Machado Morais

Duarte Paulo Teixeira de Azevedo

Álvaro Carmona e Costa Portela

Francisco de La Fuente Sánchez

Paulo José Jubilado Soares de Pinho

Maria Cláudia Teixeira de Azevedo

Ivone Pinho Teixeira

Miguel Jorge Moreira da Cruz Gil Mata