

# REPORT AND ACCOUNTS

30 SEPTEMBER 2016



**SONAE CAPITAL**

# **REPORT AND ACCOUNTS**

30 September 2016

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

### 1. CEO MESSAGE & MAIN HIGHLIGHTS

*"This was an important quarter in Sonae Capital's business portfolio reconfiguration with the conclusion of the road concessions shareholdings sale process, Norscut and Operscut. The correspondent cash-in during the quarter has allowed for another important Net Debt reduction. Additionally, the different business units continued to improve their competitive position and the process to sell non-strategic assets is evolving according to our expectations.*

*It should be highlighted, in respect to the improvement of the competitive position, when compared to the same period last year, the Top Line growth registered by Fitness (+21.7%), Hospitality (+14.4%) and Ref. & HVAC (+51.9%) with the respective consequences also visible at the EBITDA level. It should also be pointed out that the most recent Hotel, opened in April, following a capital light approach and targeted to capture the growing Oporto touristic demand, has registered a positive contribution in the quarter. In fact, the Hospitality business experienced a quite positive quarter, showing an improved performance across all Hotels in the most critical business indicators, namely, Occupancy rate and Price. The businesses that support the Troia Resort, driven by the strong dynamism observed during the summer campaign, have also presented significant improvements allowing to partially offset the lower number of deeds as a result of the already announced Golden Visa market slowdown. Additionally, it's worth to point out the Fitness expansion plan that is being implemented, with the opening of a new club, during the 3Q16 (totalling 3 in 2016) and a few more openings are expected until the end of the year. On the other hand, Energy Top Line and EBITDA - as expected due to the reduction in the number of plants in operation - registered a decrease when compared to the same period last year.*

*It's important to highlight, once again, the positive cash flow generation and the 78.2M€ Net Debt reduction when compared to the same period last year, including the dividend distribution relative to 2015 exercise and paid in the 2Q16. At the end of the quarter, Net Debt stood at 106.4M€. The reinforcement of our Capital Structure, to conservative values, allows us to address, in a comfortable position, the materialization of our corporate strategy.*

*In conclusion, the promotion of each business competitive position, the on-going process to sell the real estate non-strategic assets and the development of new business opportunities that fit with the defined corporate strategy, will continue to be the Team focus.*

*Cláudia Azevedo, CEO*

#### **THIRD QUARTER NET RESULTS OF 3.4M€. PERFORMANCE SHOWS POSITIVE PROGRESSES IN THE MAJORITY OF THE BUSINESSES, VISIBLE IN THE 12.7% TOP LINE GROWTH.**

Consolidated TOP LINE stood at 52.3M€, registering a growth of 12.7%:

- It should be highlighted the continued improved performance of Fitness (+21.7%) and Hospitality (+14.4%) segments. It should also be pointed out the 51.9% improvement registered by Ref.&HVAC segment, following the strategic repositioning conducted throughout 2015;
- Resorts Top Line reached 9.3M€. During the quarter there were celebrated 4 deeds of real estate residential units in Troia Resort and there are still 11 Promissory Purchase & Sale contracts and Reservation agreements in stock;
- As anticipated, driven by the discontinuity of a cogeneration plant in operation and the change of the licensing regime in another plant, both during 2015, and also the non favourable oil prices evolution, Energy Top Line registered a reduction of 29.1% to 8.3M€.

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Consolidated EBITDA amounted to 8.0M€, being worth to point out:

- The growth registered by Fitness (+93.8%) and Hospitality (+51.7%); as well as,
- Driven by the strong dynamism of the businesses that support Troia Resort, the growth experienced by Resorts (+1.1%) notwithstanding the lower number of deeds when compared to last year;
- The Real Estate Assets segments (included in Other & Eliminations) has shown an improvement of 16.1% mainly due to the number of "City Flats" sold during the period that have almost sold out the entire available stock;
- Energy segment, despite the 29.1% Top Line reduction, registered a decrease of only 12.9% and has continued to improve the quarterly YoY variations (1Q, -26.7%; 2Q, -22.2%; and 3Q, -12.9%);
- Ref.&HVAC segment registered an EBITDA of 0.22M€, correspondent to a margin of 1.1%.

3Q16 Consolidated NET RESULTS amounted to positive 3.38M€, representing an improvement of 54.0% compared to the 3Q15. It should also be pointed out, driven by the on-going reductions of both the Net Debt level and the respective cost, the 0.32M€ Net Financial charges reduction.

### THE FIRST NINE MONTHS RESULTS CONFIRM THE DEFINED STRATEGY WITH SIGNIFICANT PROFITABILITY IMPROVEMENT.

TOP LINE grew 6.0% with the majority of the businesses showing a two-digit growth when compared to last year, notwithstanding the reductions in Energy (already explained) and Resorts, due to the slowdown of real estate sales in Troia.

Consolidated EBITDA amounted to 13.63M€, 33.8% below the same period last year, being worth to highlight, last year, the extraordinary contribution from the capital gain on the sale of an important real estate asset, "Duque de Loulé".

NET RESULTS stood at positive 13.20M€, registering a growth of 10.15M€ compared to the same period last year, driven by the performance of Results from Investment & Associated undertakings, correspondent to the capital gain relative to the sale of Norscut and Operscut shareholdings.

FREE CASH FLOW (levered) reached 58.0M€, 21.0% above last year, as a result of the business units operations cash flow and, importantly, from the sale of the shareholdings above-mentioned.

Consolidated NET DEBT, driven by the Levered Free Cash Flow performance and already considering the dividends distributed during the 2Q16, registered a decrease of 42.8M€ compared to YE 2015, to 106.4M€.

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## 2. OVERALL PERFORMANCE

The financial and operational performance during the 3Q16, when compared to the same period last year, brings out the dynamism of the Group in terms of Top Line and profitability, notwithstanding the Energy negative evolution - already expected - and the slowdown of the touristic real estate sales in Troia Resort. Net Results amounted to 3.38M€, a significant improvement over the previous year and Net Debt recorded another significant reduction to 106.4M€.

### 2.1. CONSOLIDATED PROFIT AND LOSS STATEMENT

Consolidated Profit and Loss Account						
Million euro						
	3Q 2016	3Q 2015	Δ 16/15	9M 2016	9M 2015	Δ 16/15
<b>Total Operational Income</b>	<b>53,29</b>	<b>47,23</b>	<b>+12,8%</b>	<b>134,79</b>	<b>135,63</b>	<b>-0,6%</b>
<b>Turnover</b>	<b>52,27</b>	<b>46,40</b>	<b>+12,7%</b>	<b>132,71</b>	<b>125,16</b>	<b>+6,0%</b>
Resorts	9,33	10,20	-8,6%	20,42	23,91	-14,6%
Hospitality	7,35	6,42	+14,4%	13,79	12,16	+13,5%
Fitness	4,60	3,78	+21,7%	13,20	11,23	+17,5%
Energy	8,29	11,70	-29,1%	29,80	40,30	-26,0%
Refrigeration & HVAC	20,28	13,35	+51,9%	48,99	37,11	+32,0%
Others & Eliminations	2,42	0,94	>100%	6,51	0,45	>100%
Other Operational Income	1,02	0,84	+21,4%	2,08	10,47	-80,1%
<b>EBITDA, excluding Guaranteed Income Provisions <sup>(1)</sup></b>	<b>8,08</b>	<b>8,14</b>	<b>-0,8%</b>	<b>13,90</b>	<b>21,41</b>	<b>-35,1%</b>
Resorts	3,28	3,33	-1,4%	3,75	5,25	-28,7%
Hospitality	1,40	0,92	+51,7%	-0,94	-1,58	+40,4%
Fitness	0,78	0,40	+93,8%	1,79	1,26	+42,1%
Energy	1,73	1,99	-12,9%	6,03	7,69	-21,7%
Refrigeration & HVAC	0,22	0,83	-73,3%	1,67	1,56	+7,5%
Others & Eliminations	0,66	0,67	-2,3%	1,61	7,23	-77,7%
Provisions for Guaranteed Income	-0,08	-0,16	+51,0%	-0,27	-0,81	+67,0%
<b>EBITDA</b>	<b>8,00</b>	<b>7,98</b>	<b>+0,2%</b>	<b>13,63</b>	<b>20,61</b>	<b>-33,8%</b>
Amortization & Depreciation	-3,99	-4,03	+1,1%	-11,89	-11,83	-0,6%
Provisions & Impairment Losses	0,00	-0,08	-	-0,05	-0,24	+77,3%
Non-recurrent costs/income <sup>(2)</sup>	-0,37	-0,57	+34,9%	-0,13	-0,21	+37,8%
<b>EBIT</b>	<b>3,64</b>	<b>3,30</b>	<b>+10,3%</b>	<b>1,56</b>	<b>8,33</b>	<b>-81,3%</b>
Net Financial Expenses	-1,64	-2,58	+36,5%	-5,73	-7,07	+19,0%
Invest. Income and Results from Assoc. Undertakings	1,81	1,01	+79,4%	18,18	3,00	>100%
<b>EBT</b>	<b>3,82</b>	<b>1,74</b>	<b>&gt;100%</b>	<b>14,01</b>	<b>4,27</b>	<b>&gt;100%</b>
Taxation	-0,43	0,16	-	-0,81	-0,80	-1,8%
<b>Net Profit - Continued Businesses</b>	<b>3,38</b>	<b>1,90</b>	<b>+77,9%</b>	<b>13,20</b>	<b>3,47</b>	<b>&gt;100%</b>
<b>Net Profit - Discontinued Businesses</b>	<b>0,00</b>	<b>0,30</b>	<b>-</b>	<b>0,00</b>	<b>-0,42</b>	<b>-</b>
<b>Net Profit - Total</b>	<b>3,38</b>	<b>2,20</b>	<b>+54,0%</b>	<b>13,20</b>	<b>3,05</b>	<b>&gt;100%</b>
Attributable to Equity Holders of Sonae Capital	3,12	1,86	+68,1%	12,26	2,05	>100%
Attributable to Non-Controlling Interests	0,26	0,34	-23,9%	0,93	1,00	-6,4%

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

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

Consolidated turnover in 3Q16 amounted to 52.27M€, registering an increase of 12.7% over the same period last year, driven by a mixed combination of several effects. On the positive side, it should be highlighted: (i) Refrigeration & HVAC (+51.9%), due to the increased activity levels and the delivery of important projects, namely a shopping center in Romania; (ii) Fitness (+21.7%), supported on the increased number of active members and higher average monthly fees; and (iii) Hospitality (+14.4%), following both the better performance of current operations and the contribution of the new operation, opened in April, 'The House Ribeira'. The performance shown by these segments more than offset the lower contributions of: (i) Energy (-29.1%) mainly driven by prices evolution and the reduction of cogeneration plants in operation at the end of 2015; and (ii) Resorts (-8.6%) due to a lower number of deeds signed compared to the same period last year, notwithstanding the overall improvement of operations that support the Resort due to the strong dynamism observed during the summer campaign; In fact, excluding the touristic real estate sales, Resorts' turnover improved 19.6%.

Consolidated EBITDA in 3Q16 amounted to 8.0M€, corresponding to a margin of 15.3%, registering a marginal increase of 0.2% when compared to the 3Q15. The comparison to the same period last year is penalized, as in previous quarters, by the Energy segment (although YoY quarterly variations are improving) and, this quarter, by a lower profitability performance posted by Refrigeration & HVAC

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segment. On the other hand, it should be highlighted the good performance of the remaining segments, namely: (i) Fitness (+93.8%), driven by the Top Line performance; (ii) Hospitality, that registered an improvement of 51.7%; (iii) Resorts that, despite the lower touristic real estate sales, driven by the turnover growth of operations that support the Resort, generated an increase of 1.1% at EBITDA level; and (iv) Real Estate Assets, due mainly to the high number of City Flats sold during the period, showed an improvement of 16.1%.

3Q16 Net Results were positive 3.38M€, registering a significant improvement of 54.0% when compared to the same period last year. The following contributions should be noted: (i) in addition to the already above-mentioned EBITDA performance; (ii) the contribution of Results from Investments of 1.81M€ (an improvement of 0.8M€ compared to 3Q15), driven by the capital gain related with the sale of Operscut; and (iii) the positive net financial charges contribution as a result of a combination of lower level of Net Debt and lower financing costs (0.32M€) and lower exchange differences (0.61M€).

### 2.2. CAPEX

Capex in the first nine months amounted to 4.6M€, registering a decreased of 6.0M€ when compared to 9M15. The main investment projects in the period, in addition to the investments resulting from the normal activity of each businesses, are related to the implementation of the Fitness expansion plan (opening of new clubs) and Hospitality (opening of 'The House Ribeira'), both following a *capital light* approach.

### 2.3. CAPITAL STRUCTURE

At the end of September, Net Debt stood at 106.4M€, 28.7% below the level registered at the end of 2015. This result was driven by the Business Units cash flow from operations and, importantly, the sale of Norscut and Operscut shareholdings, which completely offset the dividends payment related to 2015 exercise that occurred in 2Q16.

It should be highlighted that, when compared to the same period last year, Net Debt shows a reduction of 78.2M€.

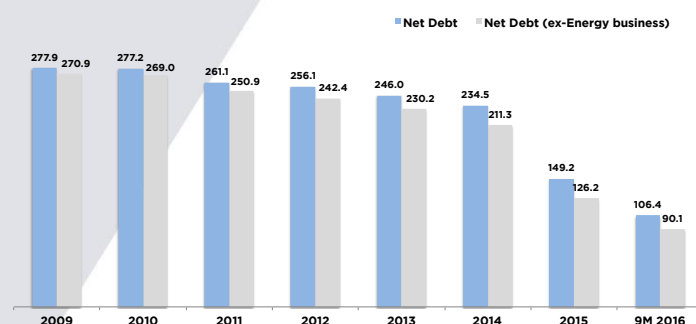
Capital structure, due to the above-mentioned decrease in the Net Debt level, set the Debt to Equity ratio at 33.8%, 14.3pp lower than the level registered at the end of 2015.

Taking into consideration the different types of assets that are part of Sonae Capital's portfolio, capital structure should be evaluated considering the coexistence of businesses that generate recurrent EBITDA, measured by a Net Debt/EBITDA ratio and Real Estate Assets that should be evaluated according to its fair market value. Assuming the Group Real Estate Assets valuations, at the end of the period, the implied ratios of Loan to Value (LTV) and non real estate Net Debt/EBITDA businesses amounted to 13.6% and 2.32x, respectively, reflecting a conservative and comfortable capital structure considering Sonae Capital's business portfolio structure.

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Consolidated Balance Sheet			
Million euro			
	Sep 2016	Dec 2015	△ Sep16/Dec15
<b>Total Assets</b>	<b>553.3</b>	<b>574.0</b>	<b>-3.6%</b>
Tangible and Intangible Assets	249.5	258.8	-3.6%
Goodwill	60.9	60.9	+0.0%
Non-Current Investments	1.6	13.6	-88.5%
Other Non-Current Assets	25.4	31.5	-19.2%
Stocks	120.6	126.8	-4.8%
Trade Debtors and Other Current Assets	46.3	47.2	-1.8%
Cash and Cash Equivalents	49.1	35.3	+38.9%
<b>Total Equity</b>	<b>314.8</b>	<b>310.1</b>	<b>+1.5%</b>
Total Equity attributable to Equity Holders of Sonae Capital	305.2	299.9	+1.8%
Total Equity attributable to Non-Controlling Interests	9.6	10.2	-6.0%
<b>Total Liabilities</b>	<b>238.5</b>	<b>263.9</b>	<b>-9.6%</b>
<b>Non-Current Liabilities</b>	<b>147.7</b>	<b>121.0</b>	<b>+22.1%</b>
Non-Current Borrowings	130.5	103.9	+25.6%
Deferred Tax Liabilities	11.1	10.9	+1.6%
Other Non-Current Liabilities	6.1	6.1	+0.0%
<b>Current Liabilities</b>	<b>90.7</b>	<b>142.9</b>	<b>-36.5%</b>
Current Borrowings	25.0	80.6	-69.0%
Trade Creditors and Other Current Liabilities	65.8	62.3	+5.5%
<b>Total Equity and Liabilities</b>	<b>553.3</b>	<b>574.0</b>	<b>-3.6%</b>
<b>Net Capital Employed</b>	<b>421.2</b>	<b>459.3</b>	<b>-8.3%</b>
Fixed Assets	310.3	319.7	-2.9%
Non-Current Investments (net)	9.7	28.0	-65.2%
Working Capital	101.1	111.6	-9.4%
Capex (end of period)	4.6	14.6	-68.7%
% Fixed Assets	1.5%	4.6%	
<b>Net Debt</b>	<b>106.4</b>	<b>149.2</b>	<b>-28.7%</b>
% Net Capital Employed	25.3%	32.5%	
Debt to Equity	33.8%	48.1%	
<b>Net Debt excluding Energy</b>	<b>90.1</b>	<b>126.2</b>	<b>-28.6%</b>
<b>Capital Structure Ratios</b>			
Loan to Value (Real Estate)	13.6%	21.8%	
Net Debt/EBITDA (recurrent)	2.32x	2.20x	



Net Capital Employed decreased 8.3% compared to YE2015, to 421.2M€. This performance was mainly driven by the Non-Current Investments decrease, as a result of the Norscut and Operscut shareholding participations.



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### 3. SEGMENTS PERFORMANCE

#### 3.1. RESORTS

Profit and Loss Account						
Million euro						
Resorts	3Q 2016	3Q 2015	Δ 16/15	9M 2016	9M 2015	Δ 16/15
<b>Total Operational Income</b>	<b>9.82</b>	<b>10.72</b>	<b>-8.4%</b>	<b>21.86</b>	<b>25.69</b>	<b>-14.9%</b>
<b>Turnover</b>	<b>9.33</b>	<b>10.20</b>	<b>-8.6%</b>	<b>20.42</b>	<b>23.91</b>	<b>-14.6%</b>
Other Operational Income	0.49	0.52	-6.1%	1.43	1.78	-19.4%
<b>Total Operational Costs</b>	<b>-6.53</b>	<b>-7.39</b>	<b>+11.6%</b>	<b>-18.11</b>	<b>-20.44</b>	<b>+11.4%</b>
Cost of Goods Sold	-1.29	-1.39	+7.4%	-3.05	-3.68	+17.2%
Change in Stocks of Finished Goods	-0.84	-1.43	+41.6%	-3.82	-4.22	+9.6%
External Supplies and Services	-2.76	-3.03	+9.0%	-6.84	-8.40	+18.6%
Staff Costs	-1.13	-1.18	+4.7%	-2.94	-2.96	+0.6%
Other Operational Expenses	-0.53	-0.36	-46.6%	-1.46	-1.18	-24.3%
<b>EBITDA excluding Guaranteed Income Provisions <sup>(1)</sup></b>	<b>3.28</b>	<b>3.33</b>	<b>-1.4%</b>	<b>3.75</b>	<b>5.25</b>	<b>-28.7%</b>
Provisions for Guaranteed Income	-0.08	-0.16	+51.0%	-0.27	-0.81	+67.0%
<b>EBITDA</b>	<b>3.20</b>	<b>3.17</b>	<b>+1.1%</b>	<b>3.48</b>	<b>4.45</b>	<b>-21.8%</b>
<b>Capex</b>	<b>0.70</b>	<b>0.23</b>	<b>&gt;100%</b>	<b>0.97</b>	<b>0.79</b>	<b>+22.8%</b>
<b>EBITDA-Capex</b>	<b>2.50</b>	<b>2.94</b>	<b>-14.8%</b>	<b>2.50</b>	<b>3.65</b>	<b>-31.4%</b>

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

During 3Q16, 4 deeds of residential units in Troia Resort were signed (a reduction compared to the 7 deeds registered in 3Q15), amounting to 15 deeds in the first nine months of the year. Additionally, it should be added a stock of 11 promissory purchase/sale and reservation agreements with advance payments. As at 30 September 2016, a total of 366 deeds have been celebrated on residential units in Troia Resort.

Mainly driven by the number of signed deeds in the quarter, Top Line amounted to 9.33M€, showing a decrease of 8.6% when compared to 3Q15. It should be highlighted, due to the strong dynamism observed during the summer campaign, turnover excluding sales of real estate touristic apartments, grew 19.6% over the same period last year.

Consequently, EBITDA reached 3.20M€, an increase of 1.1% when compared to the same period last year, driven by the performance of the different businesses that support the Resort's activity.

Capex, in the first nine months of the year, amounted 0.97M€ and contributed, as well as EBITDA, to a reduction of EBITDA-Capex of 1.15M€ to 2.50M€.

#### 3.2. FITNESS

Profit and Loss Account						
Million euro						
Fitness	3Q 2016	3Q 2015	Δ 16/15	9M 2016	9M 2015	Δ 16/15
<b>Total Operational Income</b>	<b>4.68</b>	<b>3.87</b>	<b>+20.7%</b>	<b>13.36</b>	<b>11.47</b>	<b>+16.5%</b>
<b>Turnover</b>	<b>4.60</b>	<b>3.78</b>	<b>+21.7%</b>	<b>13.20</b>	<b>11.23</b>	<b>+17.5%</b>
Other Operational Income	0.07	0.09	-21.1%	0.17	0.24	-29.6%
<b>Total Operational Costs</b>	<b>-3.89</b>	<b>-3.47</b>	<b>-12.2%</b>	<b>-11.57</b>	<b>-10.21</b>	<b>-13.4%</b>
Cost of Goods Sold	-0.01	-0.03	+71.2%	-0.05	-0.09	+41.5%
External Supplies and Services	-2.38	-2.21	-7.6%	-7.00	-6.41	-9.2%
Staff Costs	-1.35	-1.04	-30.4%	-3.86	-3.13	-23.4%
Other Operational Expenses	-0.16	-0.19	+19.7%	-0.66	-0.58	-13.8%
<b>EBITDA</b>	<b>0.78</b>	<b>0.40</b>	<b>+93.8%</b>	<b>1.79</b>	<b>1.26</b>	<b>+42.1%</b>
<b>Capex</b>	<b>0.48</b>	<b>0.43</b>	<b>+11.5%</b>	<b>0.95</b>	<b>0.64</b>	<b>+48.0%</b>
<b>EBITDA-Capex</b>	<b>0.30</b>	<b>-0.03</b>	<b>-</b>	<b>0.84</b>	<b>0.61</b>	<b>+36.0%</b>

The Fitness segment continues to consolidate the improvement of its competitive position, reflected in both turnover and profitability as a consequence of the 9.9% growth in the average number of active members when compared to 3Q15.

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During 3Q16, Top Line grew 21.7% to 4.60M€, as a result of the above-mentioned growth in the number of active members and the positive average monthly fee performance, which has increased 7.9% when compared to 3Q15. EBITDA amounted to 0.78M€, an improvement of 93.8% when compared to the same period last year, correspondent to a margin of 17.0%, 6.3pp above the level achieved in 3Q15. It should be highlighted that during the 3Q16, one additional new club was opened (Oporto - Foz). It should be noted that the opening of new clubs is expected to negatively impact margins until they reach a cruising speed in with respect the number of active members.

Capex in 9M16 amounted to 0.95M€, significantly higher than in the same period last year, mainly as a result of implementation of the expansion plan, in particular the investments to support the opening of new clubs.

### 3.3. HOSPITALITY

Profit and Loss Account						
Million euro						
Hospitality	3Q 2016	3Q 2015	Δ 16/15	9M 2016	9M 2015	Δ 16/15
<b>Total Operational Income</b>	<b>7.54</b>	<b>6.58</b>	<b>+14.5%</b>	<b>14.21</b>	<b>12.51</b>	<b>+13.6%</b>
<b>Turnover</b>	<b>7.35</b>	<b>6.42</b>	<b>+14.4%</b>	<b>13.79</b>	<b>12.16</b>	<b>+13.5%</b>
Other Operational Income	0.19	0.16	+19.0%	0.42	0.35	+20.5%
<b>Total Operational Costs</b>	<b>-6.14</b>	<b>-5.66</b>	<b>-8.5%</b>	<b>-15.15</b>	<b>-14.09</b>	<b>-7.6%</b>
Cost of Goods Sold	-0.65	-0.65	+0.4%	-1.37	-1.34	-2.3%
External Supplies and Services	-3.53	-3.17	-11.4%	-8.73	-8.01	-8.9%
Staff Costs	-1.72	-1.72	+0.5%	-4.60	-4.33	-6.3%
Other Operational Expenses	-0.24	-0.11	<-100%	-0.46	-0.41	-12.2%
<b>EBITDA</b>	<b>1.40</b>	<b>0.92</b>	<b>+51.7%</b>	<b>-0.94</b>	<b>-1.58</b>	<b>+40.4%</b>
<b>Capex</b>	<b>0.04</b>	<b>0.04</b>	<b>+2.6%</b>	<b>1.23</b>	<b>0.11</b>	<b>&gt;100%</b>
<b>EBITDA-Capex</b>	<b>1.36</b>	<b>0.88</b>	<b>+54.1%</b>	<b>-2.18</b>	<b>-1.69</b>	<b>-28.4%</b>

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

Compared to the 3Q15 and following the previously reported trend, Hospitality's segment Top Line showed, in the 3Q16, a growth of 14.4% to 7.35M€. This performance resulted mainly from the increase in occupancy rate across all units. In the same period, the number of room nights sold increased 11.2% in the total Group's operations and RevPar also revealed an improvement of 12.2%.

As a result of the positive business indicators performance and of the Top Line increase, combined with the optimization and cost rationalization measures implemented over the past few years, EBITDA, in 3Q16, showed an improvement of 51.7% over the same period last year. It should be noted that the quarter already includes the contribution of the new hotel "The House Ribeira Porto Hotel" (opened in April) and on a comparable basis, the EBITDA improvement amounted to 32.2%. It should be pointed out that the new Hotel, opened following a capital light approach, already presented positive contribution in the quarter, as a result of the high occupancy rates.

Excluding rents, it should be highlighted that the Hospitality segment EBITDAR, in 3Q16, was positive 2.41M€, an increase of 15.7% when compared to the same period last year. Pointing out the turnover seasonality, the first and fourth quarters usually register negative EBITDAR that are more than compensated by the positive results of the second and, mainly, the third quarters' activity.

Hospitality capex stood at controllable levels (0.04M€) and contributed, as well as the operational improvement, to the EBITDA-Capex increase of 54.1% when compared to 3Q15.

## REPORT AND ACCOUNTS – SEPTEMBER 2016

Report of the Board of Directors

### 3.4. ENERGY

Profit and Loss Account						
Million euro						
Energy	3Q 2016	3Q 2015	Δ 16/15	9M 2016	9M 2015	Δ 16/15
<b>Total Operational Income</b>	<b>8.42</b>	<b>11.75</b>	<b>-28.3%</b>	<b>30.04</b>	<b>40.58</b>	<b>-26.0%</b>
<b>Turnover</b>	<b>8.29</b>	<b>11.70</b>	<b>-29.1%</b>	<b>29.80</b>	<b>40.30</b>	<b>-26.0%</b>
Other Operational Income	0.13	0.05	>100%	0.24	0.28	-13.8%
<b>Total Operational Costs</b>	<b>-6.69</b>	<b>-9.76</b>	<b>+31.5%</b>	<b>-24.02</b>	<b>-32.89</b>	<b>+27.0%</b>
Cost of Goods Sold	-4.95	-7.85	+37.0%	-18.61	-27.13	+31.4%
External Supplies and Services	-1.11	-1.10	-0.8%	-3.29	-3.11	-5.8%
Staff Costs	-0.53	-0.66	+20.2%	-1.79	-2.13	+15.9%
Other Operational Expenses	-0.11	-0.15	+29.0%	-0.32	-0.51	+37.3%
<b>EBITDA</b>	<b>1.73</b>	<b>1.99</b>	<b>-12.9%</b>	<b>6.03</b>	<b>7.69</b>	<b>-21.7%</b>
<b>Capex</b>	<b>0.11</b>	<b>3.37</b>	<b>-96.8%</b>	<b>0.31</b>	<b>4.64</b>	<b>-93.4%</b>
<b>EBITDA-Capex</b>	<b>1.63</b>	<b>-1.38</b>	<b>-</b>	<b>5.72</b>	<b>3.05</b>	<b>+87.7%</b>

In 3Q16, Top Line of the Energy segment reported a decrease of 29.1% to 8.29M€. This performance is explained by: (i) the reduction of energy selling prices as a result of the evolution of oil price; and (ii) the lower number of cogeneration plants in operation, due to the discontinuation, in 4Q15, of a cogeneration plant and the change, also in 4Q15, of the licensing framework in another one.

As expected, EBITDA, in the period, registered a decrease of 12.9%, when compared to the same period last year, to 1.73M€, registering a margin of 20.9%.

In 9M16, turnover registered a reduction of 26.0% to 29.8M€ and EBITDA decreased 21.7% to 6.03M€ when compared to the same period last year, as a result of the above-mentioned reasons that impacted Top Line.

Capex remained at low levels and in the first nine months of the year amounted to 0.31M€, 93.4% lower than 9M15, contributing to an improvement of 2.67M€ to the EBITDA-Capex level.

### 3.5. REFRIGERATION & HVAC

3Q16 Top Line amounted to 20.28M€, a 51.9% increase over the same period last year, due to the improved domestic operation, namely the positive performance of the refrigeration segment. The Backlog of the Portuguese operation, at the end of the period, amounted to, approximately, 26.2M€, representing 6.9 months of turnover.

3Q16 EBITDA registered a reduction of 0.61M€, due mainly to the lower contribution of international operations, as in the previous quarters, and the HVAC operation driven by the implementation and development costs of an important international project.

Top Line of the first nine months of the year increased 32.0% to 49M€. International Top Line of Refrigeration & HVAC (consolidating exports and direct sales abroad) represented 51% of the consolidated turnover, 21pp above the level registered in 9M15.

## REPORT AND ACCOUNTS – SEPTEMBER 2016

### Report of the Board of Directors

Profit and Loss Account						
Million euro						
Refrigeration & HVAC	3Q 2016	3Q 2015	Δ 16/15	9M 2016	9M 2015	Δ 16/15
<b>Total Operational Income</b>	<b>20.56</b>	<b>13.54</b>	<b>+51.9%</b>	<b>49.49</b>	<b>37.53</b>	<b>+31.9%</b>
<b>Turnover</b>	<b>20.28</b>	<b>13.35</b>	<b>+51.9%</b>	<b>48.99</b>	<b>37.11</b>	<b>+32.0%</b>
Other Operational Income	0.28	0.18	+52.0%	0.50	0.42	+21.0%
<b>Total Operational Costs</b>	<b>-20.34</b>	<b>-12.71</b>	<b>-60.1%</b>	<b>-47.82</b>	<b>-35.97</b>	<b>-32.9%</b>
Cost of Goods Sold	-6.91	-7.11	+2.9%	-20.35	-16.50	-23.3%
Change in Stocks of Finished Goods	-0.82	1.19	-	3.19	1.88	+69.5%
External Supplies and Services	-9.31	-3.79	<-100%	-21.01	-12.15	-72.9%
Staff Costs	-3.09	-2.75	-12.6%	-8.91	-8.75	-1.8%
Other Operational Expenses	-0.22	-0.24	+11.2%	-0.73	-0.44	-66.4%
<b>EBITDA</b>	<b>0.22</b>	<b>0.83</b>	<b>-73.3%</b>	<b>1.67</b>	<b>1.56</b>	<b>+7.5%</b>
<b>Capex</b>	<b>0.00</b>	<b>0.02</b>	<b>-94.7%</b>	<b>0.06</b>	<b>0.14</b>	<b>-58.1%</b>
<b>EBITDA-Capex</b>	<b>0.22</b>	<b>0.81</b>	<b>-72.8%</b>	<b>1.61</b>	<b>1.41</b>	<b>+14.3%</b>

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

Due to the Top Line performance in Portugal, EBITDA in the 9M16 amounted to 1.67M€, registering an improvement of 7.5% when compared to 9M15 and reaching a margin of 3.4%. EBITDA in the domestic operation (excluding the discontinued operations) amounted to 2.26M€ in 9M16, a 1.05M€ improvement when compared to the same period last year.

Capex stood at low levels, 0.06M€ (58.1% lower than 9M15) and EBITDA-Capex positive evolution is a result of the EBITDA performance.

### 3.6. OTHER ASSETS

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

Addressing current market trends and the demand profile for real estate assets included in current portfolio, during the 3Q16, 24 sales deeds regarding City Flats were signed and an additional 3 sales deeds were signed over a land plot and two real estate assets. In the first nine months of the year, a total of 68 sales deeds of real estate assets were signed, of which 62 related to City Flats.

As at 30 September 2016, capital employed in this set of real estate assets amounted to 112.6M€.

During 3Q16, the sale process of the shareholdings associated to road concessions (Norscut and Operscut) were concluded with the full reimbursement of the respective price of, approximately, 43M€.

## **REPORT AND ACCOUNTS - SEPTEMBER 2016**

Report of the Board of Directors

### 4. CORPORATE INFORMATION

#### 4.1. CORPORATE INFORMATION - 3Q16

There was no corporate information to register.

#### 4.2. SUBSEQUENT CORPORATE EVENTS

There were no subsequent corporate events to register.

## REPORT AND ACCOUNTS - SEPTEMBER 2016

Report of the Board of Directors

### 5. METODOLOGICAL NOTES

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

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

This document is a translation from the Portuguese original version.

### GLOSSARY

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

# REPORT AND ACCOUNTS - SEPTEMBER 2016

Report of the Board of Directors

## APPENDIX

Consolidated Profit and Loss Account							
Million euro							
	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016
<b>Total Operational Income</b>	<b>41,85</b>	<b>46,54</b>	<b>47,23</b>	<b>45,65</b>	<b>38,14</b>	<b>43,36</b>	<b>53,29</b>
<b>Turnover</b>	<b>38,98</b>	<b>39,78</b>	<b>46,40</b>	<b>44,45</b>	<b>37,42</b>	<b>43,02</b>	<b>52,27</b>
Resorts	6,44	7,27	10,20	5,77	3,88	7,21	9,33
Hospitality	1,82	3,91	6,42	2,33	2,10	4,34	7,35
Fitness	3,50	3,94	3,78	3,96	4,14	4,45	4,60
Energy	15,58	13,01	11,70	10,29	11,74	9,77	8,29
Refrigeration & HVAC	12,63	11,13	13,35	19,38	14,27	14,43	20,28
Others & Eliminations	-1,00	0,52	0,94	2,72	1,28	2,81	2,42
Other Operational Income	2,87	6,76	0,84	1,20	0,72	0,35	1,02
<b>EBITDA, excluding Guaranteed Income Provisions <sup>(1)</sup></b>	<b>3,24</b>	<b>10,03</b>	<b>8,14</b>	<b>3,11</b>	<b>1,67</b>	<b>4,16</b>	<b>8,08</b>
Resorts	1,04	0,88	3,33	-1,08	0,01	0,46	3,28
Hospitality	-1,94	-0,56	0,92	-1,63	-1,76	-0,59	1,40
Fitness	0,23	0,62	0,40	0,57	0,38	0,62	0,78
Energy	3,22	2,48	1,99	1,51	2,36	1,93	1,73
Refrigeration & HVAC	0,42	0,31	0,83	1,54	0,89	0,56	0,22
Others & Eliminations	0,26	6,30	0,67	2,19	-0,21	1,17	0,66
Provisions for Guaranteed Income	-0,28	-0,37	-0,16	-0,18	-0,07	-0,12	-0,08
<b>EBITDA</b>	<b>2,95</b>	<b>9,67</b>	<b>7,98</b>	<b>2,92</b>	<b>1,59</b>	<b>4,04</b>	<b>8,00</b>
Amortization & Depreciation	-3,90	-3,90	-4,03	-3,89	-3,92	-3,99	-3,99
Provisions & Impairment Losses	-0,07	-0,08	-0,08	0,23	-0,01	-0,05	0,00
Non-recurrent costs/income <sup>(2)</sup>	0,76	-0,39	-0,57	0,27	-0,38	0,62	-0,37
<b>EBIT</b>	<b>-0,26</b>	<b>5,29</b>	<b>3,30</b>	<b>-0,47</b>	<b>-2,72</b>	<b>0,63</b>	<b>3,64</b>
Net Financial Expenses	-2,20	-2,29	-2,58	-1,53	-2,38	-1,71	-1,64
Investment Income and Results from Assoc. Undertakings	1,21	0,79	1,01	0,13	1,05	15,32	1,81
<b>EBT</b>	<b>-1,25</b>	<b>3,78</b>	<b>1,74</b>	<b>-1,87</b>	<b>-4,04</b>	<b>14,24</b>	<b>3,82</b>
Taxation	-0,86	-0,10	0,16	0,39	0,16	-0,54	-0,43
<b>Net Profit - Continued Businesses</b>	<b>-2,11</b>	<b>3,68</b>	<b>1,90</b>	<b>-1,48</b>	<b>-3,88</b>	<b>13,70</b>	<b>3,38</b>
<b>Net Profit - Discontinued Businesses</b>	<b>-0,56</b>	<b>-0,15</b>	<b>0,30</b>	<b>-0,18</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>Net Profit - Total</b>	<b>-2,68</b>	<b>3,53</b>	<b>2,20</b>	<b>-1,66</b>	<b>-3,88</b>	<b>13,70</b>	<b>3,38</b>
Attributable to Equity Holders of Sonae Capital	-2,93	3,12	1,86	-2,35	-4,19	13,33	3,12
Attributable to Non-Controlling Interests	0,25	0,41	0,34	0,69	0,31	0,37	0,26

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

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

PART II

**CONSOLIDATED FINANCIAL  
STATEMENTS**

30 SEPTEMBER 2016



**SONAE CAPITAL**



# REPORT AND ACCOUNTS – SEPTEMBER 2016

## Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

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

(Amounts expressed in euro)

ASSETS	Notes	30/09/2016	31/12/2015
<b>NON-CURRENT ASSETS:</b>			
Tangible assets	7	242,193,269	251,495,972
Intangible assets	7	7,262,798	7,338,337
Goodwill	8	60,892,528	60,892,528
Investments in associated companies and joint ventures	5	1,069,319	12,960,514
Other investments	6 e 9	487,668	597,515
Deferred tax assets	13	23,403,321	23,620,310
Other non-current assets	10	2,029,074	7,871,931
Total non-current assets		337,337,977	364,777,107
<b>CURRENT ASSETS:</b>			
Inventories	11	120,615,426	126,761,744
Trade account receivables and other current assets	12	46,303,537	47,175,228
Cash and cash equivalents	14	49,061,315	35,318,251
Total Current Assets		215,980,278	209,255,223
<b>TOTAL ASSETS</b>		<b>553,318,255</b>	<b>574,032,330</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	15	250,000,000	250,000,000
Own Shares	15	(1,404,226)	(1,426,791)
Reserves and retained earnings	15	44,357,210	51,609,194
Profit/(Loss) for the year attributable to the equity holders of Sonae Capital		12,262,588	(294,678)
Equity attributable to the equity holders of Sonae Capital		305,215,572	299,887,725
Equity attributable to non-controlling interests	16	9,632,604	10,247,125
TOTAL EQUITY		314,848,176	310,134,850
<b>LIABILITIES:</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Loans	17	130,485,739	103,923,602
Other non current liabilities	19	3,035,412	3,033,619
Deferred tax liabilities	13	11,124,384	10,948,548
Provisions	22	3,079,824	3,079,824
Total Non-Current Liabilities		147,725,359	120,985,593
<b>CURRENT LIABILITIES:</b>			
Loans	17	24,966,936	80,592,682
Trade creditors and other current liabilities	21	61,314,030	56,961,279
Provisions	22	4,463,754	5,357,926
Total Current Liabilities		90,744,720	142,911,887
TOTAL LIABILITIES		238,470,079	263,897,480
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>553,318,255</b>	<b>574,032,330</b>

The accompanying notes are part of these financial statements.

The Board of Directors

# REPORT AND ACCOUNTS – SEPTEMBER 2016

## Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 AND 2015

(Amounts expressed in euro)

	Notes	30/09/2016	30/09/2015
Sales		79,896,504	55,606,858
Services rendered		51,243,285	65,493,064
Other operating income		3,313,063	15,318,694
Cost of sales		(42,523,242)	(46,782,130)
Changes in stocks of finished goods and work in progress		(5,050,616)	(2,699,532)
External supplies and services		(44,841,950)	(35,824,418)
Staff costs		(25,242,307)	(24,447,126)
Depreciation and amortisation		(11,894,032)	(11,828,555)
Provisions and impairment losses (Increases/Decreases)		(604,573)	(29,733)
Other operating expenses		(2,738,361)	(6,474,226)
<b>Operational profit/(loss)</b>		<b>1,557,771</b>	<b>8,332,896</b>
Financial Expenses		(6,359,378)	(8,318,496)
Financial Income		632,460	1,247,580
<b>Net financial income / (expenses)</b>		<b>(5,726,918)</b>	<b>(7,070,916)</b>
<b>Profit/(Loss) in associated and jointly controlled companies</b>	5	<b>182,779</b>	<b>2,986,686</b>
<b>Investment income</b>		<b>17,995,113</b>	<b>17,246</b>
<b>Profit/(Loss) before taxation</b>		<b>14,008,745</b>	<b>4,265,912</b>
taxation	26	(811,740)	(797,110)
Profit/(Loss) for the year - continued operations		13,197,005	3,468,802
Profit/(Loss) for the year - discontinued operations		-	(416,545)
<b>Profit/(Loss) for the year</b>	27	<b>13,197,005</b>	<b>3,052,257</b>
Attributable to:			
Equity holders of Sonae Capital		12,262,588	2,054,038
Non-controlling interests	16	934,417	998,219
Profit/(Loss) per share			
Basic	29	0.049698	0.008338
Diluted	29	0.049698	0.008338

The accompanying notes are part of these financial statements.

The Board of Directors

# REPORT AND ACCOUNTS – SEPTEMBER 2016

## Consolidated Financial Statements

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

	Notes	3 <sup>rd</sup> QUARTER 2016 <sup>1</sup>	3 <sup>rd</sup> QUARTER 2015 <sup>1</sup>
Sales		47,872,237	16,927,608
Services rendered		3,885,136	28,460,536
Other operating income		1,285,557	1,306,428
Cost of sales		(13,623,340)	(16,653,722)
Changes in stocks of finished goods and work in progress		(3,090,865)	(325,522)
External supplies and services		(18,492,113)	(12,630,308)
Staff costs		(8,857,992)	(8,166,296)
Depreciation and amortisation		(3,988,070)	(4,031,015)
Provisions and impairment losses (Increases/Decreases)		(35,835)	587,872
Other operating expenses		(1,312,422)	(2,172,562)
<b>Operational profit/(loss)</b>		<b>3,642,293</b>	<b>3,303,019</b>
Financial Expenses		(1,791,228)	(2,834,239)
Financial Income		154,195	257,822
<b>Net financial income / (expenses)</b>		<b>(1,637,033)</b>	<b>(2,576,417)</b>
<b>Profit/(Loss) in associated and jointly controlled companies</b>	5	<b>71,380</b>	<b>891,110</b>
<b>Investment income</b>		<b>1,738,540</b>	<b>117,858</b>
<b>Profit/(Loss) before taxation</b>		<b>3,815,180</b>	<b>1,735,570</b>
taxation	26	(434,694)	164,343
Profit/(Loss) for the year - continued operations		3,380,486	1,899,913
Profit/(Loss) for the year - discontinued operations		-	295,911
<b>Profit/(Loss) for the year</b>	27	<b>3,380,486</b>	<b>2,195,824</b>
Attributable to:			
Equity holders of Sonae Capital		3,123,085	1,857,632
Non-controlling interests	16	257,401	338,192
Profit/(Loss) per share			
Basic	29	0.012657	0.007541
Diluted	29	0.012657	0.007541

The accompanying notes are part of these financial statements.

<sup>1</sup> Prepared in accordance with IAS 34 - Interim Financial Reporting

The Board of Directors

# REPORT AND ACCOUNTS – SEPTEMBER 2016

## Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 AND 2015

(Amounts expressed in euro)

	30/09/2016	30/09/2015
<b>Consolidated net profit/(loss) for the period</b>	<b>13,197,005</b>	<b>3,052,257</b>
<b>Items that may be reclassified subsequently to net profit / (loss):</b>		
Changes in the currency translation differences	101,705	188,382
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)	7,381,842	1,169,079
Change in the fair value of assets available for sale	-	841,904
Change in the fair value of cash flow hedging derivatives	13,890	222,404
Tax related to other comprehensive income captions	(2,917)	(265,833)
<b>Other comprehensive income for the period</b>	<b>7,494,520</b>	<b>2,155,936</b>
<b>Total comprehensive income for the period</b>	<b>20,691,525</b>	<b>5,208,193</b>
Attributable to:		
Equity holders of Sonae Capital	19,761,166	4,172,698
Non-controlling interests	930,359	1,035,495

The accompanying notes are part of these financial statements.

The Board of Directors

# REPORT AND ACCOUNTS – SEPTEMBER 2016

## Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THIRD QUARTERS OF 2016 AND 2015

(Amounts expressed in euro)

	3 <sup>rd</sup> QUARTER 2016 <sup>1</sup>	3 <sup>rd</sup> QUARTER 2015 <sup>1</sup>
<b>Consolidated net profit/(loss) for the period</b>	<b>3,380,486</b>	<b>2,195,824</b>
<b>Items that may be reclassified subsequently to net profit / (loss):</b>		
Changes in the currency translation differences	51,175	148,378
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)	-	205,683
Change in the fair value of assets available for sale	-	133,507
Change in the fair value of cash flow hedging derivatives	(9,824)	8,709
Tax related to other comprehensive income captions	(48)	(31,868)
<b>Other comprehensive income for the period</b>	<b>41,303</b>	<b>464,409</b>
<b>Total comprehensive income for the period</b>	<b>3,421,789</b>	<b>2,660,233</b>
Attributable to:		
Equity holders of Sonae Capital	3,167,169	2,291,238
Non-controlling interests	254,620	368,995

The accompanying notes are part of these financial statements.

<sup>1</sup> Prepared in accordance with IAS 34 - Interim Financial Reporting

The Board of Directors

# REPORT AND ACCOUNTS – SEPTEMBER 2016

## Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA  
 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 AND 2015  
 (Amounts expressed in euro)

	Attributable to Equity Holders of Sonae Capital							Sub total	Net Profit/ (Loss)	Total	Non- Controlling Interests	Total Equity
	Share Capital	Own Shares	Demerger Reserve (Note 15)	Translation Reserves	Fair Value Reserves	Hedging Reserves	Other Reserves and Retained Earnings					
Balance as at 1 January 2015	250,000,000	(1,486,301)	132,638,253	(130,882)	(750,961)	(239,276)	(75,237,394)	56,279,740	(6,832,009)	297,961,430	9,375,864	307,337,294
Total consolidated comprehensive income for the period	-	-	-	151,827	841,904	221,683	903,246	2,118,660	2,054,038	4,172,698	1,035,495	5,208,193
Appropriation of profit of 2014:	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	(6,832,009)	(6,832,009)	6,832,009	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(1,078,352)	(1,078,352)
(Acquisition)/Sales of own shares	-	72,435	-	-	-	-	-	-	-	72,435	-	72,435
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	(219,830)	(219,830)	-	(219,830)	219,830	-
Other changes	-	-	-	-	-	-	729	729	-	729	-	729
<b>Balance as at 30 September 2015</b>	<b>250,000,000</b>	<b>(1,413,866)</b>	<b>132,638,253</b>	<b>20,945</b>	<b>90,943</b>	<b>(17,593)</b>	<b>(81,385,258)</b>	<b>51,347,290</b>	<b>2,054,038</b>	<b>301,987,462</b>	<b>9,552,837</b>	<b>311,540,299</b>
Balance as at 1 January 2016	250,000,000	(1,426,791)	132,638,253	(23,350)	-	(11,956)	(80,993,753)	51,609,194	(294,678)	299,887,725	10,247,125	310,134,850
Total consolidated comprehensive income for the period	-	-	-	105,763	-	13,890	7,378,925	7,498,578	12,262,588	19,761,166	930,359	20,691,525
Appropriation of profit of 2015:	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	(294,678)	(294,678)	294,678	-	-	-
Dividends paid	-	-	-	-	-	-	(14,669,026)	(14,669,026)	-	(14,669,026)	(1,425,614)	(16,094,640)
(Acquisition)/Sales of own shares	-	22,565	-	-	-	-	-	-	-	22,565	-	22,565
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	119,266	119,266	-	119,266	(119,266)	-
Other changes	-	-	-	-	-	-	93,876	93,876	-	93,876	-	93,876
<b>Balance as at 30 September 2016</b>	<b>250,000,000</b>	<b>(1,404,226)</b>	<b>132,638,253</b>	<b>82,413</b>	<b>-</b>	<b>1,934</b>	<b>(88,365,390)</b>	<b>44,357,210</b>	<b>12,262,588</b>	<b>305,215,572</b>	<b>9,632,604</b>	<b>314,848,176</b>

The accompanying notes are part of these financial statements.

The Board of Directors

**SONAE CAPITAL**

# REPORT AND ACCOUNTS – SEPTEMBER 2016

## Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 AND 2015

(Amounts expressed in euro)

	Notes	30/09/2016	30/09/2015	3 <sup>rd</sup> QUARTER 2016 <sup>1</sup>	3 <sup>rd</sup> QUARTER 2015 <sup>1</sup>
<b>OPERATING ACTIVITIES:</b>					
Cash receipts from trade debtors		130,685,516	137,299,364	48,660,183	57,513,831
Cash receipts from trade creditors		(83,817,416)	(79,859,846)	(31,707,400)	(27,131,247)
Cash paid to employees		(24,250,824)	(25,822,785)	(8,398,857)	(9,030,848)
Cash flow generated by operations		22,617,276	31,616,733	8,553,926	21,351,736
Income taxes (paid) / received		(427,803)	(224,686)	(71,195)	1,332,399
Other cash receipts and (payments) relating to operating activities		(695,719)	(3,330,814)	(1,144,652)	(3,413,700)
Net cash from operating activities (1)		21,493,754	28,061,233	7,338,079	19,270,435
<b>INVESTMENT ACTIVITIES:</b>					
<u>Cash receipts arising from:</u>					
Investments		38,827,634	23,884,334	38,226,852	298,620
Tangible assets		1,950,289	14,604,622	535,581	1,010,285
Intangible assets		226,089	-	177,000	-
Interest and similar income		417,933	1,106,226	254,550	278,089
Dividends		332,859	339,683	138,440	66,052
		47,666,204	39,934,865	45,243,823	1,653,046
<u>Cash Payments arising from:</u>					
Investments		(148,446)	(25,863)	(10,217)	(7,824)
Tangible assets		(4,361,345)	(9,035,119)	(1,514,724)	(2,305,095)
Intangible assets		(427,992)	(287,348)	(234,581)	(219,896)
Loans granted		(58,007)	(1,015,588)	(16,504)	(27,791)
		(4,995,790)	(10,363,918)	(1,776,026)	(2,560,606)
Net cash used in investment activities (2)		42,670,414	29,570,947	43,467,797	(907,560)
<b>FINANCING ACTIVITIES:</b>					
<u>Cash receipts arising from:</u>					
Loans obtained		99,054,596	9,100,000	30,200,000	-
Sale of own shares		144,043	72,435	-	-
		99,198,639	9,172,435	30,200,000	-
<u>Cash Payments arising from:</u>					
Loans obtained		(127,527,929)	(61,803,557)	(34,706,587)	(35,582,936)
Interest and similar charges		(5,830,270)	(7,181,864)	(1,626,374)	(2,210,395)
Dividends		(15,987,705)	(923,729)	-	(129,843)
		(149,345,904)	(69,909,150)	(36,332,961)	(37,923,174)
Net cash used in financing activities (3)		(50,147,265)	(60,736,715)	(6,132,961)	(37,923,174)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		14,016,903	(3,104,535)	44,672,915	(19,560,299)
Effect of foreign exchange rate		285,171	218,048	(2,260)	140,568
Cash and cash equivalents at the beginning of the period	14	35,318,251	8,148,876	4,374,808	24,527,160
Cash and cash equivalents at the end of the period	14	49,049,983	4,826,293	49,049,983	4,826,293

The accompanying notes are part of these financial statements.

<sup>1</sup> Prepared in accordance with IAS 34 - Interim Financial Reporting

The Board of Directors

# REPORT AND ACCOUNTS – SEPTEMBER 2016

Consolidated Financial Statements

## SONAE CAPITAL, SGPS, SA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 AND 2015

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

## 1. INTRODUCTION

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

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

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

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

## 2. MAIN ACCOUNTING POLICIES

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

### Basis of preparation

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

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

## 3. CHANGES IN ACCOUNTING POLICIES

Changes to international accounting standards that came into force on or after 1 January 2016, did not have material impacts in the financial statements as at 30 September 2016.



# REPORT AND ACCOUNTS - SEPTEMBER 2016

## Consolidated Financial Statements

### 4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

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

Company	Head Office	Percentage of capital held			
		30 September 2016		31 December 2015	
		Direct	Total	Direct	Total
<b>Sonae Capital SGPS, SA</b>	Maia				
<b>Hotels</b>					
Porto Palácio Hotel, SA	a) Porto	100,00%	100,00%	100,00%	100,00%
3) SC Hospitality, SGPS, SA	a) Maia	100,00%	100,00%	100,00%	100,00%
The Artist Porto Hotel & Bistrô - Actividades Hoteleiras, SA	a) Maia	100,00%	100,00%	100,00%	100,00%
4) The House Ribeira Hotel - Exploração Hoteleira, SA	a) Maia	100,00%	100,00%	100,00%	100,00%
Aqualuz Tróia, SA	a) Grândola	100,00%	100,00%	100,00%	100,00%
<b>Resorts</b>					
Atlantic Ferries-Tráf.Loc.Flu.e Marít,SA	a) Grândola	95,77%	95,77%	95,77%	95,77%
Golf Time-Golfe e Invest. Turísticos, SA	a) Maia	100,00%	100,00%	100,00%	100,00%
Imopenínsula - Sociedade Imobiliária, SA	a) Grândola	100,00%	100,00%	100,00%	100,00%
Imoresort - Sociedade Imobiliária, S.A.	a) Grândola	100,00%	100,00%	100,00%	100,00%
Marina de Tróia, SA.	a) Grândola	100,00%	100,00%	100,00%	100,00%
Marmagno-Expl.Hoteleira Imob.,SA	a) Grândola	100,00%	100,00%	100,00%	100,00%
Marvero-Expl.Hotel.Im.,SA	a) Grândola	100,00%	100,00%	100,00%	100,00%
SII - Soberana Invest. Imobiliários, SA	a) Grândola	100,00%	100,00%	100,00%	100,00%
Soltroia-Imob.de Urb.Turismo de Tróia,SA	a) Lisbon	100,00%	100,00%	100,00%	100,00%
Tróia Market, S.A.	a) Grândola	100,00%	100,00%	100,00%	100,00%
Tróia Natura, S.A.	a) Grândola	100,00%	100,00%	100,00%	100,00%
Troiareort-Investimentos Turísticos, SA	a) Grândola	100,00%	100,00%	100,00%	100,00%
1) Troiareort, SGPS, SA	a) Matosinhos	100,00%	100,00%	100,00%	100,00%
Tulipamar-Expl.Hoteleira Imob.,SA	a) Grândola	100,00%	100,00%	100,00%	100,00%
<b>Fitness</b>					
Solinca - Health & Fitness, SA	a) Maia	100,00%	100,00%	100,00%	100,00%
<b>Energy</b>					
Atelgen - Produção Energia, ACE	a) Barcelos	51,00%	51,00%	51,00%	51,00%
CAPWATT - Brainpower, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
CAPWATT - ACE, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Colombo - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Engenho Novo - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Hectare - Heat Power, ACE	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt II - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt III - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Maia - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Martim Longo - Solar Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Vale do Caima - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Vale do Tejo - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
CAPWATT - SCSGPS, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Carvemagere - Manutenção e Energias Renováveis, Lda	a) Barcelos	65,00%	65,00%	65,00%	65,00%
Companhia Térmica SERRADO, ACE	a) Maia	70,00%	70,00%	70,00%	70,00%
Companhia Térmica Tagol, Lda.	a) Oeiras	100,00%	100,00%	100,00%	100,00%
CTE - Central Termoeléctrica do Estuário, Lda	a) Maia	100,00%	100,00%	100,00%	100,00%
Enerlousado - Recursos Energéticos, Lda.	a) Maia	100,00%	100,00%	100,00%	100,00%
Ronfegen - Recursos Energéticos, Lda.	a) Maia	100,00%	100,00%	100,00%	100,00%
Soternix - Produção de Energia, ACE	a) Barcelos	51,00%	51,00%	51,00%	51,00%

# REPORT AND ACCOUNTS - SEPTEMBER 2016

## Consolidated Financial Statements

<b>Refrigeration and HVAC</b>						
QCE - Desenvolvimento e fabrico de Equipamentos, SA	a)	Matosinhos	100,00%	70,00%	100,00%	70,00%
Sistavac, SA	a)	Matosinhos	100,00%	70,00%	100,00%	70,00%
Sistavac, SGPS, SA	a)	Matosinhos	70,00%	70,00%	70,00%	70,00%
Sistavac Sistemas HVAC-R do Brasil, Ltda	a)	São Paulo	100,00%	70,00%	100,00%	70,00%
Sopair, S.A.	a)	Madrid	100,00%	70,00%	100,00%	70,00%
Spinarq Moçambique, Lda	a)	Maputo	70,00%	70,00%	70,00%	70,00%
Spinarq-Engenharia,Energia e Ambiente,SA	a)	Luanda	99,90%	99,90%	99,90%	99,90%
<b>Other Assets</b>						
Bloco Q-Soc.Imobil.SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Casa da Ribeira-Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
Centro Residencial da Maia,Urban.,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Cinclus Imobiliária,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Contacto Concessões, SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
Contry Club da Maia-Imobiliaria,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Empreend.Imob.Quinta da Azenha,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Fundo Esp.Inv.Imo.Fec. WTC	a)	Maia	99,99%	99,99%	99,82%	99,82%
Imoclub-Serviços Imobiliários,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Imodivor - Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
Imohotel-Emp.Turist.Imobiliários,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Imoponte - Sociedade Imobiliária, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Imosedas-Imobiliária e Serviços,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Implantação - Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
Inparvi SGPS, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Interlog-SGPS,SA	a)	Lisbon	98,98%	98,98%	98,98%	98,98%
Porturbe-Edifícios e Urbanizações,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Praedium - Serviços, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Praedium II-Imobiliária,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Prédios Privados Imobiliária,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Predisedas-Predial das Sedas,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Promessa Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
SC-Eng. e promoção imobiliária,SGPS,S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
2) SC Assets, SGPS, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Sete e Meio Herdades-Inv. Agr. e Tur.,SA	a)	Grândola	100,00%	100,00%	100,00%	100,00%
Société de Tranchage Isoroy SAS.	a)	Honfleur	100,00%	100,00%	100,00%	100,00%
Soira - Soc. Imobiliária de Ramalde, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Sótaqua - Soc. de Empreend. Turísticos	a)	Maia	100,00%	100,00%	100,00%	100,00%
Spinveste - Promoção Imobiliária, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Spinveste-Gestão Imobiliária SGII,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Urbisedas-Imobiliária das Sedas, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Vistas do Freixo-Emp.Tur.Imobiliários,SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
<b>Others</b>						
Imobeauty, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
SC - Sociedade de Consultadoria, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
SC Finance BV	a)	Amsterdam	100,00%	100,00%	100,00%	100,00%
SC For - Ser.Formação e Desenvolv.Recursos Humanos, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
5) UP Invest, SGPS, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
SC, SGPS, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%
Solinfitness - Club Málaga, S.L.	a)	Málaga	100,00%	100,00%	100,00%	100,00%
Spred, SGPS, SA	a)	Maia	100,00%	100,00%	100,00%	100,00%

- 1) Ex-Imoareaia - Invest. Turísticos, SGPS, SA;
- 2) Ex- Praedium, S.G.P.S., S.A;
- 3) Ex- Sonae Turismo, SGPS, SA;
- 4) Ex- The Artist Ribeira, SA;
- 5) Ex- SC Hospitality, SGPS, SA.

a) Majority of voting rights

## REPORT AND ACCOUNTS – SEPTEMBER 2016

### Consolidated Financial Statements

## 5. INVESTMENTS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

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

Company	Head Office	Percentage of capital held				Book Value	
		30 September 2016		31 December 2015		30 September 2016	31 December 2015
		Direct	Total	Direct	Total		
<b>Other Assets</b>							
Andar - Sociedade Imobiliária, SA	Maia	50.00%	50.00%	50.00%	50.00%	-	-
1) Sociedade de Construções do Chile, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
1) Vastgoed One - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
1) Vastgoed Sun - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
Lidergraf - Artes Gráficas, Lda	Vila do Conde	24.50%	24.50%	24.50%	24.50%	1,042,996	975,156
2) Norscut - Concessionária de Auto-Estradas, SA	Lisbon	-	-	36.00%	36.00%	-	11,761,812
2) Operscut - Operação e Manutenção de Auto-estradas, SA	Lisbon	-	-	15.00%	15.00%	-	24,000
<b>Energy</b>							
Feneralt - Produção de Energia, ACE	Barcelos	25.00%	25.00%	25.00%	25.00%	26,323	199,546
<b>Total</b>						<b>1,069,319</b>	<b>12,960,514</b>

- 1) Null investment values result from the adoption of the equity method in Andar - Sociedade Imobiliária, SA, holder of all of these investments;
- 2) Company sold in 30 September 2016.

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

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

	30 September 2016	31 December 2015
Total Assets	55,450,246	55,448,333
Total Liabilities	17,322,992	16,439,200
Income	-	97,288
Expenses	719,514	1,392,801

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

	30 September 2016	30 September 2015
Opening balance as at 1 January	12,992,457	20,762,638
Acquisitions in the period	-	8,000
Disposals in the period	(19,168,575)	-
Equity method	7,564,620	4,155,765
Dividends received	(287,240)	(56,151)
Change in the consolidation method	-	-
Closing balance as at 30 September	1,101,262	24,870,252
Accumulated impairment losses (Note 22)	(31,943)	(31,943)
	<b>1,069,319</b>	<b>24,838,309</b>

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

The use of the equity method had the following impacts: 182,779 euro recorded on share of results of associated undertakings (2,986,686 euro at 30 September 2015), and 7,381,842 euro in changes in reserves (1.169.079 euro at 30 September 2015).

## 6. OTHER INVESTMENTS

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

Company	Head Office	Percentage of capital held				30 September 2016	31 December 2015
		30 September 2016		31 December 2015			
		Direct	Total	Direct	Total		
<b>Resorts</b>							
Infratroia - Emp. de Infraest. de Troia, E.N.	Grândola	25.90%	25.90%	25.90%	25.90%	64,747	64,747
<b>Other Assets</b>							
Fundo de Investimento Imobiliário Imosona e Dois	Maia	-	-	0.06%	0.06%	-	124,892
Net, SA	Lisbon	0.98%	0.98%	0.98%	0.98%	23,034	23,034
Fundo de Capital de Risco F-HITEC	Lisbon	6.48%	6.48%	6.48%	6.48%	250,950	250,950
Other investments						148,936	133,892
Total (Note 9)						487,668	597,515

## 7. TANGIBLE ASSETS AND INTANGIBLE ASSETS

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

	Tangible Assets				
	Land and Buildings	Equipment	Other Tangible Assets	Tangible Assets in progress	Total Tangible Assets
<b>Gross Cost:</b>					
<b>Opening balance as at 1 January 2016</b>	224,435,722	192,766,256	2,081,623	14,715,753	433,999,354
Capital expenditure	228,692	282,228	939	3,551,229	4,063,088
Disposals	(851,718)	(6,277,183)	(42,804)	(150,754)	(7,322,459)
Exchange rate effect	-	(121,735)	6,208	-	(115,527)
Transfers	6,684,906	7,844,322	157,749	(15,379,732)	(692,755)
<b>Closing balance as at 30 September 2016</b>	<b>230,497,602</b>	<b>194,493,888</b>	<b>2,203,715</b>	<b>2,736,496</b>	<b>429,931,701</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Opening balance as at 1 January 2016</b>	83,514,782	97,307,652	1,680,948	-	182,503,382
Charges for the period 1)	2,129,975	9,235,822	58,807	-	11,424,604
Disposals	(65,930)	(5,787,164)	(41,441)	-	(5,894,535)
Exchange rate effect	-	(80,743)	5,358	-	(75,385)
Transfers	(380)	(219,254)	-	-	(219,634)
<b>Closing balance as at 30 September 2016</b>	<b>85,578,447</b>	<b>100,456,313</b>	<b>1,703,672</b>	<b>-</b>	<b>187,738,432</b>
<b>Carrying amount as at 1 January 2016</b>	<b>140,920,940</b>	<b>95,458,604</b>	<b>400,675</b>	<b>14,715,753</b>	<b>251,495,972</b>
<b>Carrying amount as at 30 September 2016</b>	<b>144,919,155</b>	<b>94,037,575</b>	<b>500,043</b>	<b>2,736,496</b>	<b>242,193,269</b>

1) Includes impairment losses amounting to 62,111 euro

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

	30 September 2016	31 December 2015
Tróia	2,278,414	8,091,116
Cogeneration Project	-	52,083
Health Clubs Refurbishment	288,768	1,208,506
Others	169,314	5,364,048
	<u>2,736,496</u>	<u>14,715,753</u>

	Intangible Assets				
	Patents and other similar rights	Software	Other Intangible Assets	Intangible Assets in progress	Total Intangible Assets
<b>Gross Cost:</b>					
<b>Opening balance as at 1 January 2016</b>	7,789,237	3,281,292	155,474	225,546	11,451,549
Capital expenditure	-	-	-	615,449	615,449
Disposals	-	(750)	-	-	(750)
Exchange rate effect	-	2,334	-	-	2,334
Transfers	-	444,037	(123,701)	(480,683)	(160,347)
<b>Closing balance as at 30 September 2016</b>	<u>7,789,237</u>	<u>3,726,913</u>	<u>31,773</u>	<u>360,312</u>	<u>11,908,235</u>
<b>Accumulated depreciation and impairment losses</b>					
<b>Opening balance as at 1 January 2016</b>	1,522,646	2,581,146	9,421	-	4,113,213
Charges for the period	133,604	397,936	-	-	531,540
Disposals	-	(750)	-	-	(750)
Exchange rate effect	-	1,435	-	-	1,435
Transfers	-	-	-	-	-
<b>Closing balance as at 30 September 2016</b>	<u>1,656,250</u>	<u>2,979,767</u>	<u>9,421</u>	<u>-</u>	<u>4,645,438</u>
<b>Carrying amount as at 1 January 2016</b>	<u>6,266,592</u>	<u>700,146</u>	<u>146,053</u>	<u>225,546</u>	<u>7,338,337</u>
<b>Carrying amount as at 30 September 2016</b>	<u>6,132,988</u>	<u>747,146</u>	<u>22,352</u>	<u>360,312</u>	<u>7,262,798</u>

As at 30 September 2016 the net assets of Marina de Troia in Patents and other similar rights, amounts to 5,736,621 euro (5,849,778 euro at 31 December 2015).

## 8. GOODWILL

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

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

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## 9. OTHER INVESTMENTS

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

	30 September 2016		31 December 2015	
	Non current	Current	Non current	Current
<b>Investments at acquisition cost</b>				
Opening balance as at 1 January	889,353	-	879,446	-
Acquisitions in the period	15,045	-	9,907	-
Disposals in the period	(124,892)	-	-	-
Closing balance as at 30 September	779,506	-	889,353	-
Accumulated impairment losses (Note 22)	(291,838)	-	(291,838)	-
	487,668	-	597,515	-
<b>Investments held for sale</b>				
Fair value as at 1 January	-	-	33,493,884	-
Disposals in the period	-	-	(34,244,847)	-
Increase/(Decrease) in fair value	-	-	750,963	-
Fair value as at 30 September	-	-	-	-
Accumulated impairment losses (Note 22)	-	-	-	-
Fair value (net of impairment losses) as at 30 September	-	-	-	-
	487,668	-	597,515	-

These investments are recorded at acquisition cost less impairment losses.

## 10. OTHER NON-CURRENT ASSETS

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

	30 September 2016	31 December 2015
<b>Loans granted to related parties</b>		
Norscut - Concessionária de Scut Interior Norte, SA	-	5,911,400
Others	870,613	812,606
	870,613	6,724,006
Impairment losses (Note 22)	(34,916)	(34,916)
	835,697	6,689,090
<b>Trade accounts receivable and other debtors</b>		
Others	1,193,377	1,182,841
Impairment losses (Note 22)	-	-
	1,193,377	1,182,841
<b>Other non current assets</b>	2,029,074	7,871,931

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#### 11. INVENTORIES

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

	30 September 2016		31 December 2015	
	Total	of which Real Estate Developments	Total	of which Real Estate Developments
Raw materials, by-products and consumables	1,251,435	-	1,441,888	-
Goods for sale	31,082,184	29,908,280	30,394,043	29,000,343
Finished goods	19,740,088	19,740,088	23,487,868	23,487,868
Work in progress	79,754,321	74,544,551	77,389,696	75,405,755
	<u>131,828,028</u>	<u>124,192,919</u>	<u>132,713,495</u>	<u>127,893,966</u>
Accumulated impairment losses on stocks (Note 22)	(11,212,601)	(11,202,026)	(5,951,751)	(5,939,087)
	<u>120,615,426</u>	<u>112,990,893</u>	<u>126,761,744</u>	<u>121,954,879</u>

#### 12. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

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

	30 September 2016	31 December 2015
<b>Trade accounts receivable</b>	17,744,854	23,362,034
Accumulated impairment losses on trade debtors (Note 22)	(4,139,340)	(3,986,937)
	<u>13,605,514</u>	<u>19,375,097</u>
<b>Taxes recoverable</b>	10,439,576	12,626,936
<b>Loans granted to and other amounts to be received from related parties</b>	165,499	74,506
<b>Other current assets</b>		
Suppliers with a debtor balance	481,513	458,365
Other debtors	4,284,683	4,369,117
Accounts receivable from the sale of financial investments	4,123,897	4,656,580
Accounts receivable from the sale of tangible assets	5,721	10,525
Interest receivable	13,071	42,156
Deferred costs - Rents	521,943	291,265
Deferred costs - External supplies and services	1,087,671	1,121,317
Other current assets	12,139,573	4,714,764
	<u>22,658,072</u>	<u>15,664,089</u>
Accumulated impairment losses on other current assets (Note 22)	(565,124)	(565,400)
	<u>46,303,537</u>	<u>47,175,228</u>
<b>Trade accounts receivable and other current assets</b>	<u>46,303,537</u>	<u>47,175,228</u>

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#### 13. DEFERRED TAXES

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

	Deferred tax assets		Deferred tax liabilities	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Amortisation and Depreciation harmonisation adjustments	563,960	592,345	3,980,186	3,754,439
Provisions and impairment losses of non-tax deductible	6,552,368	6,682,330	-	-
Write off of tangible and intangible assets	71,250	71,250	-	-
Write off of accruals	-	-	-	-
Revaluation of tangible assets	-	-	93,450	93,307
Tax losses carried forward	16,199,128	16,252,396	-	-
Financial instruments	-	-	-	-
Write off of stocks	-	-	517,867	548,376
Taxable temporary differences arising from the fair value of non-current liabilities	-	-	6,532,880	6,543,174
Others	16,615	21,990	-	9,252
	<u>23,403,321</u>	<u>23,620,310</u>	<u>11,124,384</u>	<u>10,948,548</u>

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

	30 September 2016			31 December 2015		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
<b>With limited time use</b>						
Generated in 2012	19,769,442	4,151,583	2017	20,023,107	4,204,852	2017
Generated in 2013	18,024,639	3,785,174	2018	18,024,639	3,785,174	2018
Generated in 2014	11,725,573	2,462,370	2026	11,725,573	2,462,370	2026
Generated in 2015	27,619,048	5,800,000	2027	27,619,048	5,800,000	2027
Generated in 2016	-	-	2028	-	-	2028
	<u>77,138,702</u>	<u>16,199,128</u>		<u>77,392,368</u>	<u>16,252,396</u>	
With a time limit different from the above mentioned	-	-		-	-	
	<u>77,138,702</u>	<u>16,199,128</u>		<u>77,392,368</u>	<u>16,252,396</u>	

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

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



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As at 30 September 2016, tax losses carried forward amounting to 80,269,810 euro (75,631,592 euro as at 31 December 2015), have not originated deferred tax assets for prudential reasons and are detailed as follows:

	30 September 2016			31 December 2015		
	Tax losses carried forward	Tax Credit	Time limit	Tax losses carried forward	Tax Credit	Time limit
<b>With limited time use</b>						
Generated in 2012	13,872,225	2,913,167	2017	15,178,378	3,187,459	2017
Generated in 2013	26,109,276	5,482,948	2018	22,917,452	4,812,665	2018
Generated in 2014	1,832,844	384,897	2026	22,249	4,672	2026
Generated in 2015	20,217,225	4,245,617	2027	18,638,746	3,914,137	2027
Generated in 2016	6,271,367	1,316,987	2028	-	-	2028
	<u>68,302,937</u>	<u>14,343,617</u>		<u>56,756,825</u>	<u>11,918,933</u>	
Without limited time use	11,564,052	2,891,013		-	-	
With a time limit different from the above mentioned	402,821	93,359		18,874,767	4,758,800	
	<u>11,966,873</u>	<u>2,984,372</u>		<u>18,874,767</u>	<u>4,758,800</u>	
	<u>80,269,810</u>	<u>17,327,989</u>		<u>75,631,592</u>	<u>16,677,733</u>	

## 14. CASH AND CASH EQUIVALENTS

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

	30 September 2016	31 December 2015
Cash at hand	151,498	111,450
Bank deposits	48,901,112	35,201,904
Treasury applications	8,705	4,897
Cash and cash equivalents on the balance sheet	<u>49,061,315</u>	<u>35,318,251</u>
Bank overdrafts - (Note 17)	(11,332)	-
<b>Cash and cash equivalents in the statement of cash-flows</b>	<u>49,049,983</u>	<u>35,318,251</u>

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

## 15. EQUITY

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

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

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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 September 2016 and 31 December 2015 are as follows:

	30 September 2016	31 December 2015
Demerger reserve	132,638,253	132,638,253
Translation reserves	105,763	(23,350)
Hedging reserves	13,890	(11,956)
Other reserves and retained earnings	(88,400,696)	(80,993,753)
<b>Reserves and retained earnings</b>	<b>44,357,210</b>	<b>51,609,194</b>

#### Demerger reserve

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

#### Translation reserves

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

#### Hedging Reserve

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

## 16. NON-CONTROLLING INTERESTS

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

	30 September 2016	31 December 2015
Opening balance as at 1 January	10,247,125	9,375,864
Changes in hedging reserves	-	721
Changes in the percentage of capital held in affiliated companies	(119,266)	219,830
Changes resulting from currency translation	(4,058)	38,920
Dividends paid	(1,425,614)	(1,079,240)
Others	-	(1)
Profit for the period attributable to minority interests	934,417	1,691,031
<b>Closing balance</b>	<b>9,632,604</b>	<b>10,247,125</b>

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

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### 17. BORROWINGS

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

	30 September 2016		31 December 2015		Repayable on
	Outstanding amount		Outstanding amount		
	Current	Non Current	Current	Non Current	
<b>Bank loans</b>					
Sonae Capital SGPS - commercial paper <sup>a)</sup>	20,350,000	-	-	-	Mar/2018
Sonae Capital SGPS - commercial paper <sup>b)</sup>	-	17,300,000	-	-	Aug/2019
Sonae Capital SGPS - commercial paper <sup>c)</sup>	-	10,000,000	-	30,000,000	Dec/2017
Sonae Capital SGPS - commercial paper <sup>d)</sup>	-	8,250,000	8,250,000	-	Jun /2021
Sonae Capital SGPS <sup>e)</sup>	-	-	3,290,000	9,047,500	Sep/2019
Sonae Capital SGPS - commercial paper <sup>f)</sup>	-	-	3,250,000	1,500,000	May/2017
Sonae Capital SGPS - commercial paper <sup>g)</sup>	-	-	1,200,000	4,800,000	Mar/2020
Sonae Capital SGPS - commercial paper <sup>h)</sup>	-	20,000,000	-	-	Jun/2021
Up-front fees	-	(483,890)	-	(255,080)	
Others	1,148,341	894,204	1,735,702	1,600,754	
	<u>21,498,341</u>	<u>55,960,314</u>	<u>17,725,702</u>	<u>46,693,174</u>	
Bank overdrafts (Note 14)	11,332	-	-	-	
	<u>21,509,673</u>	<u>55,960,314</u>	<u>17,725,702</u>	<u>46,693,174</u>	
<b>Bank loans</b>					
<b>Bond Loans</b>					
Sonae Capital 2014/2019 Bonds	-	42,500,000	-	42,500,000	May/2019
Sonae Capital 2016/2021 Bonds	-	15,000,000	-	-	Jul/2021
Sonae Capital 2011/2016 Bonds	-	-	10,000,000	-	Jan/2016
SC, SGPS, S.A. 2008/2018 Bonds	-	-	50,000,000	-	Mar/2018
Up-front fees	-	(427,098)	(17,938)	(376,402)	
	<u>-</u>	<u>57,072,902</u>	<u>59,982,062</u>	<u>42,123,598</u>	
<b>Bond Loans</b>					
Other loans	273,385	246,178	311,968	297,289	
Derivatives (Note 18)	4,531	-	25,952	-	
Obligations under finance leases	3,179,347	17,283,753	2,546,998	14,886,301	
Up-front fees on finance leases	-	(77,408)	-	(76,760)	
	<u>24,966,936</u>	<u>130,485,739</u>	<u>80,592,682</u>	<u>103,923,602</u>	

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

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

- Sonae Capital, SGPS, SA, 2014/2019 bond loan in the amount of 42,500,000 euro, with a 5 year maturity, and a sole reimbursement on 28 May 2019. This bond loan bears interest every six months.
- Sonae Capital, SGPS, SA, 2016/2021 bond loan in the amount of 15,000,000 euro, with a 5 year 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.

The interest rate on bonds and bank loans in force on 30 September 2016 was on average 2.36% (2.83% in December 2015)

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

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

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

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

	30 September 2016		31 December 2015	
	Nominal value	Interest	Nominal value	Interest
N+1 <sup>a)</sup>	24,805,245	3,442,151	80,584,669	4,867,436
N+2	18,732,602	2,958,181	39,321,659	3,938,199
N+3	70,573,556	2,699,953	7,644,816	2,421,339
N+4	10,417,201	695,493	49,335,366	1,074,827
N+5	27,184,248	522,810	3,505,904	87,101
After N+5	4,712,356	79,400	4,824,098	109,720
	<u>156,425,208</u>	<u>10,397,988</u>	<u>185,216,512</u>	<u>12,498,622</u>

a) Includes amounts drawn under commercial paper programmes. Of the total amount maturing in N+1, 82% concerns to commercial paper taken under lines of credit with commitment exceeding one year. Taking into account the policies and measures to manage liquidity risk, no risks that could jeopardize the continuity of operations are anticipated.

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

## 18. DERIVATIVES

### Interest rate derivatives

Hedging instruments used by the Group as at 30 September 2016 were mainly interest rate options (cash-flow hedges) contracted with the goal of hedging interest rate risks on loans in the amount of 193,262 euro, whose fair value is 4,531 euro (25,952 euro at 31 December 2015) is recorded as liabilities in other loans (Note 17). As at 30 September 2016 and 31 December 2015, all derivatives are hedging derivatives.

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

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

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

- Matching between cash-flows received and paid, i.e., there is a perfect match between the dates of the re-fixing of interest rates on financing contracted with the bank and the dates of the re-fixing of interest rates on the derivative;
- Perfect matching between indices: the reference index for the hedging instrument and that for the financing to which the underlying derivative relates are the same;
- In the case of extreme rises in interest rates, the maximum cost of financing is limited.

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

#### Fair value of derivatives

The fair value of derivatives is as follows:

	Assets		Liabilities	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Non-Hedge accounting derivatives				
Interest rate	-	-	-	-
Hedge accounting derivatives				
Interest rate (Note 17)	-	-	4,531	25,952
Other derivatives	-	-	-	-
	-	-	4,531	25,952

## 19. OTHER NON-CURRENT LIABILITIES

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

	30 September 2016	31 December 2015
<b>Loans and other amounts payable to related parties</b>		
Plaza Mayor Parque de Ocio, SA (Note 45)	1,851,581	1,928,510
Others	232,150	230,846
	2,083,731	2,159,356
<b>Other creditors</b>		
Creditors in the restructuring process of Torralta	596,657	561,891
Others	-	-
	596,657	561,891
<b>Deferred income</b>		
Obligations by share-based payments (Note 28)	355,024	312,372
	355,024	312,372
<b>Other non-current liabilities</b>	3,035,412	3,033,619

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## 20. SHARE-BASED PAYMENTS

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

As at 30 September 2016 and 31 December 2015, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

Year of grant	Vesting year	Number of participants	Fair Value	
			30 September 2016	31 December 2015
<b>Shares</b>				
2013	2016	7	-	579,291
2014	2017	6	368,792	272,420
2015	2018	6	465,273	335,036
2016	2019	6	334,458	-
<b>Total</b>			<b>1,168,523</b>	<b>1,186,747</b>

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

	30 September 2016	31 December 2015
Other non current liabilities (Note 19)	355,024	312,372
Other current liabilities	338,060	579,291
Reserves	170,768	34,317
Staff Costs	522,316	857,346

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## 21. TRADE ACCOUNTS PAYABLE

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

	30 September 2016	31 December 2015
<b>Trade creditors</b>	17,973,790	17,167,600
<b>Loans granted by and other payables to related parties</b>	444,564	318,490
<b>Other current liabilities</b>		
Fixed assets suppliers	807,034	1,273,301
Advances from customers and down payments	7,653,734	8,291,899
Other creditors	2,757,759	1,678,532
Taxes and contributions payable	3,233,804	3,570,359
Accrued staff costs	6,399,100	5,902,111
Amounts invoiced for works not yet completed	3,741,701	3,219,828
Accrued expenses with purchases - Energy Segment	2,674,379	2,321,743
Interest payable	707,973	611,463
Investment aid	1,593,335	1,447,902
Other liabilities	13,326,857	11,158,051
	<u>42,895,676</u>	<u>39,475,189</u>
<b>Trade accounts payable and other current liabilities</b>	<u>61,314,030</u>	<u>56,961,279</u>

## 22. PROVISIONS AND ACUMULATED IMPAIRMENT LOSSES

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

Captions	Balance as at 1 January 2016	Increases	Decreases	Utilisations	Transfers	Balance as at 30 September 2016
<b>Accumulated impairment losses on:</b>						
Tangible Assets (Note 7)	39,129,797	62,111	-	-	-	39,191,908
Goodwill (Note 8)	1,301,596	-	-	-	-	1,301,596
Other Investments (Notes 5 and 9)	323,781	-	-	-	-	323,781
Other non current assets (Note 10)	34,916	-	-	-	-	34,916
Trade accounts receivable (Note 12)	3,986,937	698,046	(211,501)	(334,142)	-	4,139,340
Other current assets (Note 12)	565,400	26,012	(25,806)	(482)	-	565,124
Stocks (Note 11)	5,951,751	-	(10,081)	-	5,270,931	11,212,602
<b>Non current provisions</b>	3,079,824	-	-	-	-	3,079,824
<b>Current provisions</b>	5,357,926	509,236	(142,766)	(1,260,642)	-	4,463,754
	<u>59,731,928</u>	<u>1,295,405</u>	<u>(390,154)</u>	<u>(1,595,266)</u>	<u>5,270,931</u>	<u>64,312,845</u>

During an inventory of assets at 31 March 2016, it was detected that the posting of the impairment costs of previous years, in some assets, was made in the account

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### Consolidated Financial Statements

of the gross amount of the asset and not in the impairment account, as it should have been.

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

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

	30 September 2016	31 December 2015
Judicial claims	2,088,770	2,033,391
Provision for secured income	2,862,159	3,838,298
Others	2,592,649	2,566,061
	<u>7,543,578</u>	<u>8,437,750</u>

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.

## 23. OTHER OPERATIONAL INCOME

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

	30 September 2016	30 September 2015
Own work capitalised	6,794	1,897,491
Gains on sales of assets	613,457	8,559,199
Supplementary income	488,274	466,161
Others	2,204,538	4,337,974
<b>Total</b>	<u>3,313,063</u>	<u>15,260,825</u>
<b>Discontinued Operations</b>	<u>-</u>	<u>57,869</u>
<b>Continued Operations</b>	<u>3,313,063</u>	<u>15,318,694</u>

## 24. CONTINGENT ASSETS AND LIABILITIES

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

	30 September 2016	31 December 2015
<b>Guarantees given:</b>		
on VAT reimbursements	5,199,346	5,105,475
on tax claims	17,657,443	9,956,905
on municipal claims	1,134,224	1,134,224
Others	10,415,516	12,082,176



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### Consolidated Financial Statements

Others include the following guarantees:

- 6,116,323 euro as at 30 September 2016 (6,114,365 euro as at 31 December 2015) of guarantees on construction works given to clients;
- 3,787,430 euro as at 30 September 2016 (5.264.966 euro as at 31 December 2015) of guarantees given concerning building permits in the Resorts segments.

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

## 25. INVESTMENT INCOME

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

	30 September 2016	30 September 2015
<b>Dividends</b>	<b>105,147</b>	<b>205,830</b>
Adjustment to the selling price of "Box Lines Navegação"	67,144	
<b>Gains on disposal of investments in group companies</b>	<b>67,144</b>	<b>83,877</b>
Capital gain associated to the sale of Norscut - Concessionária de Scut Interior Norte, SA and	17,831,750	-
Sale of investment units from Fundo de Investimento Imobiliário Fechado Imosede	(22,325)	(260,802)
Income from "Fundo de Investimento Imobiliário Imosonae Dois"	14,050	22,086
<b>Gains/(Losses) on sale of other investments</b>	<b>17,823,475</b>	<b>(238,716)</b>
<b>Others</b>	<b>(653)</b>	<b>(1,596)</b>
<b>Investment Income</b>	<b>- 17,995,113</b>	<b>- 49,395</b>
<b>Discontinued Operations</b>	<b>- -</b>	<b>- (32,149)</b>
<b>Total Operations</b>	<b>- 17,995,113</b>	<b>- 17,246</b>

## 26. TAXATION

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

	30 September 2016	30 September 2015
Current tax	421,976	1,866,900
Deferred tax	389,764	(1,058,932)
<b>Taxation</b>	<b>811,740</b>	<b>807,968</b>
<b>Discontinued Operations</b>	<b>-</b>	<b>(10,858)</b>
<b>Continued Operations</b>	<b>811,740</b>	<b>797,110</b>

## REPORT AND ACCOUNTS - SEPTEMBER 2016

### Consolidated Financial Statements

## 27. RECONCILIATION OF CONSOLIDATED NET PROFIT

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

	30 September 2016	30 September 2015
Aggregate net profit	81,525,583	(27,038,742)
Harmonisation adjustments	(848,715)	(2,629,364)
Elimination of intragroup dividends	(454,096,129)	(38,704,743)
Share of gains/(losses) of associated undertakings	(104,461)	2,930,536
Elimination of intragroup capital gains/(losses)	-	82,573,807
Elimination of intragroup impairment	392,244,800	(64,532,924)
Adjustments of gains/(losses) on assets disposals	-	4,142,033
Adjustments of gains/(losses) of financial shareholdings sale	(5,524,073)	46,311,654
<b>Consolidated net profit for the year</b>	<b>13,197,005</b>	<b>3,052,257</b>

## 28. RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

<b>Transactions</b>	Sales and services rendered		Purchases and services obtained	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Parent company (a)	-	-	-	-
Associated companies	44,931	250,112	24,901	21,109
Other partners and Group companies (b)	27,771,556	22,669,191	3,545,534	4,063,056
	<u>27,816,487</u>	<u>22,919,303</u>	<u>3,570,435</u>	<u>4,084,165</u>

<b>Transactions</b>	Interest income		Interest expenses	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Parent company (a)	-	-	-	-
Associated companies	246,402	759,976	-	-
Other partners and Group companies (b)	-	-	72,982	83,394
	<u>246,402</u>	<u>759,976</u>	<u>72,982</u>	<u>83,394</u>

<b>Balances</b>	Accounts receivable		Accounts payable	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Parent company (a)	-	-	-	-
Associated companies	106,964	79,083	15,391	6,302
Other partners and Group companies (b)	8,307,668	10,106,073	8,716,714	8,946,752
	<u>8,414,632</u>	<u>10,185,156</u>	<u>8,732,105</u>	<u>8,953,054</u>

<b>Balances</b>	Loans obtained		Loans granted	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Parent company (a)	-	-	-	-
Associated companies	-	-	835,697	6,689,090
Other partners and Group companies (b)	1,851,581	1,928,510	-	-
	<u>1,851,581</u>	<u>1,928,510</u>	<u>835,697</u>	<u>6,689,090</u>

a) The parent company is Efanor Investimentos, SGPS, SA;

b) Balances and transactions with Group Sonae, SGPS and Group Sonae Indústria, SGPS, SA are included under Other partners in Group companies.

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### Consolidated Financial Statements

## 29. EARNINGS PER SHARE

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

	<u>30 September 2016</u>	<u>30 September 2015</u>
<b>Net profit</b>		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period )	12,262,588	2,054,038
Net profit taken into consideration to calculate diluted earnings per share	<u>12,262,588</u>	<u>2,054,038</u>
<b>Number of shares</b>		
Weighted average number of shares used to calculated basic earnings per share	246,740,156	246,333,805
Weighted average number of shares used to calculated diluted earnings per share	<u>246,740,156</u>	<u>246,333,805</u>
<b>Earnings per share (basic and diluted)</b>	<u>0.049698</u>	<u>0.008338</u>

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

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### Consolidated Financial Statements

#### 30. SEGMENTS INFORMATION

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

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

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

30 September 2016								
Profit and Loss Account	Resorts	Hotels	Fitness	Energy	Refrigeration and HVAC	Other Assets	Intersegment Adjustments	Consolidated
Turnover	18,855,072	13,790,029	13,195,807	29,798,950	48,988,518	14,854,589	-8,343,176	<b>131,139,789</b>
Other operational income	1,934,418	442,490	240,742	877,253	503,070	377,363	-1,062,275	<b>3,313,061</b>
<b>Total operational income</b>	<b>20,789,490</b>	<b>14,232,519</b>	<b>13,436,549</b>	<b>30,676,203</b>	<b>49,491,588</b>	<b>15,231,952</b>	<b>-9,405,451</b>	<b>134,452,850</b>
Operational cash-flow (EBITDA)	3,479,463	-941,990	1,788,358	6,025,362	1,674,186	1,609,799	-199	<b>13,634,979</b>

30 September 2015								
Profit and Loss Account	Resorts	Hotels	Fitness	Energy	Refrigeration and HVAC	Other Assets	Intersegment Adjustments	Consolidated
Turnover	19,857,431	12,155,010	11,229,456	40,295,086	37,111,844	10,584,890	-10,133,795	<b>121,099,922</b>
Other operational income	6,030,607	363,361	303,025	786,032	417,576	6,670,416	747,677	<b>15,318,694</b>
<b>Total operational income</b>	<b>25,888,038</b>	<b>12,518,371</b>	<b>11,532,481</b>	<b>41,081,118</b>	<b>37,529,420</b>	<b>17,255,306</b>	<b>-9,386,118</b>	<b>136,418,616</b>
Operational cash-flow (EBITDA)	4,447,231	-1,580,482	1,258,186	7,690,422	1,556,798	7,233,657	-	<b>20,605,812</b>

## REPORT AND ACCOUNTS – SEPTEMBER 2016

### Consolidated Financial Statements

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

30 September 2016								
Balance Sheet	Resorts	Hotels	Fitness	Energy	Refrigeration and HVAC	Other Assets	Intersegment Adjustments	Consolidated
Fixed Assets Tangible, Intangible and Goodwill	145,584,083	12,898,140	8,719,240	24,410,419	9,879,377	133,403,819	-24,546,482	310,348,596
Investments	46,712,037	10,695,855	20,599	28,214	8,142	350,845,555	-406,753,415	1,556,987
Other Assets	66,011,524	6,832,342	2,468,836	6,913,496	46,482,398	602,811,721	-490,107,644	241,412,673
<b>Total Assets</b>	<b>258,307,645</b>	<b>30,426,337</b>	<b>11,208,675</b>	<b>31,352,129</b>	<b>56,369,917</b>	<b>1,087,061,095</b>	<b>-921,407,541</b>	<b>553,318,256</b>
<b>Total Liabilities</b>	<b>229,195,837</b>	<b>25,788,411</b>	<b>7,422,624</b>	<b>26,818,684</b>	<b>22,224,208</b>	<b>417,603,253</b>	<b>-490,582,937</b>	<b>238,470,080</b>
<b>Technical investment</b>	<b>974,957</b>	<b>1,234,205</b>	<b>1,125,019</b>	<b>307,605</b>	<b>60,408</b>	<b>863,134</b>	<b>-10,490</b>	<b>4,554,837</b>
<b>Gross Debt</b>	<b>12,297,764</b>	<b>-</b>	<b>165,373</b>	<b>10,122,652</b>	<b>350,562</b>	<b>132,516,325</b>	<b>-</b>	<b>155,452,675</b>
<b>Net Debt</b>	<b>11,181,596</b>	<b>-73,366</b>	<b>83,256</b>	<b>9,855,688</b>	<b>-307,679</b>	<b>85,651,865</b>	<b>-</b>	<b>106,391,360</b>

31 December 2015								
Balance Sheet	Resorts	Hotels	Fitness	Energy	Refrigeration and HVAC	Other Assets	Intersegment Adjustments	Consolidated
Fixed Assets Tangible, Intangible and Goodwill	149,956,529	12,436,077	9,005,028	26,895,189	9,993,052	111,446,972	-6,010	319,726,837
Investments	41,797,580	10,705,291	27,638	213,433	4,283	360,907,202	-400,097,398	13,558,029
Other Assets	76,197,823	8,070,031	2,747,073	10,745,078	42,435,788	593,656,434	-493,104,764	240,747,465
<b>Total Assets</b>	<b>267,951,933</b>	<b>31,211,399</b>	<b>11,779,739</b>	<b>37,853,700</b>	<b>52,433,123</b>	<b>1,066,010,608</b>	<b>-893,208,172</b>	<b>574,032,331</b>
<b>Total Liabilities</b>	<b>231,646,193</b>	<b>29,764,342</b>	<b>9,121,409</b>	<b>35,009,190</b>	<b>18,086,642</b>	<b>433,849,763</b>	<b>-493,580,059</b>	<b>263,897,480</b>
<b>Technical investment</b>	<b>1,437,829</b>	<b>575,136</b>	<b>1,312,420</b>	<b>6,242,443</b>	<b>191,289</b>	<b>4,805,144</b>	<b>-</b>	<b>14,564,262</b>
<b>Gross Debt</b>	<b>13,654,719</b>	<b>-</b>	<b>261,161</b>	<b>6,693,808</b>	<b>684,942</b>	<b>163,221,655</b>	<b>-</b>	<b>184,516,284</b>
<b>Net Debt</b>	<b>13,471,474</b>	<b>-104,405</b>	<b>221,797</b>	<b>6,306,008</b>	<b>-813,557</b>	<b>130,116,717</b>	<b>-</b>	<b>149,198,033</b>

### 31. SUBSEQUENT EVENTS

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

### 32. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 4 November 2016.

The Board of Directors

PART III  
**INDIVIDUAL FINANCIAL  
STATEMENTS**  
30 SEPTEMBER 2016



**SONAE CAPITAL**

# REPORT AND ACCOUNTS - SEPTEMBER 2016

## Individual Financial Statements

SONAE CAPITAL, SGPS, SA

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

(Amounts expressed in euro)

ASSETS	Notes	30-09-2016	31-12-2015
<b>NON-CURRENT ASSETS:</b>			
Tangible assets		28,673	29,790
Investments	4	347,145,722	352,789,105
Deferred tax assets	7	8,275,218	8,275,218
Other non-current assets	5	374,301,850	376,801,628
Total non-current assets		729,751,463	737,895,741
<b>CURRENT ASSETS:</b>			
Taxes recoverable	6	1,987,366	1,525,643
Other current assets	6	40,813,349	49,145,079
Cash and cash equivalents		42,732,183	30,562,977
Total Current Assets		85,532,898	81,233,698
<b>TOTAL ASSETS</b>		<b>815,284,361</b>	<b>819,129,439</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	9	250,000,000	250,000,000
Own Shares	9	(1,404,226)	(1,426,791)
Reserves and retained earnings	10	316,888,259	319,139,671
Profit/(Loss) for the year		36,326,929	12,198,782
TOTAL EQUITY		601,810,961	579,911,662
<b>LIABILITIES:</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Bank Loans	11	55,093,422	45,125,994
Bonds	11	57,072,902	42,123,598
Other non current liabilities		275,494	107,760
Total Non-Current Liabilities		112,441,818	87,357,352
<b>CURRENT LIABILITIES:</b>			
Trade creditors		115,596	101,559
Bank Loans	11	20,350,000	25,990,000
Other creditors	12	79,143,128	124,763,497
Other current liabilities	13	1,422,857	1,005,369
Total Current Liabilities		101,031,581	151,860,425
TOTAL LIABILITIES		213,473,399	239,217,777
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>815,284,361</b>	<b>819,129,439</b>

The accompanying notes are part of these financial statements.

# REPORT AND ACCOUNTS - SEPTEMBER 2016

## Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL INCOME STATEMENTS BY NATURE

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 AND 2015

(Amounts expressed in euro)

	Notes	30-09-2016	30-09-2015
Operational profit			
Other operating income		<u>85,032</u>	<u>17,443</u>
Operational profit total		<u>85,032</u>	<u>17,443</u>
Operational loss			
External supplies and services	14	(766,133)	(771,984)
Staff costs	15	(1,113,497)	(1,016,475)
Depreciation and amortisation		(1,116)	(1,662)
Other operating expenses		<u>(98,887)</u>	<u>(92,665)</u>
<b>Operational profit/(loss)</b>		<b>(1,894,601)</b>	<b>(1,865,343)</b>
Financial Expenses	16	(5,046,101)	(7,328,620)
Financial Income	16	<u>14,079,409</u>	<u>25,454,818</u>
<b>Net financial income / (expenses)</b>		<b>9,033,308</b>	<b>18,126,198</b>
<b>Investment income</b>	16	<u><b>28,824,170</b></u>	<u><b>(2,394,157)</b></u>
<b>Profit/(Loss) before taxation</b>		<b>35,962,877</b>	<b>13,866,698</b>
taxation	17	<u>364,052</u>	<u>2,200,169</u>
<b>Profit/(Loss) for the year</b>		<u><b>36,326,929</b></u>	<u><b>16,066,867</b></u>
Profit/(Loss) per share			
Basic and Diluted		0.147227	0.065224

The accompanying notes are part of these financial statements.



# REPORT AND ACCOUNTS - SEPTEMBER 2016

## Individual Financial Statements

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

	3 <sup>o</sup> Quarter 16	3 <sup>o</sup> Quarter 15
Operational profit		
Other operating income	30,996	5,722
Operational profit total	30,996	5,722
Operational loss		
External supplies and services	(279,642)	(279,650)
Staff costs	(465,801)	(320,962)
Depreciation and amortisation	(362)	(226)
Other operating expenses	(6,154)	(46,889)
Operational loss total	(751,959)	(647,727)
<b>Operational profit/(loss)</b>	<b>(720,963)</b>	<b>(642,005)</b>
Financial Expenses	(1,493,465)	(2,413,149)
Financial Income	4,631,533	9,107,394
<b>Net financial income / (expenses)</b>	<b>3,138,068</b>	<b>6,694,245</b>
<b>Investment income</b>	<b>(444)</b>	<b>(5,894,795)</b>
<b>Profit/(Loss) before taxation</b>	<b>2,416,661</b>	<b>157,445</b>
taxation	221,263	1,525,060
<b>Profit/(Loss) for the year</b>	<b>2,637,924</b>	<b>1,682,505</b>
Profit/(Loss) per share		
Basic and Diluted	0.010691	0.006830

The accompanying notes are part of these financial statements.

# REPORT AND ACCOUNTS - SEPTEMBER 2016

## Individual Financial Statements

SONAE CAPITAL, SGPS, SA  
 INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 AND 2015  
 (Amounts expressed in euro)

	30-09-2016	30-09-2015
<b>Individual net profit/(loss) for the period</b>	<b>36,326,929</b>	<b>16,066,867</b>
<b>Items that may be reclassified subsequently to net profit / (loss):</b>		
Changes in the currency translation differences		
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)	-	-
Change in the fair value of assets available for sale	-	-
Change in the fair value of cash flow hedging derivatives	-	-
Tax related to other comprehensive income captions	-	-
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>36,326,929</b>	<b>16,066,867</b>

The accompanying notes are part of these financial statements.

# REPORT AND ACCOUNTS - SEPTEMBER 2016

## Individual Financial Statements

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

	3º Quarter 16	3º Quarter 15
<b>Individual net profit/(loss) for the period</b>	<b>2,637,924</b>	<b>1,682,506</b>
<b>Items that may be reclassified subsequently to net profit / (loss):</b>		
Changes in the currency translation differences		
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)	-	-
Change in the fair value of assets available for sale	-	-
Change in the fair value of cash flow hedging derivatives	-	-
Tax related to other comprehensive income captions	-	-
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>2,637,924</b>	<b>1,682,506</b>

The accompanying notes are part of these financial statements.

# REPORT AND ACCOUNTS - SEPTEMBER 2016

## Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 AND 2015

(Amounts expressed in euro)

	Share Capital	Own Shares	Fair Value Reserves	Other Reserves	Retained Earnings	Sub total	Net Profit/(Loss)	Total Equity
Balance as at 1 January 2015	250,000,000	(1,486,301)	8,611,464	293,493,001	-	302,104,465	17,035,205	567,653,369
Total individual comprehensive income for the period	-	-	-	-	-	-	16,066,867	16,066,867
Appropriation of profit of 2014:	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings	-	-	851,760	16,183,445	-	17,035,205	(17,035,205)	-
Dividends paid	-	-	-	-	-	-	-	-
(Acquisition)/Sales of own shares	-	72,435	-	-	-	-	-	72,435
Other changes	-	-	-	-	-	-	-	-
Balance as at 30 September 2015	250,000,000	(1,413,866)	9,463,224	309,676,446	-	319,139,670	16,066,867	583,792,671
Balance as at 1 January 2016	250,000,000	(1,426,791)	9,463,225	309,676,446	-	319,139,671	12,198,782	579,911,662
Total individual comprehensive income for the period	-	-	-	-	-	-	36,326,929	36,326,929
Appropriation of profit of 2015:	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings	-	-	609,939	-	11,588,843	12,198,782	(12,198,782)	-
Dividends paid	-	-	-	(3,080,184)	(11,588,843)	(14,669,027)	-	(14,669,027)
(Acquisition)/Sales of own shares	-	22,565	-	218,832	-	218,832	-	241,397
Other changes	-	-	-	-	-	-	-	-
Balance as at 30 September 2016	250,000,000	(1,404,226)	10,073,164	306,815,094	-	316,888,258	36,326,929	601,810,961

The accompanying notes are part of these financial statements.

# REPORT AND ACCOUNTS - SEPTEMBER 2016

## Individual Financial Statements

SONAE CAPITAL, SGPS, SA  
 INDIVIDUAL STATEMENTS OF CASH FLOWS  
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 AND 2015  
 (Amounts expressed in euro)

	Notes	30-09-2016	30-09-2015	3 <sup>o</sup> Quarter 16	3 <sup>o</sup> Quarter 15
<b>OPERATING ACTIVITIES:</b>					
Cash receipts from trade debtors		9.512	-	-	-
Cash receipts from trade creditors		795.508	771.018	254.825	253.459
Cash paid to employees		689.942	1.114.308	276.385	220.018
Cash flow generated by operations		(1.475.938)	(1.885.326)	(531.210)	(473.477)
Income taxes (paid) / received		262.439	(3.443.231)	30.315	(3.443.750)
Other cash receipts and (payments) relating to operating activities		124.049	(192.577)	460.701	(195.478)
Net cash from operating activities (1)		(1.614.328)	1.365.328	(100.824)	2.774.794
<b>INVESTMENT ACTIVITIES:</b>					
<u>Cash receipts arising from:</u>					
Investments		2.484	394.573.565	2.102	48.030.853
Tangible assets		5.000	-	5.000	-
Interest and similar income		25.008.205	16.205.629	8.765.688	10.708.974
Dividends	16	34.791.098	22.184.180	6.744.800	-
Others		777.933	-	-	-
Loans granted		-	594.439	-	594.439
		60.584.720	433.557.813	15.517.590	59.334.266
<u>Cash Payments arising from:</u>					
Investments		1.103.963	-	-	-
Tangible assets		1.250	11.003	-	1.488
Loans granted		1.371.028	346.654.649	(1.959.940)	(6.298.123)
		2.476.241	346.665.652	(1.959.940)	(6.296.636)
Net cash used in investment activities (2)		58.108.479	86.892.161	17.477.530	65.630.901
<b>FINANCING ACTIVITIES:</b>					
<u>Cash receipts arising from:</u>					
Sale of own shares		144.043	72.435	-	-
Loans obtained		93.850.000	9.100.000	30.200.000	(3.518.574)
		93.994.043	9.172.435	30.200.000	(3.518.574)
<u>Cash Payments arising from:</u>					
Interest and similar charges		5.004.703	5.361.590	1.410.979	1.456.527
Dividends		14.665.371	-	-	-
Loans obtained		118.648.915	97.350.754	3.440.479	74.901.954
		138.318.989	102.712.344	4.851.458	76.358.481
Net cash used in financing activities (3)		(44.324.946)	(93.539.910)	25.348.542	(79.877.055)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		12.169.205	(5.282.421)	42.725.248	(11.471.359)
Cash and cash equivalents at the beginning of the period	8	30.562.977	5.112.291	6.936	11.301.230
Cash and cash equivalents at the end of the period	8	42.732.183	(170.129)	42.732.183	(170.129)

The accompanying notes are part of these financial statements.

## **SONAE CAPITAL, SGPS, SA**

### **NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**

#### **FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

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

#### **1. INTRODUCTION**

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

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

#### **2. MAIN ACCOUNTING POLICIES**

The main accounting policies adopted in preparing the accompanying individual financial statements are consisting with those used in the financial statements presented for the year ended 31 December 2015.

##### 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 - SEPTEMBER 2016

## Individual Financial Statements

### 4. FINANCIAL INVESTMENTS

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

	30 September 2016	31 December 2015
Investments in affiliated and associated undertakings	361,968,778	360,864,815
Investments in other companies		
Sonae RE - (0,04%)	1,200	1,200
Fundo Invest. Imob. Imosonae Dois - (0,001%)	-	2,546
Matadouro Alto Alentejo, SA - (0,89%)	1	1
NET Novas Tecnologias, SA - (0,98%)	23,034	23,034
Fundo F HITEC - (6,48%)	250,950	250,950
	<u>362,243,963</u>	<u>361,142,546</u>
Impairment	<u>(15,098,241)</u>	<u>(8,353,441)</u>
	<u><u>347,145,722</u></u>	<u><u>352,789,105</u></u>

#### 4.1 Investments in affiliated and associated undertakings

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

Sociedade	30.09.2016					
	% Held	Fair Value	Book Value	Fair Value Reserve	Equity	Profit / (Loss) for the period
CAPWATT, S.G.P.S., S.A.	100.00%		2,725,000		8,019,049	5,291,138
Fundo Esp de Invest. Imob Fechado WTC	59.87%		42,268,382		73,444,868	2,432,291
Troiareport, SGPS, S.A.	100.00%		167,132,793		79,953,946	(1,590,994)
Interlog - SGPS, S.A.	98.94%		21,658,210		21,846,189	23,362
Lidergraf - Artes Gráficas, SA.	24.50%		1,125,301		7,157,537	845,825
SC Assets S.G.P.S., SA	100.00%		25,577,659		28,248,151	10,949,678
SC Hospitality, S.G.P.S., S.A.	100.00%		5,857,175		6,719,852	278,567
SC Finance B.V.	100.00%		263,698		(10,658,548)	(786,274)
SC-Eng. e Promoção imobiliária, S.G.P.S., S.A.	100.00%		34,575,100		13,872,349	12,672,349
Sistavac, SGPS, S.A.	70.00%		32,492,436		40,865,462	(24,871)
Solinca - Health & Fitness, S.A.	100.00%		14,446,494		3,795,741	238,143
Spred, S.G.P.S., S.A.	100.00%		13,846,529		199,261	56,287
<b>Total</b>			<b>361,968,778</b>			

#### Perdas por imparidade

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

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

#### Perdas por imparidade

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

## REPORT AND ACCOUNTS - SEPTEMBER 2016

### Individual Financial Statements

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

In 2015, impairment tests on financial investments were performed, based on external valuations of the real estate of group companies or DCF methodology, to assess the fair value of such investments.

These assessments use discount rates that correspond to the weighted average rates of the cost of capital (WACC), calculated on the basis of the business type in which they operate and its target capital structures, and are in the range [6.98% - 11.86%]. There were considered five-year projections and considering no growth in perpetuity.

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

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

## 5. OTHER NON-CURRENT ASSETS

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

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

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

Loans to group companies interest at market rates and are repayable within a period exceeding one year. The interest rate as at 30 September 2016 stood, in average, at approximately 4.472%.

## 6. OTHER CURRENT ASSETS and INCOME TAX

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



## REPORT AND ACCOUNTS - SEPTEMBER 2016

### Individual Financial Statements

#### OTHER CURRENT ASSETS

	30 September 2016	31 December 2015
Trade debtors	-	9,512
Other Debtors - Group	568	1,097,451
Loans granted	35,153,806	31,283,000
Other Debtors	2,893	28,188
Accrued income	5,372,636	16,240,101
Deferred costs	283,447	486,827
	<u>40,813,349</u>	<u>49,145,079</u>
Income tax withheld	1,987,366	1,525,643
	<u>42,800,715</u>	<u>50,670,722</u>

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

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

	30 September 2016	31 December 2015
SC Assets, SGPS, SA	1,837,290	10,000
SC Sociedade de Consultadoria, SA	-	5,000
SC Hospitality, SGPS, SA	6,198,954	5,341,000
CAPWATT, SGPS, S.A.	6,457,600	16,711,000
Inparvi SGPS, SA	94,314	108,000
SC Finance BV	-	5,748,000
SC, SGPS, S.A.	13,678,641	-
Solinca - Health & Fitness, SA	1,617,114	1,147,000
Spred SGPS SA	2,489,422	-
Troiaresort, S.G.P.S., SA	2,780,472	2,213,000
	<u>35,153,806</u>	<u>31,283,000</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 September 2016 stood, in average, at approximately 3.165%.

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

	30 September 2016	31 December 2015
Income tax withheld	231,984	576,441
Income tax (advanced payment)	1,008,307	1,570,680
Income tax	747,074	(621,478)
	<u>1,987,366</u>	<u>1,525,643</u>

The amount registered in Accrued Income includes 5,923,504 euro relative to interest o loan granted to subsidiaries.

Deferred Costs includes 232,548 euros relative to bank commissions that are deferred for the loan period.

## REPORT AND ACCOUNTS - SEPTEMBER 2016

### Individual Financial Statements

## 7. DEFERRED TAXES

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

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

During the periods ended 30 September 2016 and 31 December 2015, movements in deferred tax are as follows:

	Deferred tax assets		Deferred tax liabilities	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Opening balance	8,275,218	8,275,218	-	-
Effect in results				
Tax losses carried forward	-	-	-	-
Others	-	-	-	-
	8,275,218	8,275,218	-	-
Effect in reserves:	-	-	-	-
Closing balance	8,275,218	8,275,218	-	-

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

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

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

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

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

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

The analysis carried out on 30 September 2016, resulted that there is reasonable expectation of recovery of deferred tax assets recorded before their date of expiry.

## REPORT AND ACCOUNTS - SEPTEMBER 2016

### Individual Financial Statements

## 8. CASH AND CASH EQUIVALENTS

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

	30 September 2016	31 December 2015
Cash	-	-
Bank deposits	42,732,183	30,562,977
Cash and cash equivalents in the balance sheet	42,732,183	30,562,977
Bank overdrafts	-	-
Cash and cash equivalents in the cash flow statement	42,732,183	30,562,977

## 9. EQUITY

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

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

## 10. RESERVES

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

	30 September 2016	31 December 2015
Free reserves	172,772,616	175,611,402
Demerger reserve	132,638,253	132,638,253
Own shares reserve	1,404,226	1,426,791
	306,815,095	309,676,446

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

The overall value of the demerger reserve (Note 1), representing the difference between the book value of the stake in SC, SGPS, SA (382,638,252 euro) which was highlighted Sonae, SGPS, SA for the Company and the amount of capital social Society (250,000,000 euros) which is comparable to the legal Reserve, according to the Companies Code, may not be distributed to the shareholders except in the event of liquidation of the Company, but may be used to absorb accumulated losses, after other reserves are exhausted, or can be incorporated into capital.

Legal Reserve: Under the law, at least 5% of annual net profit is positive, should be allocated to the legal reserve until it represents 20% of the share capital. This reserve is not distributable except in the event of liquidation of the company, but can be used to absorb losses after the other reserves, or increase capital. On 30 September 2016 the value of this item amounts to 10,073,164 Euros.

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

# REPORT AND ACCOUNTS - SEPTEMBER 2016

## Individual Financial Statements

### 11. LOANS

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

	30 September 2016		31 December 2015	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae Capital SGPS - commercial paper a)	20,350,000	-	-	-
Sonae Capital SGPS - commercial paper d)	-	8,250,000	8,250,000	-
Sonae Capital SGPS - commercial paper b)	-	17,300,000	-	-
Sonae Capital SGPS - commercial paper c)	-	10,000,000	-	30,000,000
Sonae Capital SGPS e)	-	-	3,290,000	9,047,500
Sonae Capital SGPS - commercial paper g)	-	-	3,250,000	1,500,000
Sonae Capital SGPS - commercial paper i)	-	-	1,200,000	4,800,000
Sonae Capital SGPS - commercial paper j)	-	20,000,000	-	-
Up-front fees not yet charged to income statement	-	(456,578)	-	(221,506)
	<u>20,350,000</u>	<u>55,093,422</u>	<u>15,990,000</u>	<u>45,125,994</u>
Bank overdrafts (Note 8)	-	-	-	-
	<u>20,350,000</u>	<u>55,093,422</u>	<u>15,990,000</u>	<u>45,125,994</u>
Bond Loans				
Obrigações Sonae Capital 2011/2016 f)	-	-	10,000,000	-
Obrigações Sonae Capital 2014/2019 h)	-	42,500,000	-	42,500,000
Obrigações Sonae Capital 2016/2021 k)	-	15,000,000	-	-
Up-front fees not yet charged to income statement	-	(427,098)	-	(376,402)
	<u>-</u>	<u>57,072,902</u>	<u>10,000,000</u>	<u>42,123,598</u>
	<u>20,350,000</u>	<u>112,166,324</u>	<u>25,990,000</u>	<u>87,249,592</u>

- Short term commercial paper programme, issued on 28 March 2008 and valid for a 10 year period, which may be extended at the option of Sonae Capital. Placed in investors or financial institutions and guaranteed by credit lines, with commitment of at least six months to a year, placed in relationship banks.
- Commercial paper programme, with subscription guarantee, issued on 31 March 2011 and valid up to August 2018, except if the reimbursement is anticipated under the contracted terms of the call/put option, in August 2016. This loan is guaranteed by a mortgage on real estate assets
- Commercial paper programme, with subscription guarantee, issued on 27 December 2012 and valid up to December 2017.
- Commercial paper programme, with subscription guarantee, issued on 31 December 2015, with annual renewals up to 3 years.
- Bank loan guarantee by a mortgage on real estate, started on 2 June 2011 and valid up to September 2019, with quarterly payments.
- Bond loan Sonae Capital, SGPS 2011/2016, repayable after 5 years, in one instalment, on 17 January 2016. This bond issue pays interest every six months.
- Commercial paper programme, with subscription guarantee, issued on 7 May 2014 and valid for a 3 year period, with semi-annual payments.
- Bond loan Sonae Capital, SGPS 2014/2019, repayable after 5 years, in one instalment, on 28 May 2019. This bond issue pays interest every six months.
- Commercial paper programme, with subscription guarantee, issued on 18 March 2015 and valid up to March 2020, with annual payments.
- Commercial paper programme, with subscription guarantee, issued on 23 June 2016 and valid for a 5 year period, with annual payments.
- Bond loan Sonae Capital, SGPS 2016/2021, repayable after 5 years, in one instalment, on 29 July 2021. This bond issue pays interest every six months.

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The interest rate on bank loans and bonds in force on 30 September 2016 was on average 2.419%

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

No derivatives instruments.

## 12. OTHER CREDITORS

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

	30 September 2016	31 December 2015
<u>Other creditors</u>		
Group companies - Short term loans	78,552,350	122,913,765
Other creditors	590,778	1,849,732
	<u>79,143,128</u>	<u>124,763,497</u>

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

	30 September 2016	31 December 2015
Group companies - Short term loans:		
Interlog-SGPS,SA	21,810,400	21,836,500
SC Finance BV	-	5,885,051
SC, SGPS, SA	-	48,703,000
SC-Eng. e Promoção Imobiliária,SGPS,S.A.	37,872,000	21,292,214
SC For - Serv. de For. e Desenv. de Recur. Hum., Unipe., Lda	23,200	14,000
Sistavac, SGPS, S.A.	18,846,750	21,002,000
Spred, SGPS, SA	-	4,181,000
	<u>78,552,350</u>	<u>122,913,765</u>

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

The item Other Creditors - other, there are included 578,015 euros regarding transfers from subsidiaries of tax estimates under the special regime RETGS.

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## 13. SUPLIERS, TAXES AND OTHER CURRENT LIABILITIES

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

	30 September 2016	31 December 2015
Trade creditors	115,596	101,559
Taxes payable - income tax	-	-
Taxes payable - other taxes	50,635	58,272
Other current liabilities		
Accruals:		
Staff costs	524,028	378,224
Interest payable	795,051	449,038
Other accruals	-	115,543
Deferred income	53,143	4,292
	<u>1,422,857</u>	<u>1,005,369</u>

As at 30 September 2016 and 31 December 2015 the Other taxes can be detailed as follows:

	30 September 2016	31 December 2015
Income taxation	-	-
Income taxation - amounts withheld	26,369	39,568
VAT	78	462
Social security contributions	24,187	18,242
Stamp tax	-	-
	<u>50,635</u>	<u>58,272</u>

## 14. EXTERNAL SUPPLIES AND SERVICES

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

	30 September 2016	30 September 2015
Operational rents	(11,166)	(31,987)
Insurance costs	(32,657)	(37,501)
Travelling expenses	(29,456)	(18,490)
Services obtained	(663,043)	(637,729)
Other services	(29,811)	(46,277)
	<u>(766,133)</u>	<u>(771,984)</u>

## 15. STAFF COSTS

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

	30 September 2016	30 September 2015
Governing bodies' remunerations	(880,509)	(848,646)
Staff and other sectors remunerations	(102,458)	-
Social security contributions	(122,539)	(90,306)
Other staff costs	(7,991)	(77,523)
	<u>(1,113,497)</u>	<u>(1,016,475)</u>

## REPORT AND ACCOUNTS - SEPTEMBER 2016

### Individual Financial Statements

## 16. NET FINANCIAL EXPENSES AND INVESTMENT INCOME

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

	30 September 2016	30 September 2015
Interest payable and similar expenses		
Interest arising from:		
Bank loans	(1,650,038)	(2,187,220)
Bonds	(1,343,688)	(1,670,827)
Other	(116,551)	(1,561,904)
Other financial expenses	(1,935,823)	(1,908,669)
	<u>(5,046,101)</u>	<u>(7,328,620)</u>
Interest receivable and similar income		
Interest income	14,079,409	25,454,818
	<u>14,079,409</u>	<u>25,454,818</u>
Net financial expenses	<u>9,033,308</u>	<u>18,126,198</u>
Reversal of /and Impairment losses (Note 4.1)	(6,744,800)	60,653,147
Dividends received	34,791,098	22,184,180
Other income	777,871	(85,231,483)
Investment income	<u>28,824,170</u>	<u>(2,394,157)</u>

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

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

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

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

## 17. TAXATION

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

	30 September 2016	30 September 2015
Current tax	(364,052)	2,050,412
Deferred tax (Note 7)	-	149,757
	<u>(364,052)</u>	<u>2,200,169</u>

Sonae capital is taxable according to the RETGS.

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### Individual Financial Statements

## 18. EARNINGS PER SHARE

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

	30 September 2016	30 September 2015
<b>Net profit</b>		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period )	36,326,929	16,066,867
Effect of dilutive potential shares	-	-
Net profit taken into consideration to calculate diluted earnings per share	36,326,929	16,066,867
<b>Number of shares</b>		
Weighted average number of shares used to calculate basic earnings per share	246,740,156	246,333,804
Weighted average number of shares used to calculate diluted earnings per share	246,740,156	246,333,804
<b>Earnings per share (basic and diluted)</b>	0.147227	0.065224

## 19. COMPLIANCE WITH LEGAL REQUIREMENTS

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

In the period ended 30 September 2016 there was no shareholders' loan contracts entered.

In the period ended 30 September 2016 short-term loan contracts were entered with the companies Solinca-Health and Fitness,SA, SC Eng<sup>a</sup>. Promoção Imobiliária, SA, SC For - Serv. De Formação e Desenv. De Recur. Hum., Unipessoal, Lda, Spred SGPS, S.A. and SC, SGPS, S.A.

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

Loans and Short term loans granted

Companies	Closing Balance
SC Assets, SGPS, SA	182,485,281
SC Hospitality, SGPS, SA	6,198,954
CAPWATT, SGPS, S.A.	6,457,600
Inparvi SGPS, SA	94,314
SC Finance BV	5,885,000
SC, SGPS, S.A.	13,678,641
Solinca - Health & Fitness, SA	2,524,335
Troiareort, S.G.P.S., SA	189,642,109
Spred SGPS SA	2,489,422
	409,455,656



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### Individual Financial Statements

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

Short term loans obtained

Companies	Closing Balance
SC For - Serv. de For. e Desenv. de Recur. Hum., Unipe., Lda	23,200
SC - Engª e Prom. Imobiliária SA	37,872,000
Sistavac, SGPS, S.A.	18,846,750
Interlog-SGPS,SA	<u>21,810,400</u>
	<u>78,552,350</u>

## 20. SUBSEQUENT EVENTS

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

## 21. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on 04 November 2016.

Board of Directors

\_\_\_\_\_  
Duarte Paulo Teixeira de Azevedo

\_\_\_\_\_  
Maria Cláudia Teixeira de Azevedo

\_\_\_\_\_  
Álvaro Carmona e Costa Portela

\_\_\_\_\_  
Ivone Pinho Teixeira

\_\_\_\_\_  
Francisco de La Fuente Sanchez

\_\_\_\_\_  
Paulo José Jubilado Soares de Pinho

\_\_\_\_\_  
Miguel Jorge Moreira da Cruz Gil Mata

## **REPORT AND ACCOUNTS**

30 September 2016

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