



JERÓNIMO MARTINS

Consolidated Report & Accounts

First Half 2016

INDEX

I – Consolidated Management Report

Message from the Chairman and CEO - Pedro Soares dos Santos	3
1. Sales Analysis	3
2. Results Analysis	4
3. Balance Sheet	5
4. Outlook for 2016	6
5. Subsequent Events	6

II – Consolidated Management Report Appendix

1. Sales Evolution	8
2. Stores Network	8
3. EBITDA Margin Breakdown	8
4. Financial Costs Breakdown	8
5. Working Capital	9
6. Net Debt	9
7. Definitions	9
8. Restatement Sales in Recheio	9
9. P&L - Reconciliation Note	10
10. Balance Sheet - Reconciliation Note	10
11. Cash Flow – Reconciliation Note	11
12. Information Regarding Individual Financial Statements	11

III – Other Information

IV – Statement of the Board of Directors

V – Consolidated Financial Statements

1. Financial Statements	15
2. Notes to the Financial Statements	19
3. Auditor's Report	29



CONSOLIDATED MANAGEMENT REPORT

Message from the Chairman and CEO – Pedro Soares dos Santos

'The first half 2016 performance reflects our focus on top line growth and our commitment to cost efficiency in a food deflationary context.

In Poland, the reinforced competitiveness of Biedronka is allowing the banner to maximize the benefits from a stimulant consumer demand.

In Portugal, Pingo Doce and Recheio continued to increase market shares in a highly competitive landscape and a consumption slowdown.

In Colombia, Ara performed according to plan and is now preparing to enter its third operating region while speeding up expansion in the market.

The first half results confirm our strong belief in the ability of our banners to overcome the challenges in the markets where they operate and to deliver against their targets for the year.'

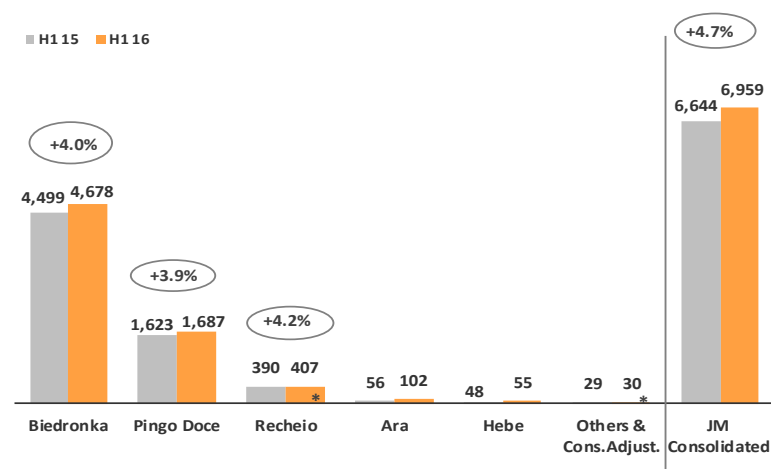
1. Sales Analysis

(Million Euro)	H1 16		H1 15		Δ %		Q2 16		Q2 15		Δ %	
	% total		% total		Pln	Euro	% total		% total		Pln	Euro
Biedronka	4,678	67.2%	4,499	67.7%	9.8%	4.0%	2,397	66.9%	2,327	67.3%	10.2%	3.0%
Pingo Doce	1,687	24.2%	1,623	24.4%		3.9%	870	24.3%	850	24.6%		2.2%
Recheio *	407	5.8%	390	5.9%		4.2%	219	6.1%	211	6.1%		4.1%
Ara	102	1.5%	56	0.8%		83.0%	54	1.5%	29	0.8%		83.9%
Hebe	55	0.8%	48	0.7%		15.4%	28	0.8%	24	0.7%		15.1%
Mkt. Repr. and Rest. Serv.	39	0.6%	37	0.5%		8.1%	20	0.6%	18	0.5%		9.3%
Others & Cons. Adjustments *	-9	-0.1%	-8	-0.1%		n.a.	-5	-0.1%	-4	-0.1%		n.a.
Total JM	6,959	100%	6,644	100%		4.7%	3,583	100%	3,457	100%		3.6%

* Restated figures for Q2 15 and H1 15, see note 8.2. of the Consolidated Management Report Appendix.

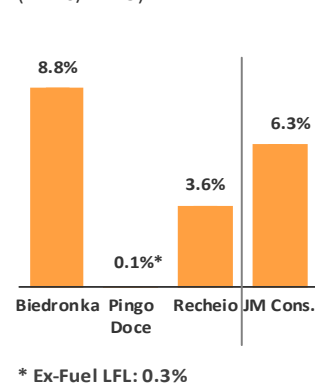
Consolidated sales reached €6,958.5m, a growth of 4.7% versus the same period last year (+9.1% at constant exchange rates).

Sales (Million Euro)



* Restated figures in H1 2015, see note 8.1. of the Consolidated Management Report Appendix

LFL Growth (H1 16/H1 15)



All banners maintained sales performance as its main focus, leading Group LFL growth to reach 6.3% in H1 16 (+6.6% in Q2 16).

In **Poland**, the recent increase in disposable income has supported the positive trend in food consumption. That said, the operating environment continued to be dominated by promotional campaigns.

Food inflation in the country was marginally positive, reaching 0.6% in the first six months.

Biedronka total sales grew 9.8% (in local currency), fuelled by the remarkable 8.8% LFL sales increase. In Euro, sales reached €4,678.3m, 4.0% higher than in the previous year.

In the second quarter of this year, Biedronka's LFL sales growth registered a significant increase to 9.9% that reflected the interest generated by the improved offer (implemented in H1 15) and the renewed promotional dynamics carried out by the Company this year. The favourable consumer environment in Poland due to the increase in the families' available income, together with a strong month of June, have also contributed positively to the performance of the Company.

In the first six months of the year, Biedronka opened 40 stores (26 net additions) and refurbished 94 locations.

In **Portugal**, a high level of promotional intensity persisted, and food inflation was flat in H1 16.

Pingo Doce sales grew by 3.9% to reach €1,686.5m. The LFL (excl. fuel) at 0.3% reflected the still negative basket inflation and the tough comparison against previous year's performance. The banner continued reinforcing its market share .

In Q2 16, the LFL of -1.4% was also impacted by the negative calendar effect related to Easter.

In the first six months of this year, Pingo Doce opened five new stores.

Recheio benefited from an improving HoReCa sector and leveraged on its commercial strength. The result was a healthy sales performance in the second quarter that contributed to the 3.6% LFL growth registered in the first six months. Total sales were at €407.0m, 4.2% more than in H1 15. The Company opened one new store in June.

Ara reached sales of €101.5m in the first six months of the year. The Company, in line with the plan, opened 19 stores while preparing the opening of its third operating region.

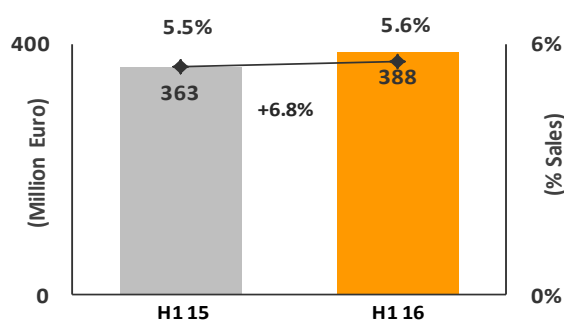
2. Results Analysis

Net Consolidated Profit

(Million Euro)	H1 16		H1 15		Δ	Q2 16		Q2 15		Δ
Net sales and services	6,959		6,644		4.7%	3,583		3,457		3.6%
Gross profit	1,469	21.1%	1,411	21.2%	4.1%	758	21.2%	735	21.3%	3.1%
Operating costs	-1,081	-15.5%	-1,048	-15.8%	3.1%	-553	-15.4%	-538	-15.6%	3.0%
EBITDA	388	5.6%	363	5.5%	6.8%	204	5.7%	197	5.7%	3.5%
Depreciation	-146	-2.1%	-147	-2.2%	-0.7%	-73	-2.0%	-74	-2.1%	-2.1%
EBIT	242	3.5%	216	3.3%	11.9%	132	3.7%	123	3.6%	6.9%
Net financial costs	-11	-0.2%	-13	-0.2%	-18.7%	-6	-0.2%	-8	-0.2%	-17.3%
Gains in joint ventures and associates	8	0.1%	8	0.1%	-4.5%	5	0.1%	4	0.1%	6.3%
Non-recurrent Items	-3	0.0%	-5	-0.1%	n.a.	-2	-0.1%	-5	-0.1%	n.a.
EBT	236	3.4%	207	3.1%	14.2%	128	3.6%	115	3.3%	10.9%
Income tax	-54	-0.8%	-49	-0.7%	9.6%	-29	-0.8%	-27	-0.8%	6.5%
Net profit	182	2.6%	158	2.4%	15.6%	99	2.8%	88	2.6%	12.3%
Non controlling interests	-10	-0.1%	-8	-0.1%	25.6%	-5	-0.1%	-4	-0.1%	23.1%
Net profit attributable to JM	172	2.5%	150	2.3%	15.1%	95	2.6%	85	2.5%	11.8%
EPS (€)	0.27		0.24		15.1%	0.15		0.13		11.8%

Operating Profit

At the Group level, consolidated EBITDA reached €387.8m, 6.8% more than in the previous year (+10.3% at constant exchange rates). The respective margin was 5.6% (5.5% in H1 15), reflecting the strong sales performance and strict cost management.



Biedronka's EBITDA, in the first six months, grew 7.3% (+13.3% in local currency) to reach €327.3m with the respective margin at 7.0% (6.8% in H1 15). In the second quarter, Biedronka's EBITDA, in local currency, increased 12.0% and 4.8% in euro terms.

Pingo Doce delivered EBITDA of €79.1m, registering a growth of 3.1% on H1 15. EBITDA margin, in line with the same period last year, was at 4.7% in H1 16.

Recheio posted EBITDA of €20.4m with its margin increasing to 5.0% (4.8% in H1 15).

Losses generated by Ara and Hebe, at EBITDA level, came in at €28.0m in the first six months of the year.

Financial Results

Financial charges for the Group were €10.5m, €2.4m below the same period last year due to a reduction in average net debt and a lower cost of debt.

Net Results

The strong operational performance led Net Profit attributable to Jerónimo Martins to grow 15.1% to €172.0m despite the devaluation of the zloty, which had a particularly strong effect in Q2 16.

3. Balance Sheet

(Million Euro)	H1 16	2015	H1 15
Net Goodwill	628	640	646
Net Fixed Assets	3,026	3,060	3,002
Total Working Capital	-1,919	-2,001	-1,732
Others	97	82	110
Invested Capital	1,833	1,780	2,026
Total Borrowings	468	658	743
Leasings	-	-	-
Accrued Interest	1	-	6
Marketable Sec. & Bank Deposits	-195	-471	-364
Net Debt	274	187	386
Non Controlling Interests	248	252	238
Share Capital	629	629	629
Reserves and Retained Earnings	681	712	773
Shareholders Funds	1,558	1,593	1,640
<i>Gearing</i>	<i>17.6%</i>	<i>11.7%</i>	<i>23.5%</i>

After the dividend payment of €166.5m in May 2016, Net Debt for the Group at end June was €274.3m and Gearing stood at 17.6%.

Cash Flow

(Million Euro)	H1 16	H1 15
EBITDA	388	363
Interest Payment	-8	-13
Other Financial Items	3	11
Income Tax	-60	-53
Funds From Operations	323	308
Capex Payment	-184	-188
Working Capital Movement	-39	-55
Others	-	-4
Free Cash Flow	99	61

The Free Cash Flow in the period was €99.0m, €37.6m above the same period in 2015.

Investment Programme

(Million Euro)	H1 16	Weight	H1 15	Weight
Biedronka	77	43%	98	55%
Distribution Portugal	74	41%	54	30%
Others	29	16%	25	14%
Total CAPEX	180	100%	177	100%

The Group Capex was €179.6m in the first six months of the year, 42.6% of which invested in Biedronka.

4. Outlook for 2016

In Poland, growth in consumption demand is still expected. However, in an environment of low food inflation, competition will remain fierce.

Biedronka is focused on capturing growth opportunities while preserving the strong price and cost positioning in the Polish market.

In Portugal, food inflation is also very low and the market remains promotionally driven. Pingo Doce's priority is to consolidate its competitive positioning whilst improving shopping experience.

In Colombia, Ara will open, in H2, its third distribution centre (Bogota) and will focus on its store opening programme for this year.

Losses in Ara and Hebe, at the EBITDA level, are expected not to surpass their 2015 level (€55.5m), at constant exchange rate.

Some socio-economic and political uncertainty, intensified by measures implemented by the Governments, is expected to put pressure on the Companies' cost structures, namely in labour costs.

Notwithstanding, the first half results validate our expectations that, focusing on top line growth, our businesses will deliver their targets. As such, in 2016, the Group expects to invest €550-650m, with Biedronka absorbing c.45% of this value.

5. Subsequent Events

Jerónimo Martins, SGPS, S.A. (the Company) informs that it has reached an agreement with Sociedade Francisco Manuel dos Santos B.V. (SFMS) for the sale to the latter of 100% of its wholly owned subsidiary Monterroio - Industry & Investments B.V. (Monterroio).

The transaction was approved by this Board of Directors, adopted at its meeting on the 26th of July, once assessed the interest of the Company, in compliance with the provisions of Article 410, paragraph 6, of the Portuguese Commercial Companies Code and having been issued prior favourable opinion by the Audit Committee.

The Company has entered the final phase of the negotiations of the sale and purchase agreement. It is foreseen that the transaction, which is expected to involve the receipt by the Company of a total consideration of 310 million euros, will complete in the coming weeks.

Lisbon, 26 July 2016

The Board of Directors

II
CONSOLIDATED MANAGEMENT REPORT APPENDIX
1. Sales Evolution

	Total Sales Growth			LFL Sales Growth		
	Q1 16	Q2 16	H1 16	Q1 16	Q2 16	H1 16
Biedronka						
Euro	5.1%	3.0%	4.0%			
PLN	9.3%	10.2%	9.8%	7.6%	9.9%	8.8%
Pingo Doce	5.8%	2.2%	3.9%	1.9%	-1.5%	0.1%
<i>Ex-Fuel</i>	6.3%	2.5%	4.3%	2.1%	-1.4%	0.3%
Recheio *	4.4%	4.1%	4.2%	3.8%	3.4%	3.6%

* Restated figure for Q1 16, see note 8.3.

2. Stores Network

Number of Stores	2015	Openings		Closings	H1 16	H1 15
		Q1 16	Q2 16	H1 16		
Biedronka	2,667	26	14	14	2,693	2,655
Pingo Doce	399	3	2	-	404	385
Recheio	41	-	1	-	42	41
Ara	142	8	11	-	161	44
Hebe	134	1	5	5	135	109

Sales Area (sqm)	2015	Openings		Closings/ Remodellings	Network	
		Q1 16	Q2 16	H1 16	H1 16	H1 15
Biedronka	1,721,897	19,329	10,743	5,421	1,746,547	1,707,535
Pingo Doce	479,113	3,500	1,850	-376	484,839	466,155
Recheio	128,141	-	2,696	-	130,837	128,665
Ara	43,891	2,732	3,683	-	50,306	28,639
Hebe	30,955	225	1,282	1,311	31,150	27,709

* Restated figure from 1,717,944 published in 2015 FY.

3. EBITDA Margin Breakdown

(% of sales)	H1 16	% total	H1 15	% total
Biedronka	7.0%	84.4%	6.8%	84.0%
Pingo Doce	4.7%	20.4%	4.7%	21.1%
Recheio	5.0%	5.3%	4.8%	5.2%
Others & Cons. Adjustments	n.a.	-10.1%	n.a.	-10.3%
JM Consolidated	5.6%	100%	5.5%	100%

4. Financial Costs Breakdown

(Million Euro)	H1 16	H1 15
Net Interest	-6	-12
Exchange Differences	-3	1
Others	-2	-2
Financial Results	-11	-13

5. Working Capital

(Million Euro)	H1 16	2015	H1 15
Inventories	657	639	621
in days of sales	17	17	17
Customers	58	52	56
in days of sales	2	1	2
Suppliers	-2,233	-2,320	-2,088
in days of sales	-58	-62	-57
Trade Working Capital	-1,518	-1,628	-1,411
in days of sales	-39	-43	-38
Others	-400	-373	-321
Total Working Capital	-1,919	-2,001	-1,732
in days of sales	-50	-53	-47

6. Net Debt

(Million Euro)	H1 16	H1 15
Long Term Debt	329	334
<i>as % of Total Borrowings</i>	70.3%	45.0%
<i>Average Maturity (years)</i>	2.7	3.0
Bond Loans	150	-
Commercial Paper	65	-
Other Debt	114	334
Short Term Debt	139	409
<i>as % of Total Borrowings</i>	29.7%	55.0%
Total Borrowings	468	743
<i>Average Maturity (years)</i>	1.6	1.7
Leasings	-	-
Accrued Interest & Hedging	1	6
Marketable Securities & Bank Deposits	-195	-364
Net Debt	274	386
% Debt in Euros (Total Borrowings + Leasings)	47.2%	30.3%
% Debt in Zlotys (Total Borrowings + Leasings)	34.5%	58.5%
% Debt in Pesos (Total Borrowings + Leasings)	18.3%	11.2%

7. Definitions

Like-for-like sales: sales made by stores that operated under the same conditions in the two periods. Excludes stores opened or closed in one of the two periods. Sales of stores that underwent profound remodelling are excluded for the remodelling period (store closure).

Gearing: Net Debt / Shareholder Funds.

8. Restatement Sales in Recheio

Recheio sales reported in 2015 includes intercompany sales that are now being corrected, with impact in the headings Recheio Sales and Other and Consolidated Adjustments.

8.1. Sales Evolution

Sales (Million Euro)	Reported	Restated
	H1 15	H1 15
Recheio	393	390
Others & Cons. Adjustments	26	29

8.2. Sales Breakdown

Sales (Million Euro)	Reported			Restated		
	Q2 15	H1 15	Q1 16	Q2 15	H1 15	Q1 16
Recheio	213	393	188	211	390	188
Others & Cons. Adjustments	-6	-10	-4	-4	-8	-4

8.3. Sales Growth

Total Sales Growth	Reported	Restated
	Q1 16	Q1 16
Recheio	4.3%	4.4%

9. P&L - Reconciliation Note

P&L in page 4	Income Statement by Functions in the Consolidated Financial Statements
Non Recurrent Items in the 'Net Consolidated Profit'	Includes the values in 'Exceptional Operating Profit/Loss' and in 'Gains/Losses in other investments'

10. Balance Sheet - Reconciliation Note

(Following ESMA guidelines on Alternative Performance Measures from October 2015)

Balance Sheet in page 5	Balance Sheet in the Consolidated Financial Statements
Net Goodwill	Includes the value reflected in Note - Fixed assets, intangible assets and investment property
Net Fixed Assets	Includes the Balance Sheet headings: Tangible and Intangible assets excluding the net goodwill value
Total Working Capital	Includes the Balance Sheet headings: Current Trade debtors, accrued income and deferred costs; Inventories; Biological assets; Trade creditors, accrued costs and deferred income; Employee benefits; the value of Cash and cash equivalents in note Cash and cash equivalents; the value transferred from 'Others' due to its operational nature (€-7.3m in Dec 2015, €-7.3m in Jun 2016 and €-9.7m in Jun 2015). Excludes: Interest accruals and deferrals in note - Financial debt
Others	Includes the Balance Sheet headings: Investment property; Investments in joint ventures and associates; Loans to associates; Available-for-sale financial assets; Non-current Trade debtors, accrued income and deferred costs; Deferred tax assets and liabilities; Income tax receivable and payable; and Provisions for risks and contingencies. Excludes: Collateral deposits associated to financial debt (Note - Trade debtors, accrued income and deferred costs); values that were transferred to working capital due to its operational nature (€-7.3m in Dec 2015, €-7.3m in Jun 2016 and €-9.7m in Jun 2015)
Invested Capital	
Total Borrowings	Includes the Balance Sheet heading: Borrowings excluding leasings
Leasing	Includes the value of Financial lease liabilities on Note - Current and non-current loans
Accrued Interest	Includes the Balance Sheet heading Derivative financial instruments and the value in Interest accruals and deferrals in note - Financial debt
Marketable Sec. & Bank Deposits	Includes: the Balance Sheet heading Cash and cash equivalents and the value of Collateral deposits associated to financial debt (note - Trade debtors, accrued income and deferred costs). Excludes the value in Cash and cash equivalents in note - Cash and cash equivalents
Net debt	
Non-Controlling Interests	Includes the Balance Sheet heading Non-controlling interests
Share Capital	Includes the Balance Sheet heading: Share capital
Reserves and Retained Earnings	Includes the Balance Sheet heading: Share premium, Own shares, Other reserves and Retained earnings
Shareholders Funds	

11. Cash Flow - Reconciliation Note

(Following ESMA guidelines on Alternative Performance Measures from October 2015)

Cash Flow in page 6	Cash Flow in the Consolidated Financial Statements
EBITDA	Included in the Cash Flow Statement heading: Cash generated from operations
Interest Payment	Includes the Cash Flow Statement headings: Interest paid and Interest received
Other Financial Items	Includes the Cash Flow Statement heading: Dividends received
Income Tax	Includes the Cash Flow Statement heading: Income tax paid
Funds From Operations	
Capex Payment	Includes the Cash Flow Statement headings: Disposal of tangible assets; Disposal of Intangible assets; Disposal of financial assets and investment property; Acquisition of tangible assets; Acquisition of intangible assets; Acquisition of financial assets and investment property
Working Capital Movement	Included in the Cash Flow Statement heading: Cash generated from operations
Others	Included in the Cash Flow Statement heading: Cash generated from operations
Free Cash Flow	

12. Information Regarding Individual Financial Statements

In accordance with section b) of paragraph 3 of article 246 of the Portuguese Securities Code, the first half individual financial statements of Jerónimo Martins SGPS, S.A. will not be disclosed as they do not include additional relevant information, compared to the one presented in this report.


III OTHER INFORMATION

Disclosures required by sub-paras. a) and c) of no. 1 of Article 9 and no. 7 of Article 14 of Securities Market Commission (CMVM) regulation no. 5/2008 (with reference to the first half of 2016)

1. Securities issued by the Company, Controlled or Controlling Companies or Companies in the same Group held by Company Officers

Board of Directors

Members of the Board of Directors	Held on 31.12.15		Increases during the period		Decreases during the period		Held on 30.06.16	
	Shares	Bonds	Shares	Bonds	Shares	Bonds	Shares	Bonds
Pedro Manuel de Castro Soares dos Santos	274,805	-	-	-	-	-	274,805	-
Alan Johnson ¹	30,075	-	-	-	-	-	n.a.	-
Andrzej Szlezak	-	-	-	-	-	-	-	-
António Pedro de Carvalho Viana-Baptista	-	-	-	-	-	-	-	-
Artur Stefan Kirsten Belonging to company in which is a Director (sec. d), § 2 of Article 447 Commercial Companies Code) ²	353,260,814	-	-	-	-	-	353,260,814	-
Clara Christina Streit	800	-	-	-	-	-	800	-
Francisco Seixas da Costa	-	-	-	-	-	-	-	-
Hans Eggerstedt	19,700	-	-	-	-	-	19,700	-
Henrique Manuel da Silveira e Castro Soares dos Santos	26,455 ³	-	-	-	-	-	26,455 ³	-
Nicolas Pronk ¹ Belonging to company in which is a Director (sec. d), § 2 of Article 447 Commercial Companies Code) ⁴	353,260,814	-	-	-	-	-	n.a.	-
Sérgio Tavares Rebelo	-	-	-	-	-	-	-	-

¹ Ceased his duties as Director on April 14, 2016

² Sociedade Francisco Manuel dos Santos, B.V.

³ Of which 1,500 shares held by spouse

⁴ Asteck, S.A.

Statutory Auditor

As at June 30th 2016, the Statutory Auditor PricewaterhouseCoopers & Associados, SROC, Lda., did not hold any shares and bonds of Jerónimo Martins, SGPS, S.A. and had not made any transactions in securities with Jerónimo Martins, SGPS, S.A..

2. List of Shareholders with Qualifying Holdings as at 30 June 2016

Shareholder	Nr. of Shares Held	% Capital	Nr. of Voting Rights	% of Voting Rights*
Sociedade Francisco Manuel dos Santos, SGPS, S.A. Through Sociedade Francisco Manuel dos Santos, B.V.	353,260,814	56.136%	353,260,814	56.136%
Aberdeen Asset Managers Limited Directly	31,482,477	5.003%	31,482,477	5.003%
Heerema Holding Company Inc. Through Asteck, S.A.	31,464,750	5.000%	31,464,750	5.000%
BNP Paribas Investment Partners, Limited Company Through Investment Funds Managed by BNP Paribas	13,536,757	2.151%	12,604,860	2.006%

Source: Last communications made by the shareholders with qualifying holdings to Jerónimo Martins, SGPS, S.A..

* Based on the total number of shares under the terms of section b), paragraph 3 of article 16 of the Portuguese Securities Code.



STATEMENT OF THE BOARD OF DIRECTORS

Statement of the Board of Directors

Within the terms of paragraph c) n.º1 of article 246 of Portuguese Securities Code, we hereby inform you that to the best of our knowledge:

- i) the information contained in the interim management report is a faithful statement of the evolution of the businesses, of the performance and of the position of Jerónimo Martins, SGPS, S.A. and the companies included within the consolidation perimeter, and contains a description of the main risks and uncertainties which they face; and
- ii) the information contained in the consolidated financial statements, as well as their annexes, was produced in compliance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, the financial situation and the results of Jerónimo Martins, SGPS, S.A. and the companies included in the consolidation perimeter.

Lisbon, 26 July 2016

Pedro Manuel de Castro Soares dos Santos
(Chairman of the Board of Directors and Chief Executive Officer)

Andrzej Szlezak
(Member of the Board of Directors)

António Pedro de Carvalho Viana-Baptista
(Member of the Board of Directors)

A. Stefan Kirsten
(Member of the Board of Directors)

Clara Christina Streit
(Member of the Board of Directors and Member of the Audit Committee)

Francisco Seixas da Costa
(Member of the Board of Directors)

Hans Eggerstedt
(Member of the Board of Directors and Member of the Audit Committee)

Henrique Soares dos Santos
(Member of the Board of Directors)

Sérgio Tavares Rebelo
(Member of the Board of Directors and Chairman of the Audit Committee)



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT BY FUNCTIONS FOR JUNE 2016 AND 2015

Euro thousand

	Notes	1 st Half 2016	1 st Half 2015	2 nd Quarter 2016	2 nd Quarter 2015
Sales and services rendered	3	6,958,521	6,643,998	3,582,861	3,456,824
Cost of sales	4	(5,489,808)	(5,232,736)	(2,825,012)	(2,721,822)
Gross profit		1,468,713	1,411,262	757,849	735,002
Distribution costs	4	(1,111,347)	(1,085,703)	(566,075)	(557,248)
Administrative costs	4	(115,360)	(109,262)	(59,946)	(54,437)
Exceptional operating profits/losses	4	(2,408)	(4,713)	(1,468)	(4,672)
Operating profit		239,598	211,584	130,360	118,645
Net financial costs	5	(10,518)	(12,939)	(6,480)	(7,836)
Gains in joint ventures and associates	9	7,566	7,924	4,765	4,483
Gains/ losses in other investments		(777)	-	(730)	-
Profit before taxes		235,869	206,569	127,915	115,292
Income tax	6	(53,692)	(48,988)	(28,550)	(26,800)
Profit before non-controlling interests		182,177	157,581	99,365	88,492
Attributable to:					
Non-controlling interests		10,141	8,071	4,626	3,759
Jerónimo Martins Shareholders		172,036	149,510	94,739	84,733
Basic and diluted earnings per share- Euros	14	0.2738	0.2379	0.1508	0.1348

To be read with the attached notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Euro thousand

	1 st Half 2016	1 st Half 2015	2 nd Quarter 2016	2 nd Quarter 2015
Net profit	182,177	157,581	99,365	88,492
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
	-	-	-	-
Items that may be reclassified to profit or loss				
Currency translation differences	(35,647)	25,120	(34,128)	(13,129)
Change in fair value of cash flow hedges	(379)	1,578	(4)	1,044
Change in fair value of hedging instruments on foreign operations	(1,349)	(14,680)	-	(4,716)
Change in fair value of available-for-sale financial assets	297	68	371	(100)
Related tax	294	(841)	2	(1,296)
	(36,784)	11,245	(33,759)	(18,197)
Other comprehensive income, net of income tax	(36,784)	11,245	(33,759)	(18,197)
Total comprehensive income	145,393	168,826	65,606	70,295
Attributable to:				
Non-controlling interests	10,141	8,350	4,626	3,911
Jerónimo Martins Shareholders	135,252	160,476	60,980	66,384
Total comprehensive income	145,393	168,826	65,606	70,295

To be read with the attached notes to the consolidated financial statements

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2016 AND 31 DECEMBER 2015

Euro thousand

	Notes	30 June 2016	31 December 2015
Assets			
Tangible assets	7	2,867,344	2,890,113
Investment property	7	18,358	20,387
Intangible assets	7	787,031	809,796
Investments in joint ventures and associates	9	81,333	76,478
Loans to associates		36	-
Available-for-sale financial assets		6,739	1,758
Trade debtors, accrued income and deferred costs	10	119,015	118,604
Derivative financial instruments	8	-	122
Deferred tax assets		59,226	56,245
Total non-current assets		3,939,082	3,973,503
Inventories		656,165	638,339
Biological assets		621	409
Income tax receivable		2,921	1,373
Trade debtors, accrued income and deferred costs	10	247,619	277,275
Derivative financial instruments	8	-	128
Cash and cash equivalents	11	164,025	441,688
Total current assets		1,071,351	1,359,212
Total assets		5,010,433	5,332,715
Shareholders' equity and liabilities			
Share capital		629,293	629,293
Share premium		22,452	22,452
Own shares		(6,060)	(6,060)
Other reserves		(101,176)	(64,392)
Retained earnings	13	765,901	760,400
		1,310,410	1,341,693
Non-controlling interests		247,999	251,526
Total Shareholders' equity		1,558,409	1,593,219
Borrowings	15	329,050	534,422
Trade creditors, accrued costs and deferred income	17	802	813
Derivative financial instruments	8	261	-
Employee benefits	16	43,117	42,908
Provisions for risks and contingencies	16	83,755	83,947
Deferred tax liabilities		50,811	54,527
Total non-current liabilities		507,796	716,617
Borrowings	15	139,110	123,510
Trade creditors, accrued costs and deferred income	17	2,776,242	2,871,717
Derivative financial instruments	8	6	93
Income tax payable		28,870	27,559
Total current liabilities		2,944,228	3,022,879
Total Shareholders' equity and liabilities		5,010,433	5,332,715

To be read with the attached notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Euro thousand

	N o t e s	Shareholders' equity attributable to Shareholders of Jerónimo Martins, SGPS, S.A.							Non- controlling interests	Shareholders' equity	
		Share capital	Share premium	Own shares	Other reserves			Retained earnings			Total
					Cash flow hedge	Available-for- sale financial assets	Currency translation reserves				
Balance Sheet as at 1 January 2015		629,293	22,452	(6,060)	(2,548)	(157)	(64,562)	817,398	1,395,816	242,875	1,638,691
Equity changes in the 1st Half of 2015											
Currency translation differences					(38)		24,656		24,618		24,618
Change in fair value of cash flow hedging					975				975	279	1,254
Change in fair value of hedging instruments on foreign operations							(14,680)		(14,680)		(14,680)
Change in fair value of available-for-sale financial investments						53			53		53
Other comprehensive income		-	-	-	937	53	9,976	-	10,966	279	11,245
Net profit								149,510	149,510	8,071	157,581
Total comprehensive income		-	-	-	937	53	9,976	149,510	160,476	8,350	168,826
Dividends								(153,966)	(153,966)	(13,446)	(167,412)
Balance Sheet as at 30 June 2015		629,293	22,452	(6,060)	(1,611)	(104)	(54,586)	812,942	1,402,326	237,779	1,640,105
Balance Sheet as at 1 January 2016		629,293	22,452	(6,060)	99	(230)	(64,261)	760,400	1,341,693	251,526	1,593,219
Equity changes in the 1st Half of 2016											
Currency translation differences					(4)		(35,354)		(35,358)		(35,358)
Change in fair value of cash flow hedging					(307)				(307)		(307)
Change in fair value of hedging instruments on foreign operations							(1,349)		(1,349)		(1,349)
Change in fair value of available-for-sale financial investments						230			230		230
Other comprehensive income		-	-	-	(311)	230	(36,703)	-	(36,784)	-	(36,784)
Net profit								172,036	172,036	10,141	182,177
Total comprehensive income		-	-	-	(311)	230	(36,703)	172,036	135,252	10,141	145,393
Dividends	13							(166,535)	(166,535)	(13,668)	(180,203)
Balance Sheet as at 30 June 2016		629,293	22,452	(6,060)	(212)	-	(100,964)	765,901	1,310,410	247,999	1,558,409

To be read with the attached notes to the consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT FOR JUNE 2016 AND 2015

		Euro thousand	
	Notes	2016	2015
Operating Activities			
Cash received from Customers		7,839,785	7,485,487
Cash paid to suppliers		(6,947,573)	(6,656,561)
Cash paid to employees		(544,934)	(524,375)
Cash generated from operations	12	347,278	304,551
Interest paid		(8,672)	(14,264)
Income taxes paid		(59,848)	(52,899)
Cash Flow from operating activities		278,758	237,388
Investment activities			
Disposals of tangible assets		341	1,705
Disposals of available-for-sale financial assets		1,697	-
Interest received		816	953
Dividends received		2,749	11,373
Acquisition of tangible assets		(179,629)	(179,879)
Acquisition of financial investments and Investment property		(5,188)	(2)
Acquisition of intangible assets		(1,720)	(9,508)
Cash flow from investment activities		(180,934)	(175,358)
Financing activities			
Received from loans		26,583	116,002
Reimbursement of loans		(212,758)	(95,100)
Dividends paid	13	(180,203)	(167,412)
Cash Flow from financing activities		(366,378)	(146,510)
Net changes in cash and cash equivalents		(268,554)	(84,480)
Cash and cash equivalents changes			
Cash and cash equivalents at the beginning of 1 st Half		441,688	430,660
Net changes in cash and cash equivalents		(268,554)	(84,480)
Effect of currency translation differences		(9,109)	1,571
Cash and cash equivalents at the end of 1 st Half	11	164,025	347,751

To be read with the attached notes to the consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT FOR THE INTERIM PERIOD

	Euro thousand			
	1 st Half 2016	1 st Half 2015	2 nd Quarter 2016	2 nd Quarter 2015
Cash Flow from operating activities	278,758	237,388	205,171	177,877
Cash Flow from investment activities	(180,934)	(175,358)	(88,733)	(81,630)
Cash Flow from financing activities	(366,378)	(146,510)	(241,002)	(227,296)
Cash and cash equivalents changes	(268,554)	(84,480)	(124,564)	(131,049)

Index to the Notes to the Consolidated Financial Statements	Page
1. Activity	20
2. Accounting policies	20
3. Segments reporting	21
4. Gross profit and operating costs	22
5. Net financial costs	23
6. Income tax recognised in the income statement	23
7. Fixed assets, intangible assets and investment property	23
8. Derivative financial instruments	24
9. Investments in joint ventures and associates	24
10. Trade debtors, accrued income and deferred costs	24
11. Cash and cash equivalents	24
12. Cash generated from operations	25
13. Dividends	25
14. Basic and diluted earnings per share	25
15. Borrowings	25
16. Provisions and employee benefits	26
17. Trade creditors, accrued costs and deferred income	26
18. Contingencies	27
19. Related parties	27
20. Events after the balance sheet date	28

1. Activity

Jerónimo Martins, SGPS, S.A. (JMH), is the parent Company of Jerónimo Martins Group (Group) and has its head office in Lisbon.

Jerónimo Martins Group is devoted to the production, distribution and sale of food and other fast moving consumer goods products. The Group operates in Portugal, Poland and Colombia.

Head Office: Rua Actor António Silva, n.º 7, 1649-033 Lisboa

Share Capital: 629,293,220 euros

Registered at the Commercial Registry Office of Lisbon and Tax Number: 500 100 144

JMH has been listed on Euronext Lisbon since 1989.

The Board of Directors approved these consolidated financial statements on 26 July 2016.

2. Accounting policies

All amounts are shown in thousand euros (EUR thousand) unless otherwise stated.

The amounts presented for quarters, and the corresponding changes are not audited.

The JMH consolidated financial statements were prepared in accordance with the interim financial reporting standard (IAS 34), and all other International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union.

The consolidated financial statements were prepared in accordance with the same standards and accounting policies adopted by the Group in the preparation of the annual financial statements, including an explanation of the events and relevant changes for the understanding of variations in the financial position and Group performance since the last annual report. Thus, some of the notes from the 2015 annual report are omitted because no changes occurred or they are not materially relevant for the understanding of the interim financial statements.

As mentioned in the Consolidated Financial Statements chapter of the 2015 Annual Report, point 30 - Financial risks, the Group, as a result of its normal activity, is exposed to several risks which are monitored and mitigated throughout the year. During the first six months of 2016, there was no material changes in addition to the notes detailed below, that could significantly change the assessment of the risks that the Group is exposed to.

2.1. New standards, amendments and interpretations adopted by the Group

In 2015, the EU issued the following Regulations, which were adopted by the Group from January 1st 2016:

EU Regulation	IASB Standard or IFRIC Interpretation endorsed by EU	Issued in	Mandatory for financial years beginning on or after
Regulation no. 28/2015	Annual Improvements to IFRS's 2010–2012 Cycle: IFRS 2 Share-Based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets (Amendment)	December 2013	February 1, 2015
Regulation no. 29/2015	IAS 19 Employee Benefits: Defined Benefit Plans - Employee Contributions (Amendment)	November 2013	February 1, 2015
Regulation no. 2113/2015	IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants (amendment)	June 2014	1 January 2016
Regulation no. 2173/2015	IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations (amendment)	May 2014	1 January 2016
Regulation no. 2231/2015	IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation (amendment)	May 2014	1 January 2016
Regulation no. 2343/2015	Annual Improvements to IFRS's 2012–2014 Cycle: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting (amendment)	September 2014	1 January 2016
Regulation no. 2406/2015	IAS 1 Presentation of Financial Statements: Disclosure Initiative (amendment)	December 2014	1 January 2016
Regulation no. 2441/2015	IAS 27 Separate Financial Statements: Equity Method in Separate Financial Statements (amendment)	August 2014	1 January 2016

The Group adopted the new improvements, with no significant impact on the Consolidated Financial Statements.

2.2. New standards, amendments and interpretations issued by IASB and IFRIC, but not yet endorsed by EU

IASB issued in 2016 the following standards and amendments that are still pending endorsement by the EU:

IASB Standard or IFRIC Interpretation	Issued in	Expected application for financial years beginning on or after
IFRS 16 Leases (new)	January 2016	1 January 2019
IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (amendment)	January 2016	1 January 2017
IAS 7 Statement of Cash Flows: Disclosure Initiative (amendment)	January 2016	1 January 2017
IFRS 15 Revenue from Contracts with Customers: Clarifications (amendment)	April 2016	1 January 2018
IFRS 2 Share-based Payment: Classification and Measurement of Transactions (amendment)	June 2016	1 January 2018

The new standard IFRS 16 eliminates the classification of leases as either operating leases or finance leases for lessees, as is required by IAS 17 and, instead, introduces a single accounting model, very similar to the current treatment that is given to finance leases in lessee accounts.

This single accounting model provides for the lessee the recognition of: i. assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value, regardless of the lease term; and ii. depreciation of lease assets separately from interest on lease liabilities in the Income Statement.

Management is assessing the impacts that will result from adopting this new standard, and expects that its adoption will have a significant impact on the Group's Consolidated Financial Statements, as result of the capitalisation of the assets which are currently under operating leases and recording their respective liabilities.




Management is also currently evaluating the impact of adopting the remaining amendments to standards already issued, and do not expect any significant impact on the Group's Consolidated Financial Statements.

2.3. Transactions in foreign currencies

Transactions in foreign currencies are translated into Euros at the exchange rate prevailing on the transaction date.

On the balance sheet date, monetary assets and liabilities expressed in foreign currencies are translated at the exchange rate prevailing on that date and exchange differences arising from this conversion are recognised in the income statement. When qualifying as hedges on investments in foreign subsidiaries the exchange differences are deferred in equity.

The main exchange rates applied on the balance sheet date are as follows:

Euro foreign exchange reference rates (foreign exchange units per 1 Euro)	Rate on 30 June 2016	Average rate for the half year
 Polish Zloty (PLN)	4.4362	4.3661
 Swiss Franc (CHF)	1.0867	-
 Colombian Peso (COP)	3,237.5100	3,475.4200

3. Segments reporting

Segment information is presented in accordance with internal reporting to Management. Based on this report, the Management evaluates the performance of each segment and allocates the available resources.

Management monitors the performance of the business based on a geographical and business perspective. In accordance with this, the segments are defined as Portugal Retail, Portugal Cash & Carry and Poland Retail. Apart from these there are also other businesses but due to their low materiality are not reported separately.

Business segments:

- Portugal Retail: comprises the business unit of JMR (Pingo Doce supermarkets);
- Portugal Cash & Carry: includes the wholesale business unit Recheio;
- Poland Retail: the business unit with the brand Biedronka;
- Others, eliminations and adjustments: includes i) business units with reduced materiality (Marketing Services and Representations, Restaurants, Agro Business in Portugal, Health and Beauty Retail in Poland, Retail business in Colombia; ii) the Holding Companies; and iii) Group's consolidation adjustments.

Management evaluates the performance of segments based on the Earnings Before Interest and Taxes (EBIT). This indicator excludes the effects of exceptional operating profits/losses.

Detailed Information by Business Segments at June 2016 and 2015

	Portugal Retail		Portugal Cash & Carry		Poland Retail		Others, eliminations and adjustments		Total JM Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net sales and services	1,849,722	1,776,493	408,301	392,847	4,678,335	4,499,036	22,163	(24,378)	6,958,521	6,643,998
Inter-segments	160,340	150,226	2,082	3,028	748	765	(163,170)	(154,019)	-	-
External customers	1,689,382	1,626,267	406,219	389,819	4,677,587	4,498,271	185,333	129,641	6,958,521	6,643,998
Operational cash flow (EBITDA)	79,104	76,695	20,427	18,864	327,255	304,906	(38,992)	(37,378)	387,794	363,087
Depreciations and amortisations	(48,295)	(47,359)	(6,260)	(5,830)	(83,833)	(86,793)	(7,400)	(6,808)	(145,788)	(146,790)
Operational result (EBIT)	30,809	29,336	14,167	13,034	243,422	218,113	(46,392)	(44,186)	242,006	216,297
Exceptional operating profits/losses									(2,408)	(4,713)
Financial results and gains in investments									(3,729)	(5,015)
Income tax									(53,692)	(48,988)
Net result attributable to JM									172,036	149,510
Total assets (1)	1,737,373	1,699,610	365,784	335,979	2,639,447	2,920,437	267,829	376,689	5,010,433	5,332,715
Total liabilities (1)	1,232,327	1,186,485	321,502	284,181	1,984,572	2,126,974	(86,377)	141,856	3,452,024	3,739,496
Investments in fixed assets	63,517	43,156	10,531	10,763	76,542	98,142	29,053	24,940	179,643	177,001

(1) The comparative report is 31th December of 2015

Reconciliation between EBIT and Operational Result

	June 2016	June 2015
EBIT	242,006	216,297
Non recurrent results	(2,408)	(4,713)
Operational Result	239,598	211,584

4. Gross profit and operating costs

	June 2016	June 2015
Net sales and services	6,958,521	6,643,998
Net cost of products sold	(5,482,602)	(5,215,211)
Net cash discount and interest paid to suppliers	8,381	(3,877)
Electronic payment commissions	(11,609)	(9,573)
Other supplementary costs	(3,978)	(4,075)
Cost of sales	(5,489,808)	(5,232,736)
Gross profit	1,468,713	1,411,262
Supplies and services	(252,325)	(244,093)
Advertising costs	(38,647)	(36,617)
Rents	(163,588)	(164,622)
Staff costs	(551,223)	(523,819)
Depreciations and amortisations	(144,637)	(145,686)
Profit/loss with tangible and intangible assets	(2,043)	(903)
Transportation costs	(71,377)	(72,605)
Other operational profit/loss	(2,867)	(6,620)
Distribution and administrative costs	(1,226,707)	(1,194,965)
Legal contingencies	(64)	(162)
Losses from organizational restructuring programmes	(2,344)	(4,753)
Assets write-offs and gains/losses in sale of tangible assets	-	(8)
Others	-	210
Exceptional operating profits/losses	(2,408)	(4,713)
Operating profit	239,598	211,584

5. Net financial costs

	June 2016	June 2015
Interest expense	(6,987)	(13,164)
Interest received	808	1,080
Dividends	37	23
Net foreign exchange	(2,651)	1,063
Other financial costs and gains	(1,719)	(1,942)
Fair value of financial investments held for trade:		
Derivative instruments (note 8)	(6)	1
	(10,518)	(12,939)

The interest expense heading includes the interest regarding loans measured at amortized cost, as well as interest on cash flow hedging instruments (note 8).

Other financial costs and gains include costs with debt issued by the Group, recognised in results through effective interest method.

6. Income tax recognised in the income statement

	June 2016	June 2015
Current income tax		
Current tax of the year	(62,285)	(55,048)
Adjustment to prior year estimation	1,470	356
	(60,815)	(54,692)
Deferred tax		
Temporary differences created and reversed	7,001	5,392
Change to the recoverable amount of tax losses and temporary differences from previous years	(600)	(405)
	6,401	4,987
Other gains/losses related to taxes		
Impact of changes in estimates for tax litigations	722	717
	722	717
Total income tax	(53,692)	(48,988)

Income tax expense is recognised based on the weighted average annual income tax rate expected for the year.

In 2016 the income tax rates for Group companies were the same applied in 2015.

7. Fixed assets, intangible assets and investment property

	Tangible assets	Investment property	Intangible assets	Total
Net value at 31 December 2015	2,890,113	20,387	809,796	3,720,296
Foreign exchange differences	(59,464)	-	(17,493)	(76,957)
Increases	177,923	-	1,720	179,643
Disposals and write-offs	(2,392)	(1,744)	(1)	(4,137)
Transfers	4	-	(4)	-
Depreciation and impairment losses	(138,840)	-	(6,987)	(145,827)
Fair value changes	-	(285)	-	(285)
Net value at 30 June 2016	2,867,344	18,358	787,031	3,672,733

Net value of intangible assets at 30 June 2016 include Goodwill amounted EUR 628,153 thousand.

As a consequence of currency translation adjustment of the assets in the Group's businesses reported in foreign currency, the net amount of tangible and intangible assets decreased by EUR 76,957 thousand, which includes a decrease of EUR 12,034 thousand related to Goodwill from business in Poland.

The difference to total of amortisations stated in note 4, relates mainly to the production activities that were attributable to the cost of the goods sold.

8. Derivative financial instruments

	Notional	June 2016				Notional	December 2015			
		Assets		Liabilities			Assets		Liabilities	
		Current	Non-current	Current	Non-current		Current	Non-current	Current	Non-current
Derivatives held for trading										
Currency forwards (COP)	834 million COP	-	-	6	-					
Cash flow hedging derivatives										
Interest rate swap (PLN)	206 million PLN	-	-	-	261	212 million PLN	-	122	-	-
Investments in foreign entities hedging derivatives										
Currency forwards (PLN)						338 million PLN	128		93	
Total derivatives held for trading				6	-					
Total hedging derivatives					261		128	122	93	-
Total assets/liabilities derivatives				6	261		128	122	93	-

9. Investments in joint ventures and associates

During the 1st half of 2016, the movement under this heading was as follows:

	Joint ventures	Associates	Total
Balance at 1 January	75,789	689	76,478
Equity method:			
Net result	7,598	(32)	7,566
Dividends and other income received	(2,711)	-	(2,711)
Balance at 30 June	80,676	657	81,333

10. Trade debtors, accrued income and deferred costs

	June 2016	December 2015
Non-current		
Other debtors	81,803	80,849
Collateral deposits associated to financial debt	34,367	34,367
Deferred costs	2,845	3,388
	119,015	118,604
Current		
Commercial customers	59,223	53,501
Other debtors	61,931	87,770
Other taxes receivable	11,674	11,754
Accrued income and deferred costs	114,791	124,250
	247,619	277,275

Non-current debtors are mainly related to additional corporate income tax liquidation as well as pre-paid corporate income tax, which the Group has already contested and made a legal claim for reimbursement.

The debtor's amount is registered at the recoverable value. The Group constitutes provisions for impairment losses whenever there are signs of uncollectable amounts.

11. Cash and cash equivalents

	June 2016	December 2015
Bank deposits	126,184	129,946
Short-term investments	34,138	306,932
Cash and cash equivalents	3,703	4,810
	164,025	441,688

12. Cash generated from operations

	June 2016	June 2015
Net results	172,036	149,510
Adjustments for:		
Non-controlling interests	10,141	8,071
Income tax	53,692	48,988
Depreciations and amortisations	145,788	146,790
Provisions and other operational gains and losses	2,395	4,559
Net financial costs	10,518	12,939
Profit/ Losses in associated companies	(7,566)	(7,924)
Profit/ Losses in other investments	777	-
Profit/ Losses on tangible and intangible assets	2,053	700
	389,834	363,633
Changes in working capital:		
Inventories	(33,469)	(42,119)
Trade debtors, accrued income and deferred costs	(6,281)	(7,804)
Trade creditors, accrued costs and deferred income	(2,806)	(9,159)
	347,278	304,551

13. Dividends

Dividends distributed in 2016 in the amount of EUR 180,203 thousand, include an amount of EUR 166,535 thousand paid to JMH Shareholders, and an amount of EUR 13,668 thousand paid to non-controlling interests in the Group companies.

14. Basic and diluted earnings per share

	June 2016	June 2015
Ordinary shares issued at the beginning of the year	629,293,220	629,293,220
Own shares at the beginning of the year	(859,000)	(859,000)
Weighted average number of ordinary shares	628,434,220	628,434,220
Diluted net results of the year attributable to ordinary shares	172,036	149,510
Basic and diluted earnings per share – Euros	0.2738	0.2379

15. Borrowings

In the first half of the year the Group financing needs were supported by short-term instruments, mainly of commercial paper issues.

Jerónimo Martins Polska issued a new credit line, bank overdraft, with a limit of PLN 180.000 thousand. However the use of external financing, in addition to the existing structure funding, has been occasional, since the requirements have been largely met by loans from other Group companies.

Jerónimo Martins Polska early repaid two loans in a total amount of PLN 400.000 thousand, which had initial maturity in 2017.

Jerónimo Martins Colombia renegotiated the terms and conditions of the credit lines which already held and increased the limits of its short term credit lines in COP 70.000.000 thousand.

For the Portuguese Companies, the Group uses grouped credit lines, which means that the maximum amount approved by a financial entity can be used simultaneously by more than one company. The amount of credit lines which are not being used, amount to EUR 145,800 thousand (2015: EUR 140,000 thousand).

15.1. Current and non-current loans

	June 2016	December 2015
Non-current loans		
Bank loans	178,990	384,291
Bond loans	150,000	150,000
Financial lease liabilities	60	131
	329,050	534,422
Current loans		
Bank overdrafts	6,848	8,831
Bank loans	132,115	114,491
Financial lease liabilities	147	188
	139,110	123,510

As a result of JMR bond loan refinancing and re-negotiation of Commercial Paper conditions carried out in December, the average rates of these loans reduced significantly in 2016, from 3.45% to 0.56% and from 2.22% to 0.62%, respectively.

15.2. Financial debt

As the Group contracted several foreign exchange rate risk and interest risk hedging operations, as well as short-term investments, the net consolidated financial debt as at 30 June is as follows:

	June 2016	December 2015
Non-current loans (note 15.1)	329,050	534,422
Current loans (note 15.1)	139,110	123,510
Derivative financial instruments (note 8)	267	(157)
Interest on accruals and deferrals	581	473
Bank deposits (note 11)	(126,184)	(129,946)
Short-term investments (note 11)	(34,138)	(306,932)
Collateral deposits associated to financial debt (note 10)	(34,367)	(34,367)
	274,319	187,003

16. Provisions and employee benefits

	Risks and contingencies	Employee benefits
Balance at 1 January	83,947	42,908
Set up, reinforced and transfers	1,449	1,411
Unused and reversed	(1,437)	-
Foreign exchange difference	(87)	-
Used	(117)	(1,202)
Balance at 30 June	83,755	43,117

17. Trade creditors, accrued costs and deferred income

	June 2016	December 2015
Non-current		
Other commercial creditors	3	1
Accrued costs and deferred income	799	812
	802	813
Current		
Other commercial creditors	2,247,779	2,359,812
Other non-commercial creditors	180,159	182,184
Other taxes payables	83,942	76,024
Accrued costs and deferred income	264,362	253,697
	2,776,242	2,871,717

18. Contingencies

The 2016 Portuguese State Budget law includes a transitory rule that could have a material impact for our Group and, in particular, for the JMR and Recheio subsidiaries.

According to this law 1/4 (one quarter) of all the book gains derived from internal transactions (i.e. transactions between affiliated companies within the same fiscal group) - that under the previous legal framework were not taxable unless (i) a transaction with third parties took place or (ii) the tax group was dissolved - are to be added to the 2016 collectable income and subject to Corporate Income Tax, with an advanced payment to take place in July.

In the late nineties JMR and Recheio and its respective subsidiaries went through a significant restructuring process following several acquisitions and the decision to reorganise the Group's assets. The transactions between the several companies within the JMR and Recheio Groups were made according to the existing legal framework and in line with best practices (arm's length at market value) having generated suspended internal book gains.

Considering that the transactions were all internal, these book gains are obviously eliminated in the consolidation process while still being reflected in the individual accounts.

Based on the initial assessment of our legal and fiscal advisors, we firmly believe that there is sufficient ground to oppose the said rule. Therefore, we are not incorporating the considered amount that results from the application of this 2016 transitory rule - c. EUR 50,000 thousand in taxes - in Jerónimo Martins' first half results.

Following the contingencies mentioned in the 2015 Annual Report, changes occurred on the headings **f)**, **g)** and **j)**:

- f)** The Portuguese Tax Authorities carried out some corrections of VAT rates applied to certain goods sold by some Group Companies. With these corrections the total amount of assessments for the years 2005 to 2013 in Pingo Doce, Feira Nova and Recheio amounted to EUR 1,820 thousand, EUR 1,300 thousand and EUR 551 thousand, respectively. The Board of Directors believes that the Tax Authorities have no grounds to request this payment and these assessments have been challenged;
- g)** The Portuguese Tax Authorities carried out some corrections to the CIT from Companies included in the perimeter of the Tax Group headed by Recheio SGPS. With these corrections the total assessments concerning 2007 to 2013, amount to EUR 14,936 thousand. We believe that the Tax Authorities have no grounds to request this payment and these assessments have been challenged. The Lisbon Tax Court has already ruled in favour of Recheio SGPS regarding the 2008 assessment. However Tax Authorities have appealed the said decision;
- j)** The Food and Veterinary Department (Direcção-Geral de Alimentação e Veterinária) claimed from Pingo Doce, Recheio and Hussel an amount of EUR 11,207 thousand, EUR 868 thousand and EUR 25 thousand, respectively, in respect of the Food Safety Tax (Taxa de Segurança Alimentar Mais - TSAM) assessed for the years 2012 to 2016. The values at stake have been challenged in Court, since it is understood that this tax is not due, namely on the grounds of the unconstitutional nature of the Statute that approved the TSAM. The disputes are still running its course. Despite, in two cases, the court having decided that the Food Safety Tax is not unconstitutional, the Companies maintain their understanding and have presented the respective appeal to higher courts.

19. Related parties

56.14% of the Group is owned by the Sociedade Francisco Manuel dos Santos, and no transactions occurred between this Company and any other company of the Group in the first half of 2016, neither were there any amounts payable or receivable between them on 30 June 2016.

Balances and transactions of Group companies with related parties are as follows:

	Sales and services rendered		Stocks purchased and services supplied	
	June 2016	June 2015	June 2016	June 2015
Joint ventures	7	2	50,609	50,430
Other related parties (*)	39	49	89	73

	Trade debtors, accrued income and deferred costs		Trade creditors, accrued costs and deferred income	
	June 2016	December 2015	June 2016	December 2015
Joint ventures	348	232	21,437	5,556
Other related parties (*)	11	54	66	9

(*) Entities controlled by the major Shareholder of Jerónimo Martins and entities owned or controlled by members of the Board of Directors.

All the transactions with these related parties were made under normal market conditions, i.e. the transaction value corresponds to prices that would be applicable between non-related parties.

Outstanding balances between Group companies and related parties, being a result of a trade agreement, are settled in cash, and are subject to the same payment terms as those applicable to other agreements celebrated between Group companies and their suppliers.

The amounts receivable are not covered by insurance and no guarantees are given or received, as the Group holds a relevant influence over these companies.

There are no adjustments for doubtful debts and no costs were recognised during the year related with bad or doubtful debts with these related parties.

20. Events after the balance sheet date

At the conclusion of this Report, besides the mentioned in paragraph 5 of the Consolidated Management Report, regarding the sale of the subsidiary Monterroio - Industry & Investments B.V., there were no other relevant events to highlight that are not disclosed in the Financial Statements.

Lisbon, 26 July 2016

The Certified Accountant

The Board of Directors



**Limited Review Report Prepared by Auditor Registered
with the Securities Market Commission (CMVM)
on the Consolidated Half Year Information**

(Free translation from the original in Portuguese)

Introduction

1 In accordance with the Portuguese Securities Market Code (CVM), we present our limited review report on the consolidated financial information for the six-month period ended June 30, 2016 of Jerónimo Martins, SGPS, S.A. included in the consolidated Directors' Report, consolidated balance sheet (which shows total assets of Euro 5,010,433 thousand and total shareholders' equity of Euro 1,558,409 thousand, including non-controlling interests of Euro 247,999 thousand and a net profit of Euro 172,036 thousand), consolidated income statement by functions, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and the corresponding notes to the accounts.

2 The amounts in the consolidated financial statements, as well as those in the additional financial information, are derived from the respective accounting records.

Responsibilities

3 It is the responsibility of the Board of Directors: (a) to prepare consolidated financial information which present fairly, in all material respects, the financial position of the companies included in the consolidation, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (b) to prepare historical financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful as required by the CVM; (c) to adopt appropriate accounting policies and criteria; (d) to maintain appropriate systems of internal control; and (e) to disclose any significant matters which have influenced the activity, financial position or results.

4 Our responsibility is to verify the financial information included in the documents referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the CVM, for the purpose of issuing an independent and professional report based on our work.

Scope

5 Our work was performed with the objective of obtaining moderate assurance about whether the financial information referred to above is free from material misstatement. Our work was performed in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors, planned according to that objective, and consisted primarily, in enquiries and analytical procedures, to review: (i) the reliability of the assertions included in the financial information; (ii) the appropriateness and consistency of the accounting principles used, as applicable; (iii) the applicability, or not, of the going concern basis of accounting; (iv) the presentation of the financial information; (v) as to whether the consolidated financial information is complete, true, up-to-date, clear, objective and lawful.

*PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485*

6 Our work also covered the verification that the information included in the consolidated Directors' Report is consistent with the remaining documents referred to above.

7 We believe that the work performed provides a reasonable basis for the issue of this limited review report on the half year information.

Conclusions

8 Based on the work, which was performed with the objective of obtaining a moderate level of assurance, nothing has come to our attention that leads us to conclude that the consolidated financial information for the six-month period ended June 30, 2016 contain material misstatements that affect its conformity with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union and that it is not complete, true, up-to-date, clear, objective and lawful.

Report on other requirements

11 Based on the work, nothing has come to our attention that leads us to believe that the information included in the consolidated Directors' Report is not consistent with the consolidated financial information for the period.

July 29, 2016

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with no. 20161485
represented by:

João Rui Fernandes Ramos, R.O.C.

(This is a translation, not to be signed)