

MANAGEMENT REPORT AND ACCOUNTS

9M16



The consolidated financial information disclosed in this report is based on unaudited financial statements, prepared in accordance with the International Financial Reporting Standards (IAS/IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the European Union.



Table of contents

1. Main Highlights	4
2. Sonaecom Consolidated Results	4
2.1 Telecommunications	5
2.2 Technology	6
2.3 Media	9
3. Appendix	10
4. Financial Information	12
4.1 Sonaecom consolidated financial statements	12
4.2. Notes to the consolidated financial statements of Sonaecom	20
4.3 Sonaecom individual financial statements	78
4.4 Notes to the individual financial statements of Sonaecom	84



1. Main Highlights

Consolidated turnover decreasing 1.6% y.o.y but with Service Revenues increasing 2.6% q.o.q, fuelled by technology area

At NOS, strong y.o.y growth in core telco operating revenues and EBITDA

Turnover of 87.9 million euros at the Technology area with international markets representing 52.6%

Positive Cash Flow of €91.6m driven by dividends and the sale of the 2.14% direct stake on NOS to ZOPT

2. Sonaecom Consolidated Results

Telecommunications area, which includes a 50% stake in ZOPT - consolidated through the equity method - now with a 52.15% stake in NOS post the sale of Sonaecom's 2.14% direct stake, in June 2016, continues with a strong performance.

In the Technology area, portfolio expansion initiatives continued to be deployed. The creation of Bright Pixel, launched in April, positioned as a company builder studio, represents a significant reinforcement targeting early stage investment opportunities. During the first semester, Sonae IM and S21sec strengthened their position in European cybersecurity markets through the acquisition of SysValue. This acquisition means that Sonae IM now holds, through its portfolio companies, the leading pure play cybersecurity position in Portugal, and is able to leverage significant synergies between Grupo S21sec Gestão and SysValue. In July, it was announced the acquisition of InovRetail, a data analytics company that supports the retailer's decision-making process and, in August, it was announced an agreement with Novo Banco, S.A. to be the leading investor in a transaction involving the acquisition of the participation units in 3 venture capital funds, being the completion of this agreement conditional to the necessary approval from Banco de Portugal. This last transaction will reinforce the portfolio with sizeable stakes in leading edge companies such as Outsystems and Feedzai.

Turnover

Consolidated turnover in 9M16 reached 98.1 million euros, decreasing 1.6% when compared to 9M15. This reduction was driven by a 1.4% decrease in service revenues and a 1.9% decrease in sales. However, it should be highlighted that, for the second consecutive quarter, the service revenues presented positive evolution, when compared to the same quarter last year.

Operating costs

Operating costs amounted to 98.4 million euros, 1.0% above 9M15. Personnel costs grew 1.5% driven by the increase in the average number of employees. Commercial costs decreased 1.5% to 28.5 million euros, driven by the decrease in cost of goods sold, aligned with the lower level of sales. The increase in other operating costs is mainly explained by the higher level of Outsourcing services.

EBITDA

Total EBITDA stood at 16.5 million euros, 16.6% below 9M15, on the back of underlying EBITDA decrease but also driven by the 2.5% decrease at equity results, which are mostly impacted by ZOPT contribution, which in turn depends on NOS net income evolution.

Net results

Sonaecom's EBIT decreased 40.1% to 8.5 million euros, explained by the lower level of EBITDA and the higher level of depreciations.

Net financial results reached negative 5.2 million euros in 9M16, negatively impacted by NOS direct stake fair value adjustment at market price until its sale, amounting to negative 15.7 million euros, and positively impacted by both the 1.8 million euros of dividend received and the capital gain generated by the sale to ZOPT of the 2.14% direct stake in NOS. In 9M15, the fair value adjustment was positive by 23.5 million euros and the dividend received was 1.5 million euros.

Sonaecom's earnings before tax (EBT) decreased to 3.3 million euros, mainly driven by the lower net financial results.

Net results group share stood at 6.0 million euros, which compares with 40.3 million euros in 9M15.

Operating CAPEX

Sonaecom's operating CAPEX increased to 8.2 million euros, reaching 8.3% of turnover, 2.2 p.p. above 9M15.

Capital structure

The cash position increased 73.3 million euros since December 2015 reaching 242.4 million euros. This performance in 9M16 was mainly driven by the sale of the 2.14% direct stake on NOS, by 82.8 million euros, to ZOPT, that contracted debt to finance this acquisition, but also driven by the 20.1 million euros of dividends received from NOS and ZOPT, partially offset by the 17.7 million euros of dividends paid.

2.1 Telecommunications

NOS operating revenues were 1,124.1 million euros in 9M16, growing 5.3% y.o.y.

EBITDA reached 431.8 million euros, increasing 5.3% when compared to 9M15 and representing a 38.4% EBITDA margin.

CAPEX amounted to 292.6 million euros in 9M16, a decrease of 0.7% y.o.y. As a consequence of EBITDA and CAPEX evolution, EBITDA-CAPEX increased 20.8%.

Net Financial Debt to EBITDA stood at 2.0x at the end of 9M16 and the average maturity of the company's net financial debt reached 3.3 years.

NOS published its 9M16 results on 7th November, 2016, which are available at www.nos.pt.

During 9M16, the NOS share price decreased 16.4% from €7.246 to €6.057, whilst PSI20 decreased by 13.5%.

Operational Indicators

Operational Indicators ('000)	3Q15	3Q16	Δ 16/15	2Q16	q.o.q.	9M15	9M16	Δ 16/15
Total RGUs	8 276.7	8 941.5	8.0%	8 746.4	2.2%	8 276.7	8 941.5	8.0%
Convergent RGUs	2 665.0	3 271.0	22.7%	3 156.8	3.6%	2 665.0	3 271.0	22.7%
IRIS & UMA subscribers	825.1	955.1	15.8%	927.3	3.0%	825.1	955.1	15.8%
3,4 and 5P subscribers	936.7	1 040.0	11.0%	1 018.2	2.1%	936.7	1 040.0	11.0%

Financial indicators

NOS HIGHLIGHTS	3Q15	3Q16	Δ 16/15	2Q16	q.o.q.	9M15	9M16	Δ 16/15
Operating Revenues	367.9	381.0	3.5%	372.8	2.2%	1 067.9	1 124.1	5.3%
EBITDA	143.5	145.2	1.2%	148.7	-2.3%	409.8	431.8	5.3%
EBITDA margin (%)	39.0%	38.1%	-0.9pp	39.9%	-1.8pp	38.4%	38.4%	0.0pp
Net Income	26.2	27.5	4.8%	26.5	3.8%	73.5	78.4	6.6%
CAPEX	97.9	96.6	-1.4%	101.0	-4.3%	294.6	292.6	-0.7%
EBITDA-CAPEX	45.6	48.7	6.8%	47.7	2.0%	115.2	139.2	20.8%



2.2 Technology

The Technology area pursuing its active portfolio strategy, aiming at strengthening its position as a technological reference at an international scale, in selected IT areas, managed to launch Bright Pixel and to close Sysvalue and InovRetail acquisitions in the 9M16. This area currently comprises six companies in the IT/IS sector that generated circa 52.6% of its revenues outside the Portuguese market with 42% out of the total 998 employees based abroad.

WeDo Technologies is a worldwide leader in Revenue Assurance and Fraud Management software that works with more than 190 telecommunications operators from more than 90 countries. 77.4% of its turnover is generated in the international market.

During the 9M16, WeDo was present and hosted some events in which it revealed details of its new RAID solutions and features. WeDo was present in: (i) NRF's Annual Convention in New York, (ii) Mobile World Congress in Barcelona and (iii) the 4th Annual Revenue Assurance Forum for Utilities in London; and organized (i) its first Conference in Kuala Lumpur (counted more than 11 CSPs and 79 delegates), (ii) its first Conference in Santiago (Chile) (more than 55 guests from 6 Latin American countries and 5 telecom operators), (iii) the 2nd edition of the North America WeDo Conferences in Miami (58 delegates, 14 operators and 6 countries represented), and (iv) its 11th annual Worldwide User Group and Summit in May, attracting over 450 attendees and 55 operators, including a large community of Revenue Assurance (RA) and Fraud Management (FM) managers, representing more than 45 countries around the world.

During this period, the company won nine new telecom customers (4 in Europe, 1 in Asia Pacific, 2 in North America, **1 in the Caribbean's** and 1 in Africa), enlarging its global footprint in three new countries: Tunisia, Cyprus and Bahamas. From these new customers, 80% were related to sales from Revenue Assurance and Fraud Management software. The number of Software installations under active Software Maintenance contracts has also increased from 150 (end of 2015) to 164. Almost all are related to RAID Revenue Assurance and Fraud Management software but also to its Broker Family (Incentives Broker). It is also worth to note that WeDo' **activity** obtained the renewal of ISO 27001 certification during this period.

S21Sec is a leading multinational cybersecurity player, focused exclusively on providing security services and technologies. Since its foundation, the company has grown through constant investment in innovation and today works with a global customer base, leveraging its teams in Spain, Portugal, Mexico and UK, together with a network of selected partners that ensure local support and touch points in other key markets. During the 9M16, S21sec launched its new brand strategy, with the corporate claim "**S21sec, Your Cybersecurity Company**", giving emphasis to the company's unfettered customer focus, long range experience and deep expertise in the market. S21sec also introduced zSigma21, its revamped and unique services portfolio which integrate, on a single Delivery platform, the company's Advanced Cybersecurity Services (ACS), SOC-CERT and Professional Services. The company also used the opportunity to launch a new addition to its Lookwise product portfolio: Lookwise Compliance Manager (LCM) for PCI-DSS, which is a solution that addresses the common pain points that companies experience when obtaining or maintaining this certification.

A new website and social media have also been used as a platform to communicate the **re-launch of the company's security training offering: S21sec Academy**. As the company continues to enhance its touch points with customers, S21sec has introduced a 24x7x365 Emergency Contact, which companies that have experienced, or are in the process of experiencing, a cyber incident, can contact and receive immediate expert support. During this period, S21sec also strengthened its international reach by formalising a distributor agreement with Sphere Alliance International, a group of specialised ATM spare parts and services companies with activities in the Americas, Europe and Asia, and signed strategic agreements to distribute its flagship product, Lookwise Device Manager for ATM, with Prosegur and Eurotechzam. S21sec also continued to demonstrate its commitment to the government sector and its collaboration with law enforcement agencies by becoming a founding member of the European Cyber Security Organisation (ESCO), a public-private partnership with the European Commission, and by working with Europol to run expert banking fraud training. The company also launched the latest version of its Lookwise Device Manager (LDM) product for the ATM market.

Saphety is a solutions provider for business processes optimization that has a strong position in electronic invoicing and EDI (Electronic Data Interchange) market, as well as in data synchronization for GS1 worldwide organizations.

This period has been marked by a good business development activity, with some important new contracts including Validoo Sweeden (GS1), ADIF Spain, *Serviços Partilhados do Ministério da Saúde*, Brisa and several operators in the healthcare cluster. **Saphety's customer base has now over 8,500 customers and 130,000 users in about 26 countries.** As a result of this commercial activity, international revenues increased more than 43.5% when compared to the same period of 2015, namely on SaphetySYNC line of business (+27%), with international markets representing circa 44.0% of total revenues. Also relevant, the profitability (EDITDA) grew 15% when compared to 9M15.

Saphety's activity was also certified in ISO27001 standard, reinforcing its commitment with the worldwide best practices.

Bizdirect is a technology company specialized in IT solutions commercialization, consulting and management of corporate software licensing contracts and Microsoft solutions integration.

During the 9M16, its Licensing business unit, focused in Microsoft contract management, grew 15% in revenues versus 9M15 with 24 new customers and its Nearshore business model, supported by Bizdirect Competence Center in Viseu, has duplicated the turnover compared to the same period of 2015.



International revenues represented 9.0% of total Turnover and Bizdirect notoriety in European market is growing with new target countries being achieved: Germany, France, Ireland, Hungary and Switzerland. Nearshore already counts with 23 international customers from 15 countries.

InovRetail is a company whose core business is the development of advanced analytics tools, aiming to assist retailers in improving performance, by making more informed decisions. The company's main product is the predictive analytics engine, Smart Measure, that provides highly reliable forecasts of sales, promotions impacts and stock levels, based on machine learning algorithms that combine data from the retailers' stores and sales, as well as from over 100 external sources. The next steps include accelerating growth in existing markets, as well as penetrating new ones, through the investment in building up the team, improving the SaaS platform and reinforcing R&D.

Bright Pixel, publicly launched in April, is a company builder studio that counts with a group of experienced builders, creative thinkers and investors whose goal is to transform the creation of new ventures and the way companies address innovation. Bright Pixel is managing a venture lifecycle going from experimentation and lab phases that has the objective to identify ideas and projects that should be brewed in its incubation programme. Bright Pixel invests and supports the development of internally brewed projects as well as assisting their first batch of invited startups in their product development roadmap and market rollout. Currently, we can highlight *Probe.ly* and *Graf.ly*, two internal projects that have been selected to Lisbon Challenge and Web Summit, as well as, Eat Tasty and Meshapp, now rolling out their projects to several geographies. Bright Pixel is also investing in events, like the recently held Pixels Camp, to link its activity to the tech community, as well as promoting a close relationship with its partners by developing quick proof of concepts aimed at resolving technology and business needs in themes such as retail, media, cyber-security and telecommunications.

In October, a €3.8m funding from IFD (*Instituição Financeira de Desenvolvimento*) to venture capital funds was approved (still on a preliminary report) to Bright Ventures Capital, an affiliate of Bright Pixel.

Financial indicators

Million euros

TECHNOLOGY AREA	3Q15	3Q16	Δ 16/15	2Q16	q.o.q.	9M15	9M16	Δ 16/15
Turnover	29.1	27.3	-6.3%	34.1	-19.9%	88.6	87.9	-0.8%
Service Revenues	20.0	20.6	2.8%	22.7	-9.5%	63.4	62.6	-1.3%
Sales	9.1	6.7	-26.3%	11.3	-40.6%	25.2	25.3	0.5%
Other Revenues	0.3	0.1	-51.2%	0.2	-21.1%	0.9	0.6	-34.6%
Operating Costs	27.1	26.2	-3.1%	32.9	-20.3%	83.2	85.4	2.6%
Personnel Costs	9.9	11.0	11.5%	9.7	13.3%	29.5	30.7	4.3%
Commercial Costs ⁽¹⁾	9.4	6.5	-31.1%	11.8	-45.5%	25.8	25.6	-0.8%
Other Operating Costs ⁽²⁾	7.8	8.8	12.0%	11.3	-22.7%	27.9	29.0	4.1%
EBITDA	2.3	1.2	-46.9%	1.4	-9.4%	6.2	3.1	-49.4%
Underlying EBITDA ⁽³⁾	2.4	1.2	-48.2%	1.4	-9.4%	6.3	3.1	-50.6%
Underlying EBITDA Margin (%)	8.2%	4.5%	-3.7pp	4.0%	0.5pp	7.1%	3.6%	-3.6pp
Operating CAPEX ⁽⁴⁾	1.6	3.0	86.0%	2.8	8.0%	5.2	7.6	45.3%
Operating CAPEX as % of Turnover	5.6%	11.0%	5.5pp	8.2%	2.8pp	5.9%	8.6%	2.7pp
Underlying EBITDA - Operating CAPEX	0.8	-1.8	-	-1.4	-24.5%	1.1	-4.4	-
Total CAPEX	1.6	4.6	185.6%	3.7	24.0%	5.2	10.1	94.3%

(1) Commercial Costs = COGS + Mktg & Sales; (2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others; (3) Includes the businesses fully consolidated at Technology area; (4) Operating CAPEX excludes Financial Investments.

Turnover

Turnover decreased 0.8% y.o.y., to 87.9 million euros. Service Revenues decreased 1.3% to 62.6 million euros while Sales increased by 0.5% to 25.3 million euros. However, it should be highlighted the 2.8% positive evolution of Service Revenues when compared to 3Q15.

Operating costs

Operating costs increased 2.6%, reaching 85.4 million euros, driven by higher staff and other operating costs. Staff costs increased 4.3% driven by the growth in the number of employees. Commercial costs decreased 0.8% driven by cost of goods sold that, despite the higher level of sales, decreased generating higher margins.

EBITDA

Underlying EBITDA reached 3.1 million euros, falling 50.6% y.o.y., and reaching a margin of 3.6%.

Underlying EBITDA-operating CAPEX

Underlying EBITDA-operating CAPEX stood at negative 4.4 million euros, decreasing when compared to 9M15, explained by the lower level of underlying EBITDA and the higher level of CAPEX.



2.3 Media

During the 9M16, Público continued to follow its digital strategy, reinforcing its digital skills and presence in online platforms and continued to be recognized by SDN (Society for News Design), that already attributed 6 awards to the offline and online edition. The offline version has received a special mention in the infographic category while the online version was awarded with 5 special mentions to digital works, being the only Portuguese media agent in the winners list.

This period was also marked by the reinforcement of Público's presence at Brazil, through the co-organization of an event with Globo, by the news coverage of Euro 2016 and, recently, by a new Editorial Direction that started its functions in October.

The positive performance of online revenues (both in advertising and subscriptions) coupled with the cost reduction, resulting from the restructuring initiatives implemented at the end of 2015, positively impacted the EBITDA, that, despite negative of 1.9 million euros, increased 1.3% y.o.y..

3. Appendix

Consolidated income statement

Million euros

CONSOLIDATED INCOME STATEMENT	3Q15	3Q16	Δ 16/15	2Q16	q.o.q.	9M15	9M16	Δ 16/15
Turnover	32.6	30.5	-6.3%	37.8	-19.3%	99.7	98.1	-1.6%
Service Revenues	21.2	21.7	2.6%	24.5	-11.3%	67.7	66.7	-1.4%
Product Sales	11.4	8.8	-22.9%	13.3	-33.9%	32.0	31.4	-1.9%
Other Revenues	0.5	0.2	-55.4%	0.3	-20.1%	1.3	0.9	-28.7%
Operating Costs	31.6	30.6	-3.2%	37.2	-17.5%	97.5	98.4	1.0%
Personnel Costs	12.5	13.5	8.1%	11.9	13.7%	37.3	37.8	1.5%
Commercial Costs ⁽¹⁾	10.3	7.4	-28.3%	12.8	-42.3%	29.0	28.5	-1.5%
Other Operating Costs ⁽²⁾	8.8	9.7	10.3%	12.5	-21.8%	31.3	32.1	2.6%
EBITDA	7.1	5.8	-18.2%	6.3	-8.1%	19.8	16.5	-16.6%
Underlying EBITDA ⁽³⁾	1.4	0.1	-92.6%	0.9	-88.6%	3.5	0.6	-82.8%
Equity method ⁽⁴⁾	5.6	5.7	0.7%	5.4	5.7%	16.3	15.9	-2.5%
Underlying EBITDA Margin (%)	4.4%	0.3%	-4.1pp	2.4%	-2.1pp	3.5%	0.6%	-2.9pp
Depreciation & Amortization	1.9	3.4	75.7%	2.2	56.8%	5.6	8.0	43.8%
EBIT	5.1	2.4	-53.4%	4.1	-42.0%	14.3	8.5	-40.1%
Net Financial Results	1.8	-0.2	-	10.9	-	25.2	-5.2	-
Financial Income	2.9	1.4	-52.6%	11.7	-88.4%	27.6	14.2	-48.5%
Financial Expenses	1.1	1.5	41.6%	0.8	84.9%	2.4	19.5	-
EBT	6.9	2.2	-68.1%	15.0	-85.3%	39.5	3.3	-91.6%
Tax results	-0.4	0.3	-	0.9	-61.4%	-0.5	2.3	-
Net Results	6.5	2.5	-61.1%	15.9	-84.0%	39.0	5.7	-85.5%
Group Share	6.8	2.5	-63.0%	15.9	-84.1%	40.3	6.0	-85.1%
Attributable to Non-Controlling Interests	-0.3	0.0	-	0.0	-	-1.3	-0.3	73.6%

(1) Commercial Costs = COGS + Mktg & Sales Costs; (2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others;

(3) Includes the businesses fully consolidated by Sonaecom;

(4) Includes the 50% holding in Unipress, the 45% holding in SIRS, the 50% holding in Big Data and the 50% holding in ZOPT.

Consolidated balance sheet

Million euros

CONSOLIDATED BALANCE SHEET	3Q15	3Q16	Δ 16/15	2Q16	q.o.q.	9M15	9M16	Δ 16/15
Total Net Assets	1,114.3	1,053.7	-5.4%	1,058.0	-0.4%	1,114.3	1,053.7	-5.4%
Non Current Assets	792.5	741.5	-6.4%	744.0	-0.3%	792.5	741.5	-6.4%
Tangible and Intangible Assets	29.1	30.8	5.7%	29.3	5.0%	29.1	30.8	5.7%
Goodwill	29.3	27.6	-5.7%	27.2	1.5%	29.3	27.6	-5.7%
Investments	725.6	676.3	-6.8%	681.1	-0.7%	725.6	676.3	-6.8%
Deferred Tax Assets	8.2	6.5	-20.2%	6.1	7.0%	8.2	6.5	-20.2%
Others	0.3	0.3	4.2%	0.3	5.2%	0.3	0.3	4.2%
Current Assets	321.8	312.2	-3.0%	313.9	-0.6%	321.8	312.2	-3.0%
Trade Debtors	34.4	40.1	16.7%	46.5	-13.8%	34.4	40.1	16.7%
Liquidity	181.9	248.9	36.8%	240.7	3.4%	181.9	248.9	36.8%
Others	105.5	23.2	-78.0%	26.7	-13.3%	105.5	23.2	-78.0%
Shareholders' Funds	1,046.7	989.9	-5.4%	987.7	0.2%	1,046.7	989.9	-5.4%
Group Share	1,048.2	991.5	-5.4%	989.3	0.2%	1,048.2	991.5	-5.4%
Non-Controlling Interests	-1.5	-1.6	-5.6%	-1.6	1.1%	-1.5	-1.6	-5.6%
Total Liabilities	67.6	63.8	-5.6%	70.3	-9.3%	67.6	63.8	-5.6%
Non Current Liabilities	14.5	11.0	-23.7%	9.1	20.9%	14.5	11.0	-23.7%
Bank Loans	9.1	4.4	-51.4%	4.4	-0.2%	9.1	4.4	-51.4%
Provisions for Other Liabilities and Charges	3.4	4.2	23.9%	3.1	37.9%	3.4	4.2	23.9%
Others	2.0	2.4	21.1%	1.7	46.1%	2.0	2.4	21.1%
Current Liabilities	53.1	52.8	-0.7%	61.2	-13.8%	53.1	52.8	-0.7%
Loans	2.1	1.1	-48.2%	1.1	-4.9%	2.1	1.1	-48.2%
Trade Creditors	17.3	19.0	9.9%	26.4	-27.8%	17.3	19.0	9.9%
Others	33.7	32.6	-3.2%	33.7	-3.0%	33.7	32.6	-3.2%
Operating CAPEX ⁽¹⁾	1.8	3.3	80.4%	3.0	10.9%	6.1	8.2	33.8%
Operating CAPEX as % of Turnover	5.7%	10.9%	5.2pp	7.9%	3.0pp	6.1%	8.3%	2.2pp
Total CAPEX	1.8	4.9	167.9%	3.9	25.4%	6.1	10.7	75.6%
Underlying EBITDA - Operating CAPEX	-0.4	-3.2	-	-2.1	-55.2%	-2.6	-7.6	-188.1%
Gross Debt	12.3	6.5	-47.4%	6.6	-2.2%	12.3	6.5	-47.4%
Net Debt	-169.6	-242.4	-42.9%	-234.0	-3.6%	-169.6	-242.4	-42.9%

(1) Operating CAPEX excludes Financial Investments.

Consolidated levered FCF

Million euros

LEVERED FREE CASH FLOW	3Q15	3Q16	Δ 16/15	2Q16	q.o.q.	9M15	9M16	Δ 16/15
Underlying EBITDA-Operating CAPEX	-0.4	-3.2	-	-2.1	-55.2%	-2.6	-7.6	-188.1%
Change in WC	-1.4	3.4	-	-4.6	-	-2.6	-0.5	80.4%
Non Cash Items & Other	-0.1	-0.7	-	-0.1	-	2.7	-0.8	-
Operating Cash Flow	-1.9	-0.5	72.5%	-6.7	92.2%	-2.5	-8.9	-
Investments	0.0	-0.7	-	82.4	-	0.0	81.7	-
Dividends	8.5	10.3	21.3%	9.8	5.6%	17.4	20.1	15.7%
Financial results	-0.9	-0.3	63.4%	0.1	-	0.9	-1.4	-
Income taxes	-1.1	-0.1	86.7%	0.4	-	-1.9	0.1	-
FCF ⁽¹⁾	4.6	8.6	85.7%	86.0	-90.0%	13.8	91.6	-

(1) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs.

4. Financial Information

4.1. Sonaecom consolidated financial statements

Consolidated balance sheets

For the periods ended at 30 September 2016 and 2015 and for the year ended at 31 December 2015

(Amounts expressed in Euro)	Notes	September 2016 (not audited)	September 2015 (not audited)	December 2015
Assets				
Non-current assets				
Tangible assets	1.c, 1.h and 5	3,386,189	2,887,050	2,837,779
Intangible assets	1.d, 1.e and 6	27,410,505	26,249,936	26,048,604
Goodwill	1.f, 1.w and 7	27,640,515	29,322,991	26,893,310
Investments in associated companies and companies jointly controlled	1.b and 8	676,168,177	725,359,538	711,234,593
Financial assets at fair value through profit or loss	1.g, 4 and 9	-	151,645	144,477
Investments available for sale	1.g, 4 and 10	90,779	113,054	90,779
Other non-current assets	1.g, 1.r, 1.x, 4 and 22	290,220	292,244	283,400
Deferred tax assets	1.p, 1.s and 11	6,502,963	8,254,952	6,098,375
Total non-current assets		741,489,348	792,631,410	773,631,317
Current assets				
Financial assets at fair value through profit or loss	1.g, 4 and 9	-	81,173,373	79,796,807
Inventories	1.i	198,915	341,343	398,911
Trade debtors	1.g, 1.j, 4 and 22	40,146,214	34,401,079	40,114,875
Other current debtors	1.g, 1.j, 4 and 22	8,822,885	10,839,126	7,249,940
Other current assets	1.g, 1.r, 1.x, 4 and 22	14,153,134	13,136,911	10,357,955
Cash and cash equivalents	1.g, 1.k, 4 and 12	248,865,016	181,800,413	181,120,060
Total current assets		312,186,164	321,692,245	319,038,548
Total assets		1,053,675,512	1,114,323,655	1,092,669,865
Shareholders' funds and liabilities				
Shareholders' funds				
Share capital	13	230,391,627	230,391,627	230,391,627
Own shares	1.u and 14	(7,686,952)	(7,686,952)	(7,686,952)
Reserves	1.t	762,756,175	785,247,885	769,609,304
Consolidated net income/(loss) for the period		6,002,560	40,291,529	34,610,042
		991,463,410	1,048,244,089	1,026,924,021
Non-controlling interests		(1578,736)	(1,494,509)	(1,706,447)
Total Shareholders' funds		989,884,674	1,046,749,580	1,025,217,574
Liabilities				
Non-current liabilities				
Medium and long-term loans – net of short-term portion	1.l, 1.m, 4 and 15.a	4,411,132	8,969,384	8,565,175
Other non-current financial liabilities	1.h, 4 and 16	532,461	757,339	798,762
Provisions for other liabilities and charges	1.o, 1.s and 17	4,206,300	3,394,301	4,292,553
Deferred tax liabilities	1.p, 1.s and 11	15,967	104,219	-
Other non-current liabilities	1.r, 1.x, 4, 22 and 26	1,863,913	1,235,240	1,429,735
Total non-current liabilities		11,029,773	14,460,483	15,086,225
Current liabilities				
Short-term loans and other loans	1.l, 1.m, 4 and 15.b	1,072,107	2,067,053	2,169,314
Trade creditors	4 and 22	19,045,603	17,334,118	18,992,038
Other current financial liabilities	1.h, 4 and 18	476,211	445,463	520,461
Other creditors	4 and 22	4,421,622	8,234,481	4,592,073
Other current liabilities	1.r, 1.x, 4, 22 and 26	27,745,522	25,032,477	26,092,180
Total current liabilities		52,761,065	53,113,592	52,366,066
Total Shareholders' funds and liabilities		1,053,675,512	1,114,323,655	1,092,669,865

The notes are an integral part of the consolidated financial statements at 30 September 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo Xavier

Maria Cláudia Teixeira de Azevedo

Consolidated profit and loss account by nature

For the periods ended at 30 September 2016 and 2015 and for the year ended at 31 December 2015

(Amounts expressed in Euro)	Notes	September 2016 (not audited)	July to September 2016 (not audited)	September 2015 (not audited)	July to September 2015 (not audited)	December 2015
Sales	1.r and 22	31,402,037	8,783,881	32,019,249	11,399,729	39,968,292
Services rendered	1.r and 22	66,705,368	21,737,600	67,656,846	21,177,941	89,545,612
Other operating revenues	1.q and 22	921,070	224,405	1,292,441	502,855	2,371,294
		99,028,475	30,745,886	100,968,536	33,080,525	131,885,198
Cost of sales	1.i	(25,659,101)	(6,683,893)	(26,403,393)	(9,733,113)	(32,184,381)
External supplies and services	1.h, 19 and 22	(34,335,267)	(10,273,934)	(33,102,710)	(9,661,860)	(43,939,316)
Staff expenses	1.x and 26	(37,843,614)	(13,497,000)	(37,269,520)	(12,485,462)	(51,294,337)
Depreciation and amortisation	1.c, 1.d, 1.f, 5, 6 and 7	(7,988,503)	(3,387,175)	(5,555,185)	(1,927,887)	(10,799,317)
Provisions and impairment losses	1.j, 1.o, 1.w and 17	(192,902)	(63,530)	(502,201)	331,263	(503,233)
Other operating costs		(401,366)	(121,828)	(213,409)	(95,119)	(321,960)
		(106,420,753)	(34,027,360)	(103,046,418)	(33,572,178)	(139,042,544)
Gains and losses in associated companies and companies jointly controlled	1.b, 8 and 20	15,938,932	5,678,646	16,346,079	5,636,552	17,843,497
Gains and losses on financial assets at fair value through profit or loss	1.g, 9 and 20	(4,554,692)	38,876	25,270,317	2,159,390	23,886,616
Other financial expenses	1.h, 1.m, 1.v, 1.w, 20 and 22	(3,772,006)	(1,586,417)	(2,352,639)	(1,082,843)	(853,224)
Other financial income	1.v, 20 and 22	3,094,650	1,357,483	2,329,037	696,683	1,722,969
Current income / (loss)		3,314,606	2,207,114	39,514,912	6,918,129	35,442,512
Income taxation	1.p, 11 and 21	2,343,925	336,073	(527,094)	(378,860)	(2,289,494)
Consolidated net income/(loss) for the period of continued operations		5,658,531	2,543,187	38,987,818	6,539,269	33,153,018
Consolidated net income/(loss) for the period of discontinued operations		-	-	-	-	-
Consolidated net income/(loss) for the period		5,658,531	2,543,187	38,987,818	6,539,269	33,153,018
Attributed to:						
Shareholders of parent company	25	6,002,560	2,528,404	40,291,529	6,837,831	34,610,042
Non-controlling interests		(344,029)	14,783	(1,303,711)	(298,562)	(1,457,024)
Earnings per share	25					
Including discontinued operations:						
Basic		0.02	0.01	0.13	0.02	0.11
Diluted		0.02	0.01	0.13	0.02	0.11
Excluding discontinued operations:						
Basic		0.02	0.01	0.13	0.02	0.11
Diluted		0.02	0.01	0.13	0.02	0.11

The notes are an integral part of the consolidated financial statements at 30 September 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo Xavier

Maria Cláudia Teixeira de Azevedo

Consolidated statements of profit or loss and other comprehensive income

For the periods ended at 30 September 2016 and 2015 and for the year ended at 31 December 2015

(Amounts expressed in Euro)	Notes	September 2016 (not audited)	July to September 2016 (not audited)	September 2015 (not audited)	July to September 2015 (not audited)	December 2015
Consolidated net income / (loss) for the period		5,658,531	2,543,187	38,987,818	6,539,269	33,153,018
Components of other consolidated comprehensive income, net of tax, that will be reclassified subsequently to profit or loss:						
Changes in reserves resulting from the application of equity method	8	(32,673,046)	(166,336)	3,088,982	(2,424,162)	(12,529,597)
Changes in currency translation reserve and other	1.v	9,377,104	(150,594)	(57,368)	(483,258)	(77,370)
Consolidated comprehensive income for the period		(17,637,411)	2,226,257	42,019,432	3,631,849	20,546,051
Attributed to:						
Shareholders of parent company		(17,293,382)	2,211,474	43,323,143	3,930,411	22,003,075
Non-controlling interests		(344,029)	14,783	(1,303,711)	(298,562)	(1,457,024)

The notes are an integral part of the consolidated financial statements at 30 September 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo Xavier

Maria Cláudia Teixeira de Azevedo

Consolidated movements in shareholders' funds

For the periods ended at 30 September 2016 and 2015

			Reserves							
(Amounts expressed in Euro)	Share capital	Own shares (note 14)	Share premium	Legal reserves	Reserves of own shares	Other reserves	Total reserves	Non- controlling interests	Net income / (loss)	Total
2016										
Balance at 31 December 2015	230,391,627	(7,686,952)	775,290,377	13,443,724	7,686,952	(26,811,749)	769,609,304	-	34,610,042	1,026,924,021
Appropriation of the consolidated net result of 2015										
Transfers to other reserves	-	-	-	1,719,453	-	32,890,589	34,610,042	-	(34,610,042)	-
Dividend Distribution	-	-	-	-	-	(17,734,603)	(17,734,603)	-	-	(17,734,603)
Percentage change in subsidiaries	-	-	-	-	-	(432,626)	(432,626)	-	-	(432,626)
Consolidated comprehensive income for the period ended at 30 September 2016	-	-	-	-	-	(23,295,942)	(23,295,942)	-	6,002,560	(17,293,382)
Balance at 30 September 2016	230,391,627	(7,686,952)	775,290,377	15,163,177	7,686,952	(35,384,331)	762,756,175	-	6,002,560	991,463,410
Non-controlling interests										
Balance at 31 December 2015	-	-	-	-	-	-	-	(1,706,447)	-	(1,706,447)
Non-controlling interests in comprehensive income	-	-	-	-	-	-	-	(344,029)	-	(344,029)
Dividend distribution	-	-	-	-	-	-	-	(29,740)	-	(29,740)
Percentage change in subsidiaries	-	-	-	-	-	-	-	474,159	-	474,159
Other changes	-	-	-	-	-	-	-	27,321	-	27,321
Balance at 30 September 2016	-	-	-	-	-	-	-	(1,578,736)	-	(1,578,736)
Total	230,391,627	(7,686,952)	775,290,377	15,163,177	7,686,952	(35,384,331)	762,756,175	(1,578,736)	6,002,560	989,884,674

The notes are an integral part of the consolidated financial statements at 30 September 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo Xavier

Maria Cláudia Teixeira de Azevedo

Consolidated movements in shareholders' funds (continued)

For the periods ended at 30 September 2016 and 2015

(Amounts expressed in Euro)			Reserves							
	Share capital	Own shares (note 14)	Share premium	Legal reserves	Reserves of own shares	Other reserves (restated)	Total reserves	Non-controlling interests	Net income / (loss)	Total
2015										
Balance at 31 December 2014 (restated)	230,391,627	(7,686,952)	775,290,377	13,152,684	7,686,952	(27,694,429)	768,435,584	-	27,958,229	1,019,098,488
Appropriation of the consolidated net result of 2014										
Transfers to other reserves	-	-	-	-	-	27,958,229	27,958,229	-	(27,958,229)	-
Dividend Distribution	-	-	-	-	-	(13,759,606)	(13,759,606)	-	-	(13,759,606)
Percentage change in subsidiaries	-	-	-	-	-	(417,936)	(417,936)	-	-	(417,936)
Consolidated comprehensive income for the period ended at 30 September 2015	-	-	-	-	-	3,031,614	3,031,614	-	40,291,529	43,323,143
Balance at 30 September 2015	230,391,627	(7,686,952)	775,290,377	13,443,724	7,686,952	(10,882,128)	785,247,885	-	40,291,529	1,048,244,089
Non-controlling interests										
Balance at 31 December 2014	-	-	-	-	-	-	-	(632,000)	-	(632,000)
Comprehensive income of non-controlling interests	-	-	-	-	-	-	-	(1,303,711)	-	(1,303,711)
Dividend distribution	-	-	-	-	-	-	-	(37,350)	-	(37,350)
Percentage change in subsidiaries	-	-	-	-	-	-	-	417,936	-	417,936
Other changes	-	-	-	-	-	-	-	60,616	-	60,616
Balance at 30 September 2015	-	-	-	-	-	-	-	(1,494,509)	-	(1,494,509)
Total	230,391,627	(7,686,952)	775,290,377	13,443,724	7,686,952	(10,882,128)	785,247,885	(1,494,509)	40,291,529	1,046,749,580

The notes are an integral part of the consolidated financial statements at 30 September 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo Xavier

Maria Cláudia Teixeira de Azevedo

Consolidated cash flow statements

For the periods ended at 30 September 2016 and 2015

(Amounts expressed in Euro)	September 2016 (not audited)	September 2015 (not audited)
Operating activities		
Receipts from trade debtors	96,465,410	102,793,546
Payments to trade creditors	(61,711,427)	(62,285,717)
Payments to employees	(46,579,467)	(42,278,277)
Cash flows generated by operations	(11,825,484)	(1,770,448)
Payments / receipts relating to income taxes	4,210,980	(2,307,279)
Other receipts / payments relating to operating activities	(770,196)	3,491,359
Cash flows from operating activities (1)	(8,384,700)	(586,368)
Investing activities		
Receipts from:		
Tangible assets	781	4,072
Intangible assets	42,205	-
Dividends	20,073,952	17,357,220
Interest and similar income	1,345,530	1,386,615
Disposals of investments at fair value	82,840,847	-
Payments for:		
Financial investments	(999,474)	-
Tangible assets	(1,555,991)	(1,115,954)
Intangible assets	(1,710,977)	(1,438,649)
Cash flows from investing activities (2)	100,036,873	16,193,304
Financing activities		
Payments for:		
Leasing	(378,667)	(152,373)
Interest and similar expenses	(528,760)	(716,539)
Dividends	(17,764,483)	(13,796,956)
Loans obtained	(5,305,264)	(625,382)
Cash flows from financing activities (3)	(23,977,174)	(15,291,250)
Net cash flows (4)=(1)+(2)+(3)	67,674,999	315,686
Effect of the foreign exchanges	101,387	(310,620)
Cash and cash equivalents at the beginning of the period	181,087,977	181,795,347
Cash and cash equivalents at the end of the period	248,864,363	181,800,413

The notes are an integral part of the consolidated financial statements at 30 September 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo Xavier

Maria Cláudia Teixeira de Azevedo

Notes to the consolidated cash flow statements

For the periods ended at 30 September 2016 and 2015

1. Details of cash and cash equivalents

	Notes	September 2016 (not audited)	September 2015 (not audited)
Cash in hand	12	24,225	26,448
Cash at bank	12	125,741,131	71,534,070
Treasury applications	12	123,099,660	110,239,895
Overdrafts	12 and 15	(653)	(297,456)
Cash and cash equivalents		248,864,363	181,502,957
Overdrafts		653	297,456
Cash assets		248,865,016	181,800,413

2. Description of non-monetary financing activities

	Notes	September 2016 (not audited)	September 2015 (not audited)
a) Bank credit obtained and not used	15	1,124,456	2,693,931
b) Purchase of company through the issue of shares		Not applicable	Not applicable
c) Conversion of loans into shares		Not applicable	Not applicable

3. Acquisition or disposal of subsidiaries and other business activities

	Notes	September 2016 (not audited)	September 2015 (not audited)
a) Amounts paid of acquisitions			
Sysvalue purchase	3.c	346,128	-
Inovretail purchase	3.c	653,346	-
		999,474	-
b) Amounts received of dividends			
ZOPT	8	18,311,947	15,815,466
NOS SGPS	22	1,762,005	1,541,754
		20,073,952	17,357,220

4. Cash flow breakdown by activity

Activity	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Net cash flows
2016				
Multimedia	(2,628,745)	(375,555)	(21,331)	(3,025,631)
Information Systems	(1,418,503)	(3,483,568)	(6,056,420)	(10,958,491)
Holding	(4,337,452)	103,895,996	(17,899,423)	81,659,121
	(8,384,700)	100,036,873	(23,977,174)	67,674,999
Activity	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Net cash flows
2015				
Multimedia	(1,475,354)	(614,580)	16,693	(2,073,241)
Information Systems	4,165,812	(1,758,487)	(1,240,149)	1,167,176
Holding	(3,276,826)	18,566,371	(14,067,794)	1,221,751
	(586,368)	16,193,304	(15,291,250)	315,686

The notes are an integral part of the consolidated financial statements at 30 September 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo Xavier

Maria Cláudia Teixeira de Azevedo



4.2. Notes to the consolidated financial statements of Sonaecom

SONAECON, SGPS, S.A. (hereinafter referred to as 'the Company' or 'Sonaecom') was established on 6 June 1988, under the name Sonae – Tecnologias de Informação, S.A. and has its head office at Lugar de Espido, Via Norte, Maia – Portugal. It is the parent company of the Group of companies listed in notes 2 and 3 ('the Group').

Pargeste, SGPS, S.A.'s subsidiaries in the communications and information technology area were transferred to the Company through a demerger-merger process, executed by public deed dated 30 September 1997.

On 3 November 1999 the Company's share capital was increased, its Articles of Association were modified and its name was changed to Sonae.com, SGPS, S.A.. Since then the Company's corporate object has been the management of investments in other companies. Also on 3 November 1999, the Company's share capital was re-denominated to Euro, being represented by one hundred and fifty million shares with a nominal value of 1 Euro each.

On 1 June 2000, the Company carried out a Combined Share Offer, involving the following:

- A Retail Share Offer of 5,430,000 shares, representing 3.62% of the share capital, made in the domestic market and aimed at: (i) employees of the Sonae Group; (ii) customers of the companies controlled by Sonaecom; and (iii) the general public;
- An Institutional Offering for sale of 26,048,261 shares, representing 17.37% of the share capital, aimed at domestic and foreign institutional investors.

In addition to the Combined Share Offer, the Company's share capital was increased under the terms explained below. The new shares were fully subscribed for and paid up by Sonae, SGPS, S.A. (a Shareholder of Sonaecom, hereinafter referred to as 'Sonae'). The capital increase was subscribed for and paid up on the date the price of the Combined Share Offer was determined, and paid up in cash, 31,000,000 new ordinary shares of 1 Euro each being issued. The subscription price for the new shares was the same as that fixed for the sale of shares in the aforementioned Combined Share Offer, which was Euro 10.

In addition, in this year, Sonae sold 4,721,739 Sonaecom shares under an option granted to the banks leading the Institutional Offer for Sale and 1,507,865 shares to Sonae Group managers and to the former owners of the companies acquired by Sonaecom.

By decision of the Shareholders' General Meeting held on 17 June 2002, Sonaecom's share capital was increased from Euro 181,000,000 to Euro 226,250,000 by public subscription reserved for the existing Shareholders, 45,250,000 new shares of 1 euro each having been fully subscribed for and paid up at the price of Euro 2.25 per share.

On 30 April 2003, the Company's name was changed by public deed to SONAECON, SGPS, S.A..

By decision of the Shareholders' General Meeting held on 12 September 2005, Sonaecom's share capital was increased by Euro 70,276,868, from Euro 226,250,000 to Euro 296,526,868, by the issuance of 70,276,868 new shares of 1 euro each and with a share premium of Euro 242,455,195, fully subscribed by France Télécom. The corresponding public deed was executed on 15 November 2005.

By decision of the Shareholders General Meeting held on 18 September 2006, Sonaecom's share capital was increased by Euro 69,720,000, from Euro 296,526,868 to Euro 366,246,868, by the issuance of 69,720,000 new shares of 1 euro each and with a share premium of Euro 275,657,217, subscribed by O93X – Telecomunicações Celulares, S.A. ('EDP') and Parpública – Participações Públicas, SGPS, S.A. ('Parpública'). The corresponding public deed was executed on 18 October 2006.

By decision of the Shareholders General Meeting held on 16 April 2008, bearer shares were converted into registered shares.

During the year ended at 31 December 2013, the merger between Zon Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. ('Zon') and Optimus SGPS, SA (note 8) was closed. Accordingly, the telecommunications segment was classified, for presentation purposes, as a discontinued operation and the Group's business became of, rather than the holding activity:

- Multimedia;
- Information systems consultancy.

Consequently, since the merger mentioned above, the telecommunications segment became jointly controlled (note 8).

On 5 February 2014, Sonaecom made public the decision to launch a general and voluntary tender offer for the acquisition of shares representing the share capital of Sonaecom.

The offer was general and voluntary, with the offered obliged to acquire all the shares that were the object of the offer and were, until the end of the respective period, subject to valid acceptance by the recipients.

The period of the offer, during which sales orders were received, ran for two weeks, beginning on 6 February and ending on 19 February 2014. On 20 February 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares (notes 9 and 13).

In 2014 Sonaecom reduced its share capital to Euro 230,391,627.

Euronext Lisbon announced Sonaecom exclusion from the PSI-20 from 24 February 2014 forward.

The Group operates in Portugal and has subsidiaries (from the information systems consultancy segment) operating in about 11 countries.

Since 1 January 2001, all Group companies based in the Euro zone have adopted the Euro as their base currency for processing, systems and accounting.

The consolidated financial statements are also presented in euro, rounded at unit, and the transactions in foreign currencies are included in accordance with the accounting policies detailed below.

1. Basis of presentation

The accompanying financial statements relate to the consolidated financial statements of the Sonaecom Group and have been prepared on a going concern basis, based on the accounting records of the companies included in the consolidation through full consolidation method (note 2) in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and taking into consideration the IAS 34 - Interim Financial Reporting. These financial statements were prepared based on the acquisition cost, except for the revaluation of some financial instruments.

Sonaecom adopted IFRS for the first time according to SIC 8 (First-time adoption of IAS) on 1 January 2003.

The following standards, interpretations, amendments and revisions have been approved (endorsed) by the European Union, and have mandatory application to financial years

beginning on or after 1 January 2016 and were first adopted in the year ended at 30 September 2016:

Standard / Interpretation	Effective date (annual periods beginning on or after)
Amendments to IAS 1: Disclosure Initiative The amendment introduces a set of directions and guidelines to improve and simplify the disclosures in the context of current IFRS reporting requirements.	1-Jan-16
Annual Improvements to IFRSs 2012-2014 Cycle Annual Improvements to IFRSs 2012-2014 Cycle is a collection of amendments to IFRSs in response to issues addressed during the 2012-2014 cycle for annual improvements to IFRSs.	1-Jan-16
IAS 16 and IAS 38 - Amendments (Clarification of Acceptable Methods of Depreciation and Amortisation) The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects more factors other than the consumption of the economic benefits embodied in the asset.	1-Jan-16
IFRS 11 - Amendments (Accounting for Acquisitions of Interests in Joint Operations) The objective was to add new guidance on the accounting for the acquisition of an interest in a joint by controlled operation that constitutes a business. The IASB decided which acquirers of such interests shall apply all the principles applied to business combinations accounting as established in IFRS 3 - "Business Combinations", and other IFRSs, that do not conflict with the guidance provided in IFRS 11.	1-Jan-16
IAS 27: Amendments (Equity Method in Separate Financial Statements) This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1-Jan-16
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities - Applying the Consolidation Exception The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.	1-Jan-16

The application of these standards and interpretations had no material effect on the financial statements of the Group.

The following standards, interpretations, amendments and revisions have not yet been approved (endorsed) by the European Union, at the date of approval of these financial statements:

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRS 9 Financial instruments This standard introduces new requirements for classifying and measuring financial assets.	1-Jan-18

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 and IAS 28 - Amendments (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those established in IAS 28 (2011), when dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	undefined
IFRS 15 (Revenue from Contracts with Customers) IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.	1-Jan-18
IFRS 16 – Leases IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases, replacing IAS 17. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor IAS 17.	1-Jan-19
Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses is to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.	1-Jan-17
Amendments to IAS 7 - Disclosure Initiative Amendments to AS 7 - Disclosure Initiative intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities	1-Jan-17
Amendments to IFRS 2 - Share-based Payment The objective of clarifications to IFRS 2 Share-based Payment was to clarify the classification and measurement of share-based payment transactions.	1-Jan-18
Amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016) The amendments are intended to address concerns about the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard (expected as IFRS 17 within the next six months).	1-Jan-18

These standards have not yet been approved ('endorsed') by the European Union and, as such, were not adopted by the Group for the period ended at 30 September 2016. Their application is not yet mandatory.

It is estimated that the application of these standards and interpretations, except of IFRS 9, IFRS 15 and IFRS 16, when applicable to the group, will have no material effect on future consolidated financial statements, lying in analysis process the effects of these standards.

The accounting policies and measurement criteria adopted by the Group on 30 September 2016 are comparable with those used in the preparation of 30 September 2015 financial statements.

Main accounting policies

The main accounting policies used in the preparation of the accompanying consolidated financial statements are as follows:

a) Investments in Group companies

Sonaecom has control of the subsidiary when the company cumulatively fulfils the following conditions: i) has power over the subsidiary; ii) is exposed to, or has rights over, variable results from its involvement with the subsidiary; and iii) the ability to use its power to affect its returns. These Investments were fully consolidated in the accompanying consolidated financial statements. Third party participations in the Shareholders' equity and net results of those companies are recorded separately in the consolidated balance sheet and in the consolidated profit and loss statement, respectively, under the caption 'Non-controlling interests'.

Total comprehensive income is attributed to the owners of the Shareholders of parent company and the non-controlling interests even if this results in a deficit balance of non-controlling interests.

In the acquisition of subsidiaries, the purchase method is applied. The results of subsidiaries bought or sold during the year are included in the profit and loss statement as from the date of acquisition (or of control acquisition) or up to the date of sale (or of control cession). Intra-Group transactions, balances and dividends are eliminated.

The expenses incurred with the acquisition of investments in Group companies are recorded as cost when they are incurred. The fully consolidated companies are listed in note 2.

b) Investments in associated companies and companies jointly controlled

Investments in associated companies correspond to investments in which the Group has significant influence (generally investments representing between 20% and 50% of a company's share capital) and are recorded using the equity method.

The investments in companies jointly controlled are also recorded using the equity method. The classification of these investments is determinate based on Shareholders Agreements, which regulate the shared control.

In accordance with the equity method, investments are adjusted annually by the amount corresponding to the Group's

share of the net results of associated companies, against a corresponding entry to gain or loss for the year, and by the amount of dividends received, as well as by other changes in the equity of the associated companies, which are recorded by a corresponding entry under the caption 'Other reserves'. An assessment of the investments in associated companies and companies jointly controlled is performed annually, with the aim of detecting possible impairment situations.

When the Group's share of accumulated losses of an associated company or a company jointly controlled exceeds the book value of the investment, the investment is recorded at nil value, except when the Group has assumed commitments to the associated company or a company jointly controlled, a situation when a provision is recorded under the caption 'Provisions for other liabilities and charges'.

The difference between the acquisition price of the investments in associated companies and companies jointly controlled and the fair value of identifiable assets and liabilities at the time of their acquisition, when positive, is recorded as Goodwill, included in the investment value and, when negative, after a reassessment, is recorded, directly, in the profit and loss statement under the caption 'Gains and losses in companies in associated companies and companies jointly controlled'.

The description of the associated companies and companies jointly controlled is disclosed in note 8.

c) Tangible assets

Tangible assets are recorded at their acquisition cost less accumulated depreciation and less estimated accumulated impairment losses.

Depreciations are calculated on a straight-line monthly basis as from the date the assets are available for use in the necessary conditions to operate as intended by the management, by a corresponding charge under the profit and loss statement caption 'Depreciation and amortisation'.

Impairment losses detected in the realisation value of tangible assets are recorded in the year in which they arise, by a corresponding charge under the caption 'Depreciation and amortisation' in the profit and loss statement.

The annual depreciation rates used correspond to the estimated useful life of the assets, which are as follows:

	Years of useful life
Buildings and other constructions	3 - 20
Plant and machinery	3 - 15
Vehicles	4 - 5
Fixtures and fittings	1 - 10
Tools and utensils	4 - 8
Other tangible assets	4

Current maintenance and repair expenses of tangible assets are recorded as costs in the year in which they occur. Improvements of significant amount, which increase the estimated useful life of the assets, are capitalised and depreciated in accordance with the remaining estimated useful life of the corresponding assets.

The estimated costs related with the mandatory dismantling and removal of tangible assets, incurred by the Group, are capitalised and depreciated in accordance with the estimated useful life of the corresponding assets.


Work in progress corresponds to tangible assets still in the construction/development stage which are recorded at their acquisition cost. These assets are depreciated as from the moment they are in condition to be used and when they are ready to start operating as intended by the management.

d) Intangible assets

Intangible assets are recorded at their acquisition cost less accumulated amortisation and less estimated accumulated impairment losses. Intangible assets are only recognised if it is likely that they will bring future economic benefits to the Group, if the Group controls them and if their cost can be reasonably measured.

Intangible assets comprise, essentially, software, brands, patents, costs incurred with the acquisition of customers' portfolios (value attributed under the purchase price allocation in business combinations) and know-how.

Amortisations of intangible assets are calculated on a straight-line monthly basis, over the estimated useful life of the assets (one to nineteen years, but most of which are amortized between 3 and 5 years), as from the month in which the corresponding expenses are incurred. The amortisation of the customer's portfolios is provided on a straight-line basis over the estimated average retention period of the customers (six years). Expenditures with internally-generated intangible assets, namely research and development expenditures, are recognised in the profit and loss statement when incurred.



Development expenditures can only be recognised as an intangible asset if the Group demonstrates the ability to complete the project and is able to put it in use or available for sale.

Amortisation for the period is recorded in the profit and loss statement under the caption 'Depreciation and amortisation'.

e) Brands and patents

Brands and patents are recorded at their acquisition cost and are amortised on a straight-line basis over their respective estimated useful life. When the estimated useful life is undetermined, they are not depreciated but are subject to annual impairment tests.

Sonaecom Group does not hold any brands or patents with undetermined useful life, therefore the second half of the above referred paragraph is not applicable.

f) Goodwill

The differences between the price of investments in subsidiaries added the value of non-controlling interests, and the amount attributed to the fair value of the identifiable assets and liabilities at the time of their acquisition, when positive, are recorded under the caption 'Goodwill', and, when negative, after a reappraisal of its calculation, are recorded directly in the profit and loss statement. The Group will choose, on an acquisition-by-acquisition basis, to measure non-controlling interests either at their proportionate interest on the fair value of the assets and liabilities acquired, or at the fair value of the non-controlling interests themselves. Until 1 January 2010, non-controlling interests were always measured at their proportionate interest on the fair value of the acquired assets and liabilities.

Contingent consideration is recognised as a liability, at the acquisition-date, according to its fair value, and any changes to its value are recorded as a change in the 'Goodwill', but only as long as they occur during the 'measurement period' (until 12 months after the acquisition-date) and as long as they relate to facts and circumstances that existed at the acquisition date, otherwise these changes must be recognised in profit or loss.

Transactions regarding the acquisition of additional interests in a subsidiary after control is obtained, or the partial disposal of an investment in a subsidiary while control is retained, are accounted for as equity transactions impacting the shareholders' funds captions, and without giving rise to any additional 'Goodwill' and without any gain or loss recognised.

The moment a sales transaction to generate a loss of control, should be derecognised assets and liabilities of the entity and any interest retained in the entity sold should be remeasured at fair value and any gain or loss calculated on the sale is recorded in results.

Until 1 January 2004, 'Goodwill' was amortised over the estimated period of recovery of the investments, usually 10 years, and the annual amortisation was recorded in the profit and loss statement under the caption 'Depreciation and amortisation'. Since 1 January 2004 and in accordance with the IFRS 3 - 'Business Combinations', the Group has ceased the amortisation of the 'Goodwill', subjecting them to impairment tests (paragraph w). Impairment losses of Goodwill are recorded in the profit and loss statement for the period under the caption 'Depreciation and amortisation'.

g) Financial instruments

The Group classifies its financial instruments in the following categories: 'financial assets at fair value through profit or loss', 'loans and receivables', 'held-to-maturity investments', and 'available-for-sale financial assets'. The classification depends on the purpose for which the investments were acquired.

The classification of the investments is determined at the initial recognition and re-evaluated every quarter.

(i) 'Financial assets at fair value through profit or loss'

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if it has been acquired mainly with the purpose of selling it in the short term or if the adoption of this method allows reducing or eliminating an accounting mismatch. Derivatives are also registered as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to mature within 12 months of the balance sheet date.

(ii) 'Loans and receivables'

Loans and receivables are non-derivative financial assets with fixed or variable payments that are not quoted in an active market. These financial investments arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are carried at amortised cost using the effective interest method, deducted from any impairment losses.

Loans and receivables are recorded as current assets, except when their maturity is greater than 12 months from the balance sheet date, a situation in which they are classified as non-current assets. Loans and receivables are included in the captions 'Trade debtors' and 'Other current debtors' in the balance sheet.

(iii) 'Held-to-maturity investments'

Held-to-maturity investments are non-derivative financial assets with fixed or variable payments and with fixed maturities that the Group's management has the positive intention and ability to hold until their maturity.

On 30 September 2016 the Group did not hold any 'Held-to-maturity investment'.

(iv) 'Available-for-sale financial assets'

Available-for-sale financial assets are non-derivative investments that are either designated in this category or not classified in any of the other above referred categories. They are included in non-current assets unless management intends to dispose them within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. The 'Financial assets at fair value through profit or loss' are initially recognised at fair value and the transaction costs are recorded in the profit and loss statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or all substantial risks and rewards of their ownership have been transferred.

'Available-for-sale financial assets' and 'Financial assets at fair value through profit or loss' are subsequently carried at fair value.

'Loans and receivables' and 'Held-to-maturity investments' are carried at amortised cost using the effective interest method.

Realised or unrealised gains and losses arising from changes in the fair value of financial assets classified at fair value through profit or loss are recognised in the profit and loss statement. Realised and unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss statement as gains or losses from investment securities.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using other valuation techniques. These include the use of recent arm's length transactions, reference to similar instruments, discounted cash flow analysis, and option pricing models

refined to reflect the issuer's specific circumstances. If none of these techniques can be used, the Group values those investments at cost net of any identified impairment losses. The fair value of listed investments is determined based on the closing Euronext share price at the balance sheet date.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In case of equity securities classified as available-for-sale, a significant (above 25%) or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit and loss statement.

h) Financial and operational leases

Lease contracts are classified as financial leases, if, in substance, all risks and rewards associated with the detention of the leased asset are transferred by the lease contract or as operational leases, if, in substance, there is no transfer of risks and rewards associated with the detention of the leased assets.

The lease contracts are classified as financial or operational in accordance with the substance and not with the form of the respective contracts.


Tangible assets acquired under finance lease contracts and the related liabilities are recorded in accordance with the financial method. Under this method the tangible assets, the corresponding accumulated depreciation and the related liability are recorded in accordance with the contractual financial plan at fair value or, if less, at the present value of payments. In addition, interests included in lease payments and the depreciation of the tangible assets are recognised as expenses in the profit and loss statement for the period to which they relate.

Assets under long-term rental contracts are recorded in accordance with the operational lease method. In accordance with this method, the rents paid are recognised as an expense, over the rental period.

i) Inventories

Inventories are stated at their acquisition cost, net of any impairment losses, which reflects their estimated net realisable value.

Accumulated inventory impairment losses reflect the difference between the acquisition cost and the realisable amount of inventories, as well as the estimated impairment



losses due to low turnover, obsolescence and deterioration, and are registered in profit and loss statement, in 'Cost of sales'.

j) Trade and other current debtors

Trade and other current debtors are recorded at their net realisable value and do not include interests, since the discount effect is not significant.

These financial instruments arise when the Group provides money, supplies goods or provides services directly to a debtor with no intention of trading the receivable.

The amounts of these captions are presented net of any impairment losses and are registered in profit and loss statement in heading 'Provisions and impairment losses'. Future reversals of impairment losses are recorded in the profit and loss statement under the caption 'Provisions and impairment losses'.

k) Cash and cash equivalents

Amounts included under the caption 'Cash and cash equivalents' correspond to amounts held in cash and term bank deposits and other treasury applications where the risk of change in value is insignificant.

The consolidated cash flow statement has been prepared in accordance with IAS 7, using the direct method. The Group classifies, under the caption 'Cash and cash equivalents', investments that mature in less than three months, for which the risk of change in value is insignificant. The caption 'Cash and cash equivalents' in the cash flow statement also includes bank overdrafts, which are reflected in the balance sheet caption 'Short-term loans and other loans'.

The cash flow statement is classified by operating, financing and investing activities. Operating activities include collections from customers, payments to suppliers, payments to personnel and other flows related to operating activities. Cash flows from investing activities include the acquisition and sale of investments in associated, subsidiary companies and companies jointly controlled as well as receipts and payments resulting from the purchase and sale of fixed assets. Cash flows from financing activities include payments and receipts relating to loans obtained and finance lease contracts.

All amounts included under this caption are likely to be realised in the short term and there are no amounts given or pledged as guarantee.

l) Loans

Loans are recorded as liabilities by the 'amortised cost'. Any expenses incurred in setting up loans are recorded as a deduction to the nominal debt and recognised during the

period of the loan, based on the effective interest rate method. The interests incurred but not yet due are added to the loans caption until their payment.

m) Financial expenses relating to loans obtained

Financial expenses relating to loans obtained are generally recognised as expenses at the time they are incurred. Financial expenses related to loans obtained for the acquisition, construction or production of fixed assets are capitalised as part of the cost of the assets. These expenses are capitalised starting from the time of preparation for the construction or development of the asset and are interrupted when the assets are ready to operate, at the end of the production or construction phases or when the associated project is suspended.

n) Derivatives

The Group only uses derivatives in the management of its financial risks to hedge against such risks. The Group does not use derivatives for trading purposes.

The cash flow hedges used by the Group are related to:


- (i) Interest rate swap operations to hedge against interest rate risks on loans obtained. The amounts, interest payment dates and repayment dates of the underlying interest rate swaps are similar in all respects to the conditions established for the contracted loans. Changes in the fair value of cash flow hedges are recorded in assets or liabilities, against a corresponding entry under the caption 'Hedging reserve' in Shareholders' funds;
- (ii) Forward's exchange rate for hedging foreign exchange risk, particularly from receipts from customers of subsidiary Wedo Consulting. The values and times periods involved are identical to the amounts invoiced and their maturities.

In cases where the hedge instrument is not effective, the amounts that arise from the adjustments to fair value are recorded directly in the profit and loss statement.

On 30 September 2016, the Group had foreign exchange forwards to hedge the foreign currency risk related to account receivables in dollars (note 1.v), in addition to those mentioned in note 1.x.

o) Provisions and contingencies

Provisions are recognised when, and only when, the Group has a present obligation (either legal or implicit) resulting from a past event, the resolution of which is likely to involve the disbursement of funds by an amount that can be reasonably



estimated. Provisions are reviewed at the balance sheet date and adjusted to reflect the best estimate at that date.

Provisions for restructurings are only registered if the Group has a detailed plan and if that plan has already been communicated to the parties involved.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes, if the possibility of a cash outflow affecting future economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements but are disclosed in the notes when future economic benefits are likely to occur.

p) Income tax

'Income tax' expense represents the sum of the tax currently payable and deferred tax. Income tax is recognised in accordance with IAS 12 – 'Income Taxes'.

Sonaecom has adopted, since January 2008, the special regime for the taxation of groups of companies, under which, the provision for income tax is determined on the basis of the estimated taxable income of all the companies covered by that regime, in accordance with such rules, however, for the year ended at 31 December 2015, the Sonaecom Group, no longer has an independent group of companies covered by the special regime for taxation due to of having passed to integrate the special regime for taxation of groups of Sonae SGPS companies.

Sonaecom is under the special regime for the taxation of groups of companies, from which Sonae, SGPS is the dominant company since 1 January 2015. Sonaecom records the income tax on their individual accounts and the tax calculated is record under the caption of group companies. The special regime for the taxation of groups of companies covers all direct or indirect subsidiaries, and even through companies resident in another Member State of the European Union or the European Economic Area, only if, in the last case, there is an obligation of administrative cooperation, on which the Group holds at least 75% of their share capital, where such participation confers more than 50% of voting rights, if meet certain requirements.

Deferred taxes are calculated using the liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the respective amounts for tax purposes.

Deferred tax assets are only recognised when there is reasonable expectation that sufficient taxable profits shall arise in the future to allow such deferred tax assets to be used. At the end of each year the recorded and unrecorded deferred tax assets are revised and they are reduced whenever their

realisation ceases to be probable, or increased if future taxable profits are, likely, enabling the recovery of such assets (note 11).

Deferred taxes are calculated with the tax rate that is expected to be in force at the time the asset or liability will be used based on decreed tax rate or substantially decreed tax rate at balance sheet date.

Whenever deferred taxes derive from assets or liabilities directly registered in Shareholders' funds, its recording is also made under the Shareholders' funds caption. In all other situations, deferred taxes are always recorded in the profit and loss statement.

q) Government subsidies

Subsidies awarded to finance personnel costs are recognised as less cost during the period in which the Group incurs the associated costs and are included in the profit and loss statement under the caption 'Staff expenses'.

Subsidies awarded to finance investments are recorded as deferred income on the Balance Sheet and are included in the profit and loss statement under the caption 'Other operating revenues'. Subsidies are recognized during the estimated useful life of the corresponding assets.


For businesses in the digital security area, non-repayable subsidies are recognized in the balance sheet as deferred income and are recognized in the profit and loss statement in 'Other operating income'. The incentive is recognized during the project development period.

The reimbursable subsidies are recognized in the balance sheet as liabilities in 'Medium and long-term loans – net of short-term portion ' and 'Short-term loans and other loans' and are depreciated in accordance with the established payment plans. These subsidies are recorded at amortized cost in accordance with the method of effective interest rate.

r) Accrual basis and revenue recognition

Expenses and income are recorded in the period to which they relate, regardless of their date of payment or receipt. Estimated amounts are used when actual amounts are not known.

The captions of 'Other non-current assets', 'Other current assets', 'Other non-current liabilities' and 'Other current liabilities' include expenses and income relating to the current period, where payment and receipt will occur in future periods, as well as payments and receipts in the current period but which relate to future periods. The latter shall be included by the corresponding amounts in the results of the periods that they relate to.



The costs attributable to current year and whose expenses will only occur in future years are estimated and recorded under the caption 'Other current liabilities' and 'Other non-current liabilities', when it is possible to estimate reliably the amount and the timing of occurrence of the expense. If there is uncertainty regarding both the date of disbursement of funds, and the amount of the obligation, the value is classified as Provisions (paragraph o).

Sales revenues are recognised in the consolidated profit and loss statement when the significant risks and rewards associated with the ownership of the assets are transferred to the buyer and the amount of the corresponding revenue can be reasonably quantified. Sales are recognised before taxes and net of discounts.

The revenues and costs of the consultancy projects developed in the information systems consultancy segment are recognised in each period, according to the percentage of completion method.

Non-current financial assets and liabilities are recorded at fair value and, in each period, the financial actualization of the fair value is recorded in the profit and loss statement under the captions 'Other financial expenses' and 'Other financial income'.

Dividends are recognised when the Shareholders' rights to receive such amounts are appropriately established and communicated.

s) Balance sheet classification

Assets and liabilities due in more than one year from the date of the balance sheet are classified, respectively, as non-current assets and non-current liabilities.

In addition, considering their nature, the 'Deferred taxes' and the 'Provisions for other liabilities and charges', are classified as non-current assets and liabilities (notes 11 and 17).

t) Reserves

Legal reserve

Portuguese commercial legislation requires that at least 5% of the annual net profit must be appropriated to a 'Legal reserve', until such reserve reaches at least 20% of the share capital. This reserve is not distributable, except in case of liquidation of the Company, but may be used to absorb losses, after all the other reserves are exhausted, or to increase the share capital.

Share premiums

The share premiums relate to premiums generated in the issuance of capital or in capital increases. According to Portuguese Commercial law, share premiums follow the same requirements of 'Legal reserves', i.e., they are not

distributable, except in case of liquidation, but they can be used to absorb losses, after all the other reserves are exhausted or to increase share capital.

Medium Term Incentive Plans Reserves

According to IFRS 2 - 'Share-based Payment', the responsibility related with the Medium Term Incentive Plans is registered under the heading of 'Reserves for Medium Term Incentive Plans', which are not distributable and which cannot be used to absorb losses.

Hedging reserve

Hedging reserve reflects the changes in fair value of 'cash-flow' hedges derivatives that are considered effective (note 1.n)) and it is non-distributable nor can it be used to absorb losses.

Own shares reserve

The own shares reserve reflects the acquisition value of the own shares and follows the same requirements of legal reserve.

Under Portuguese law, the amount of distributable reserves is determined in accordance with the individual financial statements of the Company, presented in accordance with IFRS. Additionally, the increments resulting from the application of fair value through equity components, including its implementation through net results, shall be distributed only when the elements that gave rise to them are sold, liquidated or exercised or when they finish their use, in the case of tangible or intangible assets. Therefore, at 30 September 2016, Sonaecom have free reserves distributable amounting approximately Euro 53.2 million. To this effect were considered as distributable increments resulting from the application of fair value through equity components already exercised during the period ended 30 September 2016.

u) Own shares

Own shares are recorded as a deduction of Shareholders' funds. Gains or losses arising from the sale of own shares are recorded under the heading 'Other reserves'.

v) Foreign currency

All assets and liabilities expressed in foreign currency were translated into euro using the exchange rates in force at the balance sheet date.

Favourable and unfavourable foreign exchange differences resulting from changes in the rates in force at transaction date and those in force at the date of collection, payment or at the balance sheet date are recorded as income and expenses in the consolidated profit and loss statement of the year, in financial results.

Entities operating abroad with organisational, economic and financial autonomy are treated as foreign entities.

Assets and liabilities of the financial statements of foreign entities are translated into Euro using the exchange rates in force at the balance sheet date, while expenses and income in such financial statements are translated into euro using the average exchange rate for the period. The resulting exchange differences are recorded under the Shareholders' funds caption 'Other reserves'.

Goodwill and adjustments to fair value generated in the acquisitions of foreign entities reporting in a functional currency other than Euro are translated into Euro using the exchange rates prevailing at the balance sheet date.

The following rates were used to translate into Euro the financial statements of foreign subsidiaries and the balances in foreign currency:

	2016		2015	
	30 September	Average	30 September	Average
Pounds Sterling	1.1614	1.2480	1.3541	1.3766
Brazilian Real	0.2762	0.2541	0.2232	0.2870
American Dollar	0.8960	0.8961	0.8926	0.8978
Polish Zloti	0.2315	0.2295	0.2356	0.2407
Australian Dollar	0.6823	0.6650	0.6274	0.6849
Mexican Peso	0.0460	0.0490	0.0527	0.0578
Egyptian Pound	0.1002	0.1003	0.1143	0.1169
Malaysian Ringgit	0.2167	0.2196	0.2031	0.2384
Swiss Franc	0.9195	0.9145	0.9162	0.9423
South African Rand	0.0644	0.0601	0.0645	0.0732
Colombian Peso	0.0014	0.0013	0.0013	0.0014

On 30 September 2016, the Group had foreign exchange forwards amount to USD 754,000 (USD 172,000 at 30 September 2015), fixing the exchange rate for EUR, which have an average maturity of 1.5 months (1 month on 30 September 2015).

w) Assets impairment

Impairment tests are performed at the date of each balance sheet and whenever an event or change of circumstances indicates that the recorded amount of an asset may not be recoverable. Whenever the book value of an asset is greater than the amount recoverable, an impairment loss is recognised and recorded in the profit and loss statement under the caption 'Depreciation and amortisation' in the case of fixed assets and goodwill, under the caption 'Other financial expenses' in the case of financial investments or under the caption 'Provisions and impairment losses', in relation to the other assets. The recoverable amount is the greater of the net selling price and the value in use. Net selling price is the amount obtainable upon the sale of an asset in a transaction

within the capability of the parties involved, less the costs directly related to the sale. The value in use is the present value of the estimated future cash flows expected to result from the continued use of the asset and of its sale at the end of its useful life. The recoverable amount is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

Evidence of the existence of impairment in accounts receivables appears when:

- The counterparty presents significant financial difficulties;
- There are significant delays in interest payments and in other leading payments from the counterparty; and
- It is probable that the debtor goes into liquidation or into a financial restructuring.

For certain categories of financial assets for which it is not possible to determine the impairment for each asset individually, the analysis is made for a group of assets. Evidence of an impairment loss in a portfolio of accounts receivable may include past experience in terms of collections, increasing number of delays in collections, as well as changes in national or local economic conditions that are related with the collections capacity.

For goodwill and financial investments in associated companies, the recoverable amount, calculated in terms of value in use, is determined based on the most recent business plans duly approved by the Group's Board of Directors. For goodwill and financial investments in companies jointly controlled the recoverable amount is determinate taking into account with several information as business plans approved by the Board of Directors and the average ratings of external reviewers (researches).

For Accounts receivables, the Group uses historical and statistical information to estimate the amounts in impairment. For Inventories, the impairment is calculated based on market evidence and several indicators of stock rotation.

x) Medium Term Incentive Plans

The accounting treatment of Medium Term Incentive Plans is based on IFRS 2 – 'Share-based Payments'.

Under IFRS 2, when the settlement of plans established by the company involves the delivery of Sonaecom's own shares, the estimated responsibility is recorded, as a credit entry, under the caption 'Medium Term Incentive Plans Reserve', within the heading 'Shareholders' funds' and is charged as an expense under the caption 'Staff expenses' in the profit and loss statement of the period.

The quantification of this responsibility is based on fair value and is recognised over the vesting period of each plan (from the award date of the plan until its vesting or settlement date). The total responsibility, at any point of time, is calculated based on the proportion of the vesting period that has 'elapsed' up to the respective accounting date.

When the responsibilities associated with any plan are covered by a hedging contract, i.e., when those responsibilities are replaced by a fixed amount payable to a third party and when Sonaecom is no longer the party that will deliver the Sonaecom shares, at the settlement date of each plan, the above accounting treatment is subject to the following changes:

- (i) The total gross fixed amount payable to third parties is recorded in the balance sheet as either 'Other non-current liabilities' or 'Other current liabilities';
- (ii) The part of this responsibility that has not yet been recognised in the profit and loss statement (the 'unelapsed' proportion of the cost of each plan) is deferred and is recorded, in the balance sheet as either 'Other non-current assets' or 'Other current assets';
- (iii) The net effect of the entries in (i) and (ii) above eliminate the original entry to 'Shareholders' funds';
- (iv) In the profit and loss statement, the 'elapsed' proportion continues to be charged as an expense under the caption 'Staff expenses'.

For plans settled in cash, the estimated liability is recorded under the balance sheet captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry under the profit and loss statement caption 'Staff expenses', for the cost relating to the vesting period that has 'elapsed' up to the respective accounting date. The liability is quantified based on the fair value of the shares as of each balance sheet date.

When the liability is covered by a hedging contract, recognition is made in the same way as described above, but with the liability being quantified based on the contractually fixed amount.

Equity-settled plans to be liquidated through the delivery of shares of Sonae SGPS are recorded as if they were settled in cash, which means that the estimated liability is recorded under the balance sheet captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry under the profit and loss statement caption 'Staff expenses', for the cost relating to the deferred period elapsed. The liability is quantified based on the fair value of the shares as of each balance sheet date.

On 30 September 2016, plans allocated during 2014, 2015 and 2016 are not covered by the contract being recorded liability at fair value. The responsibility of all plans is recorded in the captions 'Other non-current liabilities' and 'Other current liabilities'. The cost is recognized on the income statement under the caption 'Staff expenses'.

y) Subsequent events

Events occurring after the date of the balance sheet which provide additional information about conditions prevailing at the time of the balance sheet (adjusting events) are reflected in the consolidated financial statements. Events occurring after the balance sheet date that provide information on post-balance sheet conditions (non-adjusting events), when material, are disclosed in the notes to the consolidated financial statements.

z) Judgements and estimates

The most significant accounting estimates reflected in the consolidated financial statements of the periods ended at 30 September 2016 and 2015 are as follows:

- (i) Useful lives of tangible and intangible assets;
- (ii) Impairment analysis of goodwill and of other tangible and intangible assets; and
- (iii) Recognition of impairment losses on assets (Trade debtors and Inventories) and provisions.


Estimates used are based on the best information available during the preparation of the consolidated financial statements and are based on the best knowledge of past and present events. Although future events are neither foreseeable nor controlled by the Group, some could occur and have impact on such estimates. Changes to the estimates used by the management that occur after the approval date of these consolidated financial statements, will be recognised in net income, in accordance with IAS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors', using a prospective methodology.

The main estimates and assumptions in relation to future events included in the preparation of these consolidated financial statements are disclosed in the corresponding notes, when applicable.

aa) Financial risk management

Due to its activities, the Group is exposed to a variety of financial risks such as market risk, liquidity risk and credit risk.

These risks arise from the unpredictability of financial markets, which affect the capacity of project cash flows and profits. The Group financial risk management, subject to a long-term ongoing perspective, seeks to minimise potential



adverse effects that derive from that uncertainty, using, whenever it is possible and advisable, derivative financial instruments to hedge the exposure to such risks (note 1.n).

The Group is also exposed to equity price risks arising from equity investments, although they are usually maintained for strategic purposes.

Market risk

a) Foreign exchange risk

The Group operates internationally, having subsidiaries that operate in countries with a different currency than Euro namely Brazil, United Kingdom, Poland, United States of America, Mexico, Australia, Egypt, Colombia and Malaysia (branch) and so it is exposed to foreign exchange rate risk.

Foreign exchange risk management seeks to minimise the volatility of investments and transactions made in foreign currencies and contributes to reduce the sensitivity of Group results to changes in foreign exchange rates.

Whenever possible, the Group uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such a procedure is not possible, the Group adopts derivative financial hedging instruments (note 1.n).

The Group's exposure to foreign exchange rate risk, results essentially from the fact that some of its subsidiaries report in a currency different from euro, making the risk of operational activity immaterial.

b) Interest rate risk

Sonaecom's total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility on the Group results or on its Shareholders' funds is mitigated by the effect of the following factors (i) relatively low level of financial leverage; (ii) possibility to use derivative financial instruments that hedge the interest rate risk, as mentioned below; (iii) possible correlation between the level of market interest rates and economic growth having the latter a positive effect in other lines of the Group's consolidated results (particularly operational), and in this way partially offsetting the increase of financial costs ('natural hedge'); and (iv) the existence of stand alone or consolidated liquidity which is also bearing interest at a variable rate.

The Group only uses derivatives or similar transactions to hedge interest rate risks considered significant. Three main principles are followed in all instruments selected and used to hedge interest rate risk:

- For each derivative or instrument used to hedge a specific loan, the interest payment dates on the loans subject to hedging must equalise the settlement dates defined under the hedging instrument;
- Perfect match between the base rates: the base rate used in the derivative or hedging instrument should be the same as that of the facility/transaction which is being hedged; and
- As from the start of the transaction, the maximum cost of the debt, resulting from the hedging operation is known and limited, even in scenarios of extreme changes in market interest rates, so that the resulting rates are within the cost of the funds considered in the Group's business plan.

As all Sonaecom's borrowings (note 15) are at variable rates, interest rate are used swaps and other derivatives, when it is deemed necessary, to hedge future changes in cash flow relating to interest payments. Interest rate swaps have the financial effect of converting the respective borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with third parties (banks) to exchange, in pre-determined periods, the difference between the amount of interest calculated at the fixed contract rate and the floating rate at the time of re-fixing, by reference to the respective agreed notional amounts.


The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, being the Group's policy, when contracting such instruments, to give preference to financial institutions that form part of its financing transactions. In order to select the counterparty for occasional operations, Sonaecom requests proposals and indicative prices from a representative number of banks in order to ensure adequate competitiveness of these operations.

In determining the fair value of hedging operations, the Group uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates prevailing at the balance sheet date.

Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the valuation.

The fair value of the derivatives contracted, that are considered as fair value hedges or the ones that are considered not sufficiently effective for cash flow hedge (in accordance with the provisions established in IAS 39), are recognised under borrowings captions and changes in the fair value of such derivatives are recognised directly in the profit and loss statement for the year. The fair value of derivatives of cash flow hedge, that are considered effective according to IAS 39, are recognised under borrowing captions and changes in the fair value are recognised in equity.

Sonaecom's Board of Directors approves the terms and conditions of the financing with significant impact in the



Group, based on the analysis of the debt structure, the risks and the different options in the market, particularly as to the type of interest rate (fixed / variable). Under the policy defined above, the Executive Committee is responsible for the decision on the occasional interest rate hedging contracts, through the monitoring of the conditions and alternatives existing in the market.

On 30 September 2016, are not contracted any derivatives of interest rate hedging.

Liquidity risk

The existence of liquidity in the Group requires the definition of some policies for an efficient and secure management of the liquidity, allowing us to maximise the profitability and to minimise the opportunity costs related to that liquidity.

The liquidity risk management has a threefold objective: (i) Liquidity, i.e., to ensure the permanent access in the most efficient way to obtain sufficient funds to settle current payments within the respective dates of maturity as well as any eventual not forecasted requests for funds, within the deadlines set for this; (ii) Safety, i.e. to minimise the probability of default in any reimbursement of application of funds; and (iii) Financial Efficiency, i.e., to ensure that the Group maximises the value / minimises the opportunity cost of holding excess liquidity in the short term.

The main underlying policies correspond to the variety of instruments allowed, the maximum acceptable level of risk, the maximum amount of exposure by counterparty and the maximum periods for investments.

The existing liquidity in the Group should be applied to the alternatives and by the order described below:

- (i) Amortisation of short-term debt – after comparing the opportunity cost of amortisation and the opportunity cost related to alternative investments;
- (ii) Consolidated management of liquidity – the existing liquidity in Group companies, should mainly be applied in Group companies, to reduce the use of bank debt at a consolidated level; and
- (iii) Applications in the market.

The applications in the market are limited to eligible counterparties, with ratings previously established by the Board and limited to certain maximum amounts by counterparty.

The definition of maximum amounts intends to ensure that the application of liquidity in excess is made in a prudent way

and taking into consideration the best practices in terms of bank relationships.

The maturity of applications should equal the forecasted payments (or the applications should be easily convertible, in the case of asset investments, to allow urgent and not estimated payments), considering a threshold for eventual deviations on the estimates. The threshold depends on the accuracy level of treasury estimates and would be determined by the business. The accuracy of the estimates is an important variable to quantify the amounts and the maturity of the applications in the market.

The maturity analysis for the loans obtained is presented in note 15.

Credit risk

The Group's exposure to credit risk is mainly associated with the accounts receivable related to current operational activities. The credit risk associated to financial operations is mitigated by the fact that the Group only negotiates with entities with high credit quality.

The management of this risk seeks to guarantee that the amounts owing are effectively collected within the periods negotiated without affecting the financial health of the Group. The Group uses credit rating agencies and has specific departments responsible for risk control, collections and management of processes in litigation, as well as credit insurances, which all contribute to the mitigation of credit risk.

The amounts included in the financial statements related to trade debtors and other debtors, net of impairment losses, represent the maximum exposure of the Group to credit risk.

2. Companies included in the consolidation

Group companies included in the consolidation through full consolidation method, their head offices, main activities, shareholders and percentage of share capital held at 30 September 2016 and 2015, are as follows:

				Percentage of share capital held			
				2016		2015	
Company (Commercial brand)	Head office	Main activity	Shareholder	Direct	Effective*	Direct	Effective*
Parent company							
SONAECON, S.G.P.S., S.A. ('Sonaecom')	Maia	Management of shareholdings.	-	-	-	-	-
Subsidiaries							
Bright Development Studio, S.A. (h)	Lisbon	Research, development and commercialization of projects and service solutions in the area of information technology, communications and retail, and consulting activities for business and management.	Sonae IM	100%	100%	-	-
Bright Ventures Capital, SCR, S.A. (j)	Lisbon	Realization of investment in venture capital, management of venture capital funds and investment in venture capital fund units.	Sonae IM	100%	100%	-	-
Cape Technologies Limited ('Cape Technologies')	Dublin	Rendering of consultancy services in the area of information systems.	We Do	100%	100%	100%	100%
Digitmarket – Sistemas de Informação, S.A. ('Digitmarket' – using the brand 'Bizdirect')	Maia	Development of management platforms and commercialisation of products, services and information, with the internet as its main support.	Sonae IM	75.10%	75.10%	75.10%	75.10%
S21Sec Portugal Cybersecurity Services, S.A. ('S21 Sec Portugal') (k)	Maia	Commercialization of products and management services, implementation and consulting in information systems and technologies areas.	Sonaecom CSI	100%	100%	100%	100%
Inovretail, Lda. (l)	OPorto	Industry and comércio of electronic equipment and software: development, installation, implementation, training and maintenance of systems and software products: rental equipment, sale of software use license: consulting business, advisory in retail segments, industry and services.	Sonae IM	100%	100%	-	-
Lookwise, S.L.U. ('Lookwise') (f)	Navarra	Development, promotion and commercial exploitation of information systems with solutions in safety and regulatory compliance, including assignment or transfer to third parties. Research, development and innovation, as well as consulting, maintenance and audit for products, systems, facilities and communication and security services.	S21 Sec Gestion	Merged into S21 Sec Gestion		100%	77.65%
PCJ - Público, Comunicação e Jornalismo, S.A. ('PCJ')	Maia	Editing, composition and publication of periodical and non-periodical material and the exploration of radio and TV stations and studios.	Sonaecom	100%	100%	100%	100%
Praesidium Services Limited ('Praesidium Services')	Berkshire	Rendering of consultancy services in the area of information systems.	Sonae IM	100%	100%	100%	100%
Público – Comunicação Social, S.A. ('Público')	Oporto	Editing, composition and publication of periodical and non-periodical material.	Sonaecom	100%	100%	100%	100%
S21 Sec Barcelona, S.L. ('S21 Sec Barcelona') (c)	Barcelona	Consulting, advisory, audit and maintenance of all types of facilities and advanced communications services and security systems. Purchase and installation of advanced communications and security systems produced by others.	S21 Sec Gestion	Liquidated		100%	77.65%
S21 Sec Brasil, Ltda ('S21 Sec Brasil')	São Paulo	Consulting in information technology. Development and licensing of customizable computer programs. Development of custom computer programs. Technical support, maintenance and other services in information technology.	S21 Sec Gestion	99.99%	100%	99.99%	77.65%
S21 Sec Ciberseguridad S.A. de CV (d)	Mexico City	Computer consulting services	S21 Sec Gestion S21 Sec México	50% 50%	100%	50% 50%	77.65%
S21 Sec Fraud Risk Management, S.L. ('S21 Sec FRM') (f)	Navarra	Consulting, advisory, audit and maintenance of all types of facilities and advanced communications services and security systems. Purchase and installation of advanced communications and security systems produced by others.	S21 Sec Gestion	Merged into S21 Sec Gestion		100%	77.65%
S21 Sec Gestion, S.A. ('S21 Sec Gestion') (a)	Navarra	Consulting, advisory, audit and maintenance of all types of facilities and advanced communications services and security systems. Purchase and installation of advanced communications and security systems produced by others.	Sonaecom CSI	100%	100%	77.65%	77.65%
S21 Sec Inc. ('S21 Sec Inc.') (e)	Texas	Consulting, advisory, audit and maintenance of all types of facilities and advanced communications services and security systems. Purchase and installation of advanced communications and security systems produced by others.	S21 Sec Gestion	Liquidated		100%	77.65%

* Sonaecom effective participation

Company (Commercial brand)	Head office	Main activity	Shareholder	Percentage of share capital held			
				Direct	2016 Effective*	Direct	2015 Effective*
S21 Sec Information Security Labs, S.L. ('S21 Sec Labs')	Navarra	Research, development and innovation, as well as consulting, maintenance and audit for products, systems, facilities and communication and security services.	S21 Sec Gestion	100%	100%	100%	77.65%
S21 Sec Institute, S.L. ('S21 Sec Institute') (f)	Gipuzcoa	Education, formation, awareness, counseling, technical assistance, certification, research, innovation and development, in all types of methodologies, career plans, safety culture, products and services of digital security and cyber security, facilities, services and systems of advanced communication environments and digital security.	S21 Sec Gestion	Merged into S21 Sec Gestion		100%	77.65%
S21 Sec México, S.A. de CV ('S21 Sec México')	Mexico City	Computer consulting services	S21 Sec Gestion	99.87%	100%	99.87%	77.65%
S21 Sec, S.A. de CV ('S21 Sec, S.A. de CV')	Mexico City	Computer consulting services	S21 Sec Gestion	99.99%	100%	99.99%	77.65%
Saphety Level - Trusted Services, S.A. ('Saphety')	Maia	Rendering services, training, consultancy services in the area of communication, process and electronic certification of data: trade, development and representation of software.	Sonae IM	86.995%	86.995%	86.995%	86.995%
Saphety Brasil Transações Eletrônicas Ltda. ('Saphety Brasil')	São Paulo	Rendering services, training, consultancy services in the area of communication, process and electronic certification of data: electronic identification, storage and availability of databases and electronic payments: trade, development and representation of software related with these services.	Saphety	99.8%	86.821%	99.8%	86.821%
Saphety - Transacciones Electronicas SAS ('Saphety Colombia')	Bogotá	Rendering services, training, consultancy services in the area of communication, process and electronic certification of data: electronic identification, storage and availability of databases and electronic payments: trade, development and representation of software related with these services.	Saphety	100%	86.995%	100%	86.995%
Servicios de Inteligencia Estratégica Global, S.L. ('SIEG') (f)	Navarra	Provision of advice services, guidance, consulting, team building and training in areas of research, testing, processing and delivering relevant information for strategic and operational management of companies, governments, organizations and institutions. Support services and support to business and defense of companies and organizations internationally. Research, development, innovation and marketing methodologies, software, hardware and technologies in general, within the scope of research, analysis and automatic and intelligent processing of information, including sensitivity analysis and indicators prospectively.	S21 Sec Gestion	Merged into S21 Sec Gestion		100%	77.65%
Sysvalue - Consultoria, Integração e Segurança em Sistemas de Informação, S.A. ('Sysvalue') (i)	Lisbon	Development and commercialization of professional services in consulting, integration, management and operation of information and electronic security systems.	S21 Sec Portugal	Merged into S21 Sec Portugal		-	-
Sonaeom - Cyber Security and Intelligence, SGPS, S.A. ('Sonaeom CSI')	Maia	Management of shareholdings.	Sonae IM	100%	100%	100%	100%
Sonaeom - Serviços Partilhados, S.A. ('Sonaeom SP')	Maia	Support, management consulting and administration, particularly in the areas of accounting, taxation, administrative procedures, logistics, human resources and training.	Sonaeom	100%	100%	100%	100%
Sonae Investment Management - Software and Technology, SGPS, S.A. ('SonaeIM') (g)	Maia	Management of shareholdings in the area of corporate ventures and joint ventures.	Sonaeom	100%	100%	100%	100%
Sonaeom - Sistemas de Información Españá, S.L. ('SSI Españá')	Madrid	Rendering of consultancy services in the area of information systems.	Sonae IM	100%	100%	100%	100%
Sonaeom BV	Amsterdam	Management of shareholdings.	Sonaeom	100%	100%	100%	100%
Sonaeotelecom BV	Amsterdam	Management of shareholdings.	Sonaeom	100%	100%	100%	100%
Tecnológica Telecomunicações, LTDA. ('Tecnológica')	Rio de Janeiro	Rendering of consultancy and technical assistance in the area of IT systems and telecommunications.	We Do Brasil	99.99%	99.90%	99.99%	99.90%
We Do Consulting - Sistemas de Informação, S.A. ('We Do')	Maia	Rendering of consultancy services in the area of information systems.	Sonae IM	100%	100%	100%	100%
We do Brasil Soluções Informáticas, Ltda. ('We Do Brasil')	Rio de Janeiro	Commercialisation of software and hardware: rendering of consultancy and technical assistance related to information technology and data processing.	We Do	99.91%	99.91%	99.91%	99.91%
We Do Poland Sp. Z o.o. ('We Do Poland') (b)	Poznan	Rendering of consultancy services in the area of information systems.	Cape Technologies	Liquidated		100%	100%

* Sonaeom effective participation

Company (Commercial brand)	Head office	Main activity	Shareholder	Percentage of share capital held			
				Direct	Effective*	Direct	Effective*
We Do Technologies Americas, Inc ('We Do USA')	Delaware	Rendering of consultancy services in the area of information systems.	Cape Technologies	100%	100%	100%	100%
We Do Technologies Australia PTY Limited ('We Do Asia')	Sydney	Rendering of consultancy services in the area of information systems.	Cape Technologies	100%	100%	100%	100%
We Do Technologies BV ('We Do BV')	Amsterdam	Management of shareholdings.	We Do	100%	100%	100%	100%
We Do Technologies BV – Malaysian Branch ('We Do Malasia')	Kuala Lumpur	Rendering of consultancy services in the area of information systems.	We Do BV	100%	100%	100%	100%
We Do Technologies Egypt LLC ('We Do Egypt')	Cairo	Rendering of consultancy services in the area of information systems.	We Do BV Sonaecom BV Sonaetelecom BV	90% 5% 5%	100%	90% 5% 5%	100%
We Do Technologies (UK) Limited ('We Do UK')	Berkshire	Rendering of consultancy services in the area of information systems.	We Do	100%	100%	100%	100%
We Do Technologies Mexico, S de RL ('We Do Mexico')	Mexico City	Rendering of consultancy services in the area of information systems.	Sonaecom BV We Do BV	0.001% 99.999%	100%	0.001% 99.999%	0.001% 99.999%

* Sonaecom effective participation

(a) In the period ended at 30 June 2015, Sonaecom Cyber Security and Intelligence acquired another 17.65% of the capital S21sec Gestion S.A. Group. In April 2016 the company carried out an operation, which proceeded to reduce its capital to cover losses, followed by an increase in the fully subscribed capital and paid by Sonaecom Cyber Security and Intelligence, SGPS, S.A., and this, from that date, holds 100% of the share capital of its subsidiary.

(b) Company liquidated in March 2016

(c) Company liquidated in September 2015

(d) In July 2015 S21 Sec Ges acquired the remaining 50% of share capital stake on S21 Sec Ciberseguridad SA de CV. Given this change in percentage of share capital held, S21 Sec Ciberseguridad SA de CV became included in the consolidation through full consolidation method.

(e) Company liquidated in November 2015

(f) In November 2015 Lookwise, S21 Sec FRM, S21 Sec Institute and SIEG were merged by absorption into S21 Sec Gestion. This operation had retroactive effect at January, 1 2015.

(g) In December 2015 Sonae com – Sistemas de Informação, S.G.P.S., S.A. change its name for Sonae Investment Management – Software and Technology, SGPS, S.A.

(h) Company established in March 2016

(i) Company acquired in April 2016. In August 2016, occurred the merger by incorporation of this company into S21Sec Portugal Cybersecurity Services, S.A.

(j) Company established in August 2016

(k) In August 2016 this company changed its name from Itrust - Cyber Security Intelligence, S.A. to S21Sec Portugal Cybersecurity Services, S.A.

(l) Company acquired in July 2016

All the above companies were included in the consolidation in accordance with the full consolidation method under the terms of IAS 27 – 'Consolidated and Separate Financial Statements' (majority of voting rights, through the ownership of shares in the companies).

3. Changes in the Group

During the periods ended at 30 September 2016 and 2015, the following changes occurred in the composition of the Group:

a) Constitutions

Buyer	Subsidiary	Date	% Direct Participation	% Effective Participation
2016				
Sonae IM*	Bright	Mar-16	100%	100%
Bright	Bright Ventures	Jul-16	100%	100%

*This company changed its name from Sonaecom Sistemas de Informação, SGPS, S.A. to Sonae Investment Management – Software and Technology, SGPS, S.A. in 2015.

b) Dissolutions

Shareholder	Subsidiary	Date	% Direct Participation	% Effective Participation
2016				
Cape Technologies	We Do Poland	Mar-16	100%	100%
2015				
S21 Sec Gestion	S21 Sec Barcelona	Sep-15	77.65%	77.65%

c) Acquisitions

Shareholder	Subsidiary	Date	% Direct Participation	% Effective Participation
2016				
S21 Sec Portugal*	Sysvalue	Apr-16	100%	100%
Sonae IM**	Inovretail	Jul-16	100%	100%

* This company changed it's name from Itrust- Cyber Security Intelligence, S.A. to S21Sec Portugal Cybersecurity Services, S.A. in 2016.

** This company changed it's name from Sonaecom Sistemas de Informação, SGPS, S.A. to Sonae Investment Management – Software and Technology, SGPS, S.A. in 2015.

The subsidiary Sysvalue was acquired by the group in April 2016 and its main activity is the development and marketing of professional consulting, integration, management and operation of information systems and electronic security. In August 2016, the merger of Sysvalue into S21 Sec Portugal (previously called as Itrust) occurred through the global transfer of Sysvalue's assets to S21 Sec Portugal, with the consequent extinction of the incorporated company.

The subsidiary Inovretail, Lda was acquired by the group in July 2016 and tis main activity is the development and investigation of technology solutions, consulting business, advisory in retail segments, industry and services.

Following this acquisition the group made the recognition of a goodwill in the amount of Euro 897,818 and Euro 1,454,029 respectively (note 7), which can be detailed as follows:

	Sysvalue		Inovretail	
(Amounts expressed in thousand Euro)	Balance value before acquisition	Fair value	Balance value before acquisition	Fair value
Acquired assets				
Tangible assets	3,578	3,578	8,916	8,916
Intangible assets	111	111	550,521	550,521
Other financial assets	1,581	1,581	-	-
Investments available for sale	750	750	-	-
Other non-current assets	9	9	1,746	1,746
Financial assets at fair value through profit or loss	-	-	3,100	3,100
Trade debtors	537,053	537,053	201,026	201,026
Other current debtors	27,588	27,588	115,884	115,884
Other current assets	74,594	74,594	3,116	3,116
Cash and cash equivalents	64,312	64,312	48,654	48,654
	709,576	709,576	932,963	932,963
Acquired liabilities				
Loans obtained	100,000	100,000	272,865	272,865
Trade creditors	330,797	330,797	7,139	7,139
Other creditors	72,166	72,166	80,005	80,005
Other current liabilities	203,369	203,369	412,227	412,227
	706,332	706,332	772,236	772,236
Total net assets acquired	3,244	3,244	160,727	160,727
Acquisition price	941,640	941,640	1,713,771	1,713,771
Financial actualisation		(40,578)		(99,015)
Final Goodwill		897,818		1,454,029

The allocation of the acquisition price is still subject to changes until the conclusion of a period of one year from the date of acquisition in accordance with IFRS 3 Business Combinations. As usual on business combinations, also in the acquisition of this two subsidiaries there was a part of the acquisition price which was not possible to be allocated, in accounting terms, to the fair value of identified assets and assumed liabilities and that was recognized as Goodwill. This Goodwill will be related with elements, which cannot be individually quantified and isolated in a reliable way and include, for example, synergies, qualified workforce, technical skills and market power.

Nevertheless, the company does not expect significant changes in its financial position as result of some changes in allocation made.

The acquisition price of subsidiary Sysvalue includes a contingent amount (Euro 531,200) to be annually paid, over 3 years, depending on the company's revenues performance.

In turn, the acquisition price of subsidiary Inovretail, includes the phased payment of Euro 571,771 payable annually until 2020 and a contingent amount to be paid annually for 5 years, depending on the company's revenue performance, which was estimated at Euro 440,000.

In the period ended on 30 September 2016, the deferred and contingent amounts were adjusted in Euro 40,578 (Sysvalue) and Euro 99,015 (Inovretail, Lda.) for the effect of the financial actualization.

The contributions of Sysvalue and Inovretail to the consolidated net income attributed to Sonaecom's Shareholders, in the period ended at 30 September 2016, was negative in Euro 18,221 and positive in Euro 340, respectively. The detail of the referred contribution is as follows:

	Sysvalue	Inovretail
(Amounts expressed in thousand Euro)	Contribution at 31 July 2016 (*)	Contribution at 30 September 2016
Total Revenues	381,387	207,616
Costs and losses		
Cost of sales	(157,559)	-
External supplies and services	(51,312)	(57,352)
Staff expenses	(188,297)	(105,748)
Depreciations and amortisations	(225)	(40,901)
Other operating costs	(676)	(796)
	(16,682)	2,819
Financial Results	(1,458)	(2,479)
Income Tax	(81)	-
Net income for the year before non-controlling interests	(18,221)	340
Net income attributed to non-controlling interests	-	-
Net income attributed to shareholders of parent company	(18,221)	340

(*) In August 2016 the company was merged into S21 Sec Portugal (previously called as Itrust) and its contribution, from that date, entered in this company.

The contributions in the consolidated balance sheet of Sonaecom at 30 September 2016, excluding the goodwill generated as a result the acquisition of the investment in this company, is as follows:

	Sysvalue	Inovretail
(Amounts expressed in thousand Euro)	Contribution at 31 July 2016 (*)	Contribution at 30 September 2016
Assets		
Tangible Assets	3,436	7,415
Intangible Assets	28	555,729
Other non-current assets	9	2,090
Financial assets at fair value through profit or loss	-	3,100
Trade debtors	320,144	139,650
Other current debtors	27,583	86,005
Cash and cash equivalents	14,441	28,088
Other assets	257,082	6,509
Total assets	622,723	828,586
Liabilities		
Non-current liabilities	-	-
Current liabilities	445,158	424,856
Total liabilities	445,158	424,856
Net assets	177,565	403,730

(*) In August 2016 the company was merged into S21 Sec Portugal (previously called as Itrust) and its contribution, from that date, entered in this company.

At the period ended at 30 September 2015, the company Sonaecom CSI purchased more 17.65% of the capital of the Group S21sec Gestion, SA for the amount of 1 euro.

In April 2016 the company carried out an operation, which proceeded to reduce its capital to cover losses, followed by an increase in the fully subscribed capital and paid by Sonaecom CSI and this, from that date, holds 100% of the share capital of its subsidiary.

At the period ended at 30 September 2015, S21 Sec Gestion acquired 50% of the share capital of S21 Sec Ciberseguridad S.A. de CV, a company already 50% owned by S21 Sec México, for an amount of Euro 1,480. As a result, the company was held at 77.65% by Sonaecom (effective participation), which was included in the consolidation by the full consolidation method (note 7).

4. Breakdown of financial instruments

At 30 September 2016 and 2015, the breakdown of financial instruments was as follows:

							2016
	Loans and receivables	Investments available for sale	Financial assets at fair value through profit or loss	Other financial assets	Subtotal	Others not covered by IFRS 7	Total
Non-current assets							
Investments available for sale (note 10)	-	90,779	-	-	90,779	-	90,779
Other non-current assets	290,220	-	-	-	290,220	-	290,220
	290,220	90,779	-	-	380,999	-	380,999
Current assets							
Trade debtors	-	-	40,146,214	-	40,146,214	-	40,146,214
Other current debtors	4,166,483	-	-	-	4,166,483	4,656,402	8,822,885
Other current assets	-	-	-	12,219,144	12,219,144	1,933,990	14,153,134
Cash and cash equivalents (note 12)	248,830,016	-	-	-	248,830,016	-	248,830,016
	252,996,499	-	40,146,214	12,219,144	305,361,857	6,590,392	311,952,249
	Loans and receivables	Investments available for sale	Financial assets at fair value through profit or loss	Other financial assets	Subtotal	Others not covered by IFRS 7	2015
							Total
Non-current assets							
Financial assets at fair value through profit or loss (note 9)	-	-	151,645	-	151,645	-	151,645
Investments available for sale (note 10)	-	113,054	-	-	113,054	-	113,054
Other non-current assets	292,244	-	-	-	292,244	-	292,244
	292,244	113,054	151,645	-	556,943	-	556,943
Current assets							
Financial assets at fair value through profit or loss (note 9)	-	-	81,173,373	-	81,173,373	-	81,173,373
Trade debtors	34,401,079	-	-	-	34,401,079	-	34,401,079
Other current debtors	1,177,457	-	-	-	1,177,457	9,661,669	10,839,126
Other current assets	-	-	-	10,755,926	10,755,926	2,380,985	13,136,911
Cash and cash equivalents (note 12)	181,800,413	-	-	-	181,800,413	-	181,800,413
	217,378,949	-	81,173,373	10,755,926	309,308,248	12,042,654	321,350,902



					2016
	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
Non-current liabilities					
Medium and long-term loans net of short-term portion (note 15)	4,411,132	-	4,411,132	-	4,411,132
Other non-current financial liabilities (note 16)	-	532,461	532,461	-	532,461
Other non-current liabilities	-	1,151,052	1,151,052	712,861	1,863,913
	4,411,132	1,683,513	6,094,645	712,861	6,807,506
Current liabilities					
Short-term loans and other loans (note 15)	1,072,107	-	1,072,107	-	1,072,107
Trade creditors	-	19,045,603	19,045,603	-	19,045,603
Other current financial liabilities (note 18)	-	476,211	476,211	-	476,211
Other creditors	-	721,337	721,337	3,700,285	4,421,622
Other current liabilities	-	17,504,150	17,504,150	10,241,372	27,745,522
	1,072,107	37,747,301	38,819,408	13,941,657	52,761,065
					2015
	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
Non-current liabilities					
Medium and long-term loans net of short-term portion (note 15)	8,969,384	-	8,969,384	-	8,969,384
Other non-current financial liabilities (note 16)	-	757,339	757,339	-	757,339
Other non-current liabilities	-	39,491	39,491	1,195,749	1,235,240
	8,969,384	796,830	9,766,214	1,195,749	10,961,963
Current liabilities					
Short-term loans and other loans (note 15)	2,067,053	-	2,067,053	-	2,067,053
Trade creditors	-	17,334,118	17,334,118	-	17,334,118
Other current financial liabilities (note 18)	-	445,463	445,463	-	445,463
Other creditors	-	563,678	563,678	7,670,803	8,234,481
Other current liabilities	-	17,100,833	17,100,833	7,931,644	25,032,477
	2,067,053	35,444,092	37,511,145	15,602,447	53,113,592

Considering the nature of the balances, the amounts to be paid and received to/from 'State and other public entities' as well as specialized costs related to the share based plans were considered outside the scope of IFRS 7. On the other hand, the deferred costs/profits recorded in the captions 'Other current assets', 'Other non-current assets', 'Other current liabilities' and 'Other non-current liabilities' were considered non-financial instruments.

The Board of Directors believes that, the fair value of the breakdown of financial instruments recorded at amortised cost or registered at the present value of the payments does not differ significantly from their book value. This decision is based in the contractual terms of each financial instrument.

5. Tangible assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in the periods ended 30 September 2016 and 2015 was as follows:

							2016
	Land, Buildings and other constructions	Plant and machinery	Vehicles	Fixtures and fittings	Other tangible assets	Work in progress	Total
Gross assets							
Balance at 31 December 2015	3,418,910	9,756,011	72,116	9,002,845	422,547	18,218	22,690,647
New companies (note 3. c)	-	168,392	-	28,664	16,479	-	213,535
Additions	18,363	86,160	-	314,968	7,200	795,635	1,222,326
Disposals	-	(24,940)	-	(5,735)	-	-	(30,675)
Transfers and write-offs	541,151	54,635	-	237,604	1,275	(788,684)	45,981
Balance at 30 September 2016	3,978,424	10,040,258	72,116	9,578,346	447,501	25,169	24,141,814
Accumulated depreciation and impairment losses							
Balance at 31 December 2015	2,174,077	9,507,187	44,306	7,716,040	411,257	-	19,852,867
New companies (note 3. c)	-	164,908	-	20,610	15,522	-	201,040
Depreciation for the period	147,951	83,007	9,860	417,979	7,409	-	666,206
Disposals	-	(11,777)	-	(3,796)	-	-	(15,573)
Transfers and write-offs	40,754	(2,789)	-	13,054	66	-	51,085
Balance at 30 September 2016	2,362,782	9,740,536	54,166	8,163,887	434,254	-	20,755,625
Net value	1,615,642	299,722	17,950	1,414,459	13,247	25,169	3,386,189

							2015
	Land, Buildings and other constructions	Plant and machinery	Vehicles	Fixtures and fittings	Other tangible assets	Work in progress	Total
Gross assets							
Balance at 31 December 2014	3,528,324	10,256,267	72,116	8,375,847	424,270	29,848	22,686,672
Additions	500	442	-	678,155	1,735	221,509	902,341
Disposals	-	-	-	(158,850)	-	-	(158,850)
Transfers and write-offs	(11,567)	21,551	-	917	(215)	(202,846)	(192,160)
Balance at 30 September 2015	3,517,257	10,278,260	72,116	8,896,069	425,790	48,511	23,238,003
Accumulated depreciation and impairment losses							
Balance at 31 December 2014	2,116,298	9,969,925	31,159	7,482,993	389,868	-	19,990,243
Depreciation for the period	166,252	77,303	9,860	362,648	22,730	-	638,793
Disposals	-	-	-	(158,104)	-	-	(158,104)
Transfers and write-offs	(81,340)	(4,332)	-	(34,220)	(87)	-	(119,979)
Balance at 30 September 2015	2,201,210	10,042,896	41,019	7,653,317	412,511	-	20,350,953
Net value	1,316,047	235,364	31,097	1,242,752	13,279	48,511	2,887,050

Depreciation and amortization for the periods ended at 30 September 2016 and 2015 can be detailed as follows:

	2016	2015
	Total	Total
Tangible assets	666,206	638,793
Intangible assets (note 6)	5,987,639	4,916,392
Goodwill (note 7)	1,334,658	-
	7,988,503	5,555,185

The acquisition cost of 'Tangible assets' and 'Intangible assets' held by the Group under finance lease contracts, amounted to Euro 2,297,017 and Euro 2,434,800 on 30 September 2016 and 2015, and their net book value as of those dates amounted to Euro 1,034,256 and Euro 1,173,271 respectively.

At 30 September 2016 and 2015, the heading 'Tangible assets' does not include any asset pledged or given as a guarantee for loans obtained, except for the assets acquired under financial lease contracts.

At 30 September 2016 and 2015, the 'Tangible fixed assets in progress' presented the amount of Euro 25,169 and Euro 48,511, respectively, referring to Information Systems and IT equipment.

At 30 September 2016 and 2015, there are no commitments to third parties relating to investments to be made.

6. Intangible assets

In the periods ended at 30 September 2016 and 2015, the movement occurred in intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:

				2016
	Brands and patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2015	11,630,222	69,480,822	6,755,183	87,866,227
New companies (note 3.c)	-	703,613	92,784	796,397
Additions	27,089	1,264,930	5,650,738	6,942,757
Disposals	-	(38,067)	-	(38,067)
Transfers and write-offs	(135,294)	4,144,790	(4,012,111)	(2,615)
Balance at 30 September 2016	11,522,017	75,556,088	8,486,594	95,564,699
Accumulated amortisation and impairment losses				
Balance at 31 December 2015	10,797,665	51,019,958	-	61,817,623
New companies (note 3.c)	-	245,765	-	245,765
Amortisation for the period	243,320	5,744,319	-	5,987,639
Disposals	-	(1,727)	-	(1,727)
Transfers and write-offs	(117,075)	221,969	-	104,894
Balance at 30 September 2016	10,923,910	57,230,284	-	68,154,194
Net value	598,107	18,325,804	8,486,594	27,410,505

				2015
	Brands and patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2014	11,000,702	55,566,461	5,418,866	71,986,029
Additions	13,723	1,460,971	3,727,484	5,202,178
Transfers and write-offs	427,122	4,110,815	(4,270,086)	267,851
Balance at 30 September 2015	11,441,547	61,138,247	4,876,264	77,456,058
Accumulated amortisation and impairment losses				
Balance at 31 December 2014	10,344,118	36,059,975	-	46,404,093
Amortisation for the period	608,668	4,307,724	-	4,916,392
Transfers and write-offs	352,511	(466,874)	-	(114,363)
Balance at 30 September 2015	11,305,297	39,900,825	-	51,206,122
Net value	136,250	21,237,422	4,876,264	26,249,936

At 30 September 2016, the additions related with intangible assets in progress include about Euro 4.4 millions of capitalizations of personnel costs related to own work (about Euro 3.7 millions on 30 September 2015), mainly related to IT software, RAID and NetClarus products.

The assessment of impairment for the main tangible and intangible assets, in the various segments, is carried out as described in note 7 ('Goodwill'), to the extent that such assets are closely related to the overall activity of the segment and consequently cannot be analysed separately.

7. Goodwill

For the periods ended at 30 September 2016 and 2015, the movements occurred in Goodwill were as follows:

	2016	2015
Opening balance	26,893,310	28,719,066
Acquisition of Sysvalue (note 3.c)	897,818	-
Acquisition of Inovretail (note 3.c)	1,454,029	-
Other movements of the period	(269,984)	603,925
Impairment losses (note 5)	(1,334,658)	-
Closing balance	27,640,515	29,322,991

For the periods ended at 30 September 2016 and 2015, the caption 'Other movements of the year' includes the effect of the exchange rate update of the Goodwill.

Additionally, in the period ended at 30 September 2015, the caption "Other movements of the period" also includes the Goodwill calculation resulting from the purchase of 50% of the share capital of S21 Sec Ciberseguridad S.A. de CV in the amount of Euro 369,402 (note 3), which can be detailed as follows:

(Amounts expressed in thousand Euro)	Fair Value
Acquired Assets	
Tangible Assets	5,852
Accounts receivable and other assets	187,451
Cash and cash equivalents	62,419
	255,722
Acquired Liabilities	
Accounts payable and other liabilities	857,147
	857,147
Total net assets acquired	(601,425)
Purchase price	1,480
	(602,905)
Equity method registered at the purchase date	233,503
Goodwill	(369,402)

The purchase price allocation may still be subject to change until the conclusion of the period of one year from the date of the check, as permitted by IFRS 3 - Business Combinations.

Thus, in the period ended at 30 September 2016, as a result of the revaluation of the assets acquired was recorded an impairment for the total amount of goodwill net of the effect of foreign exchange rates of the period (Euro 34,745).

Thus, at 30 September 2016 and 2015, Goodwill was made up as follows:

	Information Systems	Multimedia
2016		
Goodwill	25,110,515	2,530,000
2015		
Goodwill	23,292,991	6,030,000

The evaluation of the existence of impairment losses in Goodwill is made by taking into account the cash-generating units, based on the most recent business plans duly approved by the Group's Board of Directors, which are made on an annual basis unless there is evidence of impairment and prepared according to cash flow projections for periods of five years. In the area of information systems, the assumptions used are essentially based on the various businesses of the Group and the growth of the several geographic areas

where the Group operates. The average growth rate used to the turnover of 5 years was 12.9%. For the Media sector, the average growth rate used was circa of 2%. The discount rates used were based on the estimated weighted average cost of capital, which depends on the business segment of each subsidiary, as indicated in the table below. In perpetuity, the Group considered a growth rate between 1% and 3% in the area of information systems and 0% in Multimedia area. In situations where the measurement of the existence, or not, of impairment is made based on the net selling price, values of similar transactions and other proposals made are used.

	Information Systems	Multimedia
Assumptions		
Basis of recoverable amount	Value in use	Value in use
Discount rate	10.5%	9.0%
Growth rate in perpetuity	1.0%	0.0%

For the sector of Information Systems, in digital security area (Cybersecurity), a growth rate used was 3%. Additionally, for the Digitmarket company a growth rate used was 2%.

The analyses of the impairment indices and the review of the impairment projections and tests have not lead to clearance losses, during the periods ended at 30 September 2016 and 2015, beyond registered in the income statement. For the sensitivity analyses made, required in the IAS 36 - Impairment of Assets, have not lead to material changes of the recoveries, so not result material additional impairments.

8. Investments in associated companies and companies jointly controlled

The associated companies and the companies jointly controlled, their head offices, percentage of ownership and value in profit and loss statement at 30 September 2016 and 2015, are as follows:

		Percentage of ownership				Value in profit and loss statement	
Head Office		30 September 2016		30 September 2015		30 September 2016	30 September 2015
		Direct	Total	Direct	Total		
ZOPT (a)	Oporto	50%	50%	50%	50%	15,823,381	16,472,670
Unipress – Centro Gráfico, Lda. ('Unipress')	Vila Nova de Gaia	50%	50%	50%	50%	114,155	34,713
Sociedade Independente de Radiodifusão Sonora, S.A. ('S.I.R.S.' – using the brand name 'Rádio Nova')	Oporto	45%	45%	45%	45%	1,622	(11,447)
S21Sec Ciber seguridad SA de CV ('Ciber seguridad') (b)	Mexico City	Full consolidation method		Full consolidation method		-	(149,700)
Intelligent Big Data, S.L. ('Big Data') (c)	Gipuzcoa	50%	50%	50%	39%	(226)	(157)
Total (note 20)						15,938,932	16,346,079

(a) Includes the incorporation of the results of the subsidiaries in proportion to the capital held.

(b) Company directly owned by S21 Sec México by 50%. In July 2015 S21 Sec Gestion acquired the remaining 50% of share capital stake on S21 Sec Ciberseguridad SA de CV. Given this change this company came to be owned by 77.80% by Sonaecom (effective percentage) and became included in the consolidation through full consolidation method (note 2).

(c) Company directly owned by S21 Sec Gestion

The associated companies and companies jointly controlled have been consolidated by the equity method.

In accordance with the IFRS 11, the classification of investments in joint ventures is determined based on the existence of an agreement that clearly demonstrate and regulate the joint control. Thus, in accordance with the requirements of this standard, at 30 September 2016 the group only held jointly controlled companies.

During the periods ended at 30 September 2016 and 2015, the movement occurred in investments in associated companies and companies jointly controlled, were as follows:

	30 September 2016			30 September 2015		
	Ownership value	Goodwill	Total investment	Ownership value	Goodwill	Total investment
<i>Investments in associated companies and companies jointly controlled</i>						
Balance at 1 January	623,385,393	87,849,200	711,234,593	633,758,552	87,849,200	721,607,752
Equity method						
Effect on gains and losses (note 20)	15,937,504	-	15,937,504	16,507,819	-	16,507,819
Effect on reserves	(32,673,046)	-	(32,673,046)	3,088,982	-	3,088,982
Dividends	(18,330,874)	-	(18,330,874)	(15,845,015)	-	(15,845,015)
	588,318,977	87,849,200	676,168,177	637,510,338	87,849,200	725,359,538
<i>Registered in Provisions for other liabilities and charges (note 17)</i>						
Balance at 1 January	(145,784)	-	(145,784)	(168,071)	-	(168,071)
Equity method						
Effect on gains and losses (note 17)	1,428	-	1,428	17,910	-	17,910
	(144,356)	-	(144,356)	(150,161)	-	(150,161)
Total investment in associated companies and companies jointly controlled net of impairment losses	588,174,621	87,849,200	676,023,821	637,360,177	87,849,200	725,209,377

As established in the shareholders agreement between Sonaecom, Kento Holding Limited and Jadeium BV (currently named Unitel International Holdings, BV), on 14 June 2016, Sonaecom sold all its direct participation in NOS (2.14%) to ZOPT by the amount of Euro 82,840,847. This transaction generated a capital gain of 18,725,887 (note 9), being 50% of the capital gain annulled through Reserves and the other 50% registered in Gains and losses on financial assets at fair value through profit or loss. In addition, the transaction also gave impact on equity equivalence recorded through reserves by reducing the fair value of 2.14% of non-controlling interests.

The division by company of the amount included on the investments in associated companies and join controlled is as follows:

	30 September 2016			30 September 2015		
	Ownership value	Goodwill	Total investment	Ownership value	Goodwill	Total investment
<i>Investments in associated companies and companies jointly controlled</i>						
Zopt	587,761,498	87,527,500	675,288,998	637,038,644	87,527,500	724,566,144
Unipress	557,480	321,700	879,180	471,257	321,700	792,957
SIRS	(144,162)	-	(144,162)	(149,569)	-	(149,569)
Ciber seguridad	-	-	-	-	-	-
Big Data	(195)	-	(195)	(155)	-	(155)
Total	588,174,621	87,849,200	676,023,821	637,360,177	87,849,200	725,209,377

The aggregated amounts of the main financial indicators of the entities can be resumed as follows:

(Amounts expressed in thousand Euro)							2016
Entity	% holding	Asset	Liability	Equity	Revenue	Operational results	Net result
ZOPT*	50%	4,448,652	2,105,711	2,342,941	1,124,094	420,296	62,732
Unipress	50%	2,798	1,695	1,103	2,387	741	228
SIRS	45%	392	690	(298)	772	60	26
Big Data	39%	2	4	(2)	-	(0)	(1)

*The consolidated accounts not audited of Group ZOPT, prepared in accordance with the International Financial Report Statements ('IFRS') as adopted by the European Union. The value of the shareholder funds includes non-controlling interests, and at 30 September 2016 the NOS' market capitalization amount to Euro 3,120 million.

During the period ended at 30 September 2016 and 2015, the company received the amount of Euro 18.311.947 and Euro 15.815.500 respectively, related to dividends received from Zopt SGPS.

Regarding the area of telecommunications (Zopt), the assessment of whether or not the impairment is determinate taking into account with several information as business plans approved by the Board of Directors of NOS, which implied average growth rate of operating margin amounts to 4.7%, and the average ratings of external reviewers (researches).

	Telecommunications
Assumptions	
Basis of recoverable amount	Value in use
Discount rate	7.2%
Growth rate in perpetuity	1.5%

For other business sectors, the assessment of whether or not impairment to the goodwill value is determined based on the considerations presented in note 7.

The analyses of the impairment indices and the review of the impairment projections and tests have not lead to clearance losses, during the periods ended at 30 September 2016 and 2015. For the sensitivity analyses made, required in the IAS 36 - Impairment of Assets, have not lead to material changes of the recoveries, so not result material additional impairments.

The consolidated financial statements of Zopt, at 30 September 2016 and 2015 can be resumed as follows:

Condensed consolidated balance sheets

(Amounts expressed in thousands of Euro)	September 2016	September 2015
Assets		
Tangible assets	1,196,630	1,216,618
Intangible assets	2,366,227	2,390,326
Deferred tax assets	130,776	134,764
Other non-current assets	203,000	333,649
Non-current assets	3,896,633	4,075,357
Trade debtors	379,222	371,223
Cash and cash equivalents	6,718	24,571
Other current assets	166,079	113,164
Current assets	552,019	508,958
Total assets	4,448,652	4,584,315
Liabilities		
Long-term loans net of short-term portion	1,110,706	1,031,780
Provisions	191,698	184,372
Other non-current liabilities	93,568	74,511
Non-current liabilities	1,395,972	1,290,663
Short-term loans and other loans	154,402	139,235
Trade creditors	316,207	365,876
Other current liabilities	239,130	227,908
Current liabilities	709,739	733,019
Total liabilities	2,105,711	2,023,682
Shareholders' funds excluding non-controlling interests	1,188,832	1,285,959
Non-controlling interests	1,154,109	1,274,674
Total Shareholders' funds	2,342,941	2,560,633
Total Shareholders' funds and liabilities	4,448,652	4,584,315

Condensed consolidated statements of income by nature

(Amounts expressed in thousands of Euro)	September 2016	September 2015
Total revenue	1,124,094	1,067,897
Costs and losses		
Direct costs and External supplies and services	(473,987)	(455,254)
Depreciation and amortisation	(308,327)	(283,473)
Other operating costs	(229,811)	(211,357)
	(1,012,125)	(950,084)
Financial results	(31,699)	(27,022)
Income taxation	(17,538)	(24,901)
Consolidated net income/(loss) for the period	62,732	65,890
Consolidated net income/(loss) for the period attributed to non-controlling interests	31,647	32,945
Attributed to shareholders of parent company	31,085	32,945

The value on the income statement related to Zopt results from net income/(loss) of NOS, the net income/(loss) of Zopt and the impact on results of the process of allocating the fair value to the assets and liabilities acquired by Zopt.

The consolidated financial statements of ZOPT have a significant exposure to the African market, particularly through financial investments that Group holds in associated companies operating in the Angolan and Mozambican markets, which are engaged in providing satellite and fiber television services. The book value of these associates in the financial statements of ZOPT on 30 September, 2016 amounts to approximately Euro 170.9 million, included in the caption "Other non-current assets" above. The uncertainty of the current economic conditions in these markets, namely in the foreign exchange market and the limitation of currency transfer, namely in Angola, introduces an additional degree of variability to the assumptions and could significantly impact the estimates considered. The Group made impairment tests for those assets, which are denominated in the currencies of those countries, Kwanzas and Meticals, respectively, considering the business plans approved for a five years period, which include average growth rates of revenue for that period of 9.7% (Angola) and 5.7% (Mozambique), growth rate in perpetuity of 8% and a discount rate ("WACC") of 16% in both countries.

a) Zopt Group provision's

The processes described below are provisioned in the consolidated accounts of Zopt, given the level of risk identified.

1. Legal actions with regulators

On 8 July 2009, NOS SA (named ZON TV Cabo), was notified by the Competition Authority (AdC) in connection with infringement proceeding relating to the triple-play offer, requesting NOS SA to comment on the content of the notification, which it did in good time. The case is currently at the fact-finding stage in AdC and various information has been requested, to which NOS has responded. If it is concluded that an infringement has occurred, the AdC may levy a fine not exceeding 10% of the company's turnover in last year of infringement. In 2015, NOS Group was notified of decision to dismiss the case by Competition Authority, and so that the provision initially recorded in ZOPT group was reversed.

2. Actions by MEO against NOS S.A., NOS Madeira and NOS Açores and by NOS S.A. against MEO

- Action brought by MEO (PT) against NOS Madeira, claiming the payment of Euro 1.6 million, plus interests, for the alleged use of ducts, supply of the MID service, supply of video and audio channels, operating, maintenance and management costs of the Madeira/Porto Santo undersea cable and the use of two fiber optic circuits. NOS Madeira contested the action, in particular the claimed prices, the services and the legitimacy of MEO in respect of the ducts. A decision was handed down in late July 2013, favourable to NOS Madeira. As a consequence of this decision, MEO appealed to the Lisbon Court of Appeal. In June 2015, the decision was handed down which fully acquitted NOS Madeira relative to MID and confirmed the lower court decision. This decision was appealed by MEO for the "Supremo Tribunal de Justiça" (Supreme Court) which decided not to meet part of the appeal of the object brought by MEO and, as the remainder of the action (restricted to the MID service), judged partially founded, condemning the NOS Madeira to pay MEO the amount of Euro 160 thousand, plus default interest. The judgment of the Supreme Court became final, pending only the presentation by the expense account of the Court. The judgment of the Supreme Court became final, NOS Madeira having accepted it. It is pending only the presentation by the expense account of the Court.



- In 2011, MEO (PT) brought an action in Lisbon Judicial Court against NOS SA, claiming payment of Euro 10.3 million, as compensation for alleged undue portability of NOS SA in the period between March 2009 and July 2011. NOS SA lodged a contest and reply, having started the expert evidence, that the Court however declared void. The hearing was held in late April and early May, having a ruling beendelivered last September, which judged the action partially founded, based not on the existence of undue portability, but on the mere delay of the documentation shipment. NOS was condemned to pay, approximately Euro 5.3 million, a decision which NOS will appeal.

- MEO (PT) made three court notices to NOS SA (April 2013, July 2015 and March 2016), three to NOS Açores (March and June 2013 and May 2016) and three to NOS Madeira (March and June 2013 and May 2016), in order to stop the prescription of alleged damages resulting from claims of undue portability, absence of response time to requests submitted to them by MEO and alleged illegal refusal of electronic portability requests.

MEO doesn't indicate in all notifications the amounts in which it wants to be financially compensated, specifying only part of these, in the case of NOS SA, in the amount of Euro 26 million (from August 2011 and May 2014), in the case of NOS Açores, in the amount of Euro 195 thousand and NOS Madeira, amounting to Euro 817 thousand.

- In 2011, NOS SA brought an action in the Lisbon Judicial Court against MEO (PT), claiming payment of Euro 22.4 million, for damages suffered by NOS SA, arising from violations of the Portability Regulation by PT, in particular, the large number of unjustified refusals of portability requests by MEO in the period between February 2008 and February 2011. The court declared the compulsory performance of expert evidence, which is currently underway, the expert report having been notified to the parties and the parties have submitted their requests for clarification to the experts. At the same time, experts who will be tasked with the economic and financial expertise have been appointed.

It is the understanding of the Board of Directors of NOS, supported by lawyers who monitor the process, that there is, in substance, a good possibility of NOS SA winning the action, due to the fact that MEO has already been convicted for the same offense, by ANACOM. However, it is impossible to determine the outcome of the action. In the event of action be judged totally unfounded, the court costs, which are the responsibility of NOS could amount to over Euro 1 million.

3. Action against NOS SGPS

In 2014, a NOS SGPS providers of marketing services has brought a civil lawsuit seeking a payment of about Euro 1,243 thousand, by the alleged early termination of contract and for compensation. The Court of First Instance acquitted the NOS SGPS instance, based on passive illegitimacy than the author appealed. The Court of Appeal upheld the appeal of Lisbon, but the author complained of it by maintaining that its appeal should be assessed not by the Court of Appeal but the Supreme Court. The Supreme Court, called to rule on the issue in March 2016, upheld the exception of passive illegitimacy of NOS SGPS and absolved the instance. It is belief of the Board of Directors that the arguments used are not correct, so the outcome of the proceeding will not result in significant impact on the financial statements of the group.

4. CNPD

Infringement proceedings in the amount of approximately Euro 4.5 million, established by the National Commission for Data Protection ("CNPD") against NOS SA subsidiary, for alleged violations of rules relating to legal protection of data. During the project phase of decision, NOS SA argued, firstly, a set of procedural irregularities and, secondly, a set of fact and law arguments that the Board of Director understood to impose a final decision to dismiss the case. However, on 16 January 2014, NOS SA received a settlement notice regarding the fine imposed by the CNPD, against which appealed to the courts. On 8 September 2014, the Court for Competition, Regulation and Supervision ("Tribunal da Concorrência, Regulação e Supervisão") reduced the value of the fine to Euro 600 thousand. NOS SA appealed against this decision. As a consequence of this decision, the provision was reduced by Euro 3.9 million, affecting the net income/(loss) of the year ended in 2014. On 5 February 2015, the Lisbon Court of Appeal set the fine at Euro 100 thousand, a decision which became final and unappealable. NOS reverted the provision in the amount of Euro 500 thousand and paid the fine in April 2015.

5. ANACOM

Infringement proceedings due to an alleged failure, by NOS SA, to apply the resolutions taken by ANACOM on 26 October 2005, concerning termination rates for fixed calls. Following a deliberation of Board of Directors of the regulator, in April 2012, a fine of approximately Euro 6.5 million was applied to NOS SA; NOS SA has appealed for the judicial review of the decision and the court has declared the process's nullity on January 2014 (based on violation of NOS, SA's right of defense). In April 2014 ANACOM has notified NOS SA of a new judicial process, based on the same accusations. This process is a repetition of the initial one, taking into



consideration the same facts. In September 2014, ANACOM applied a new fine to NOS SA in the amount of Euro 6.5 million. This decision was contested by NOS SA. In May 2015, it was acquitted, which revoked the decision by ANACOM and the fine which applied. ANACOM appealed the decision and the process is currently and since June 2015 on appeal in Lisbon Court of Appeal.

6. Supplementary Capital

The fiscal authorities are of the opinion that NOS SA has broken the principle of full competition under the terms of (1) of article 58 of the Corporate Tax Code (CIRC), (actual article 63), by granting supplementary capital to its subsidiary NOS Towering, without having been remunerated at a market interest rate. In consequence, it has been notified, with regard to the years 2004, 2005, 2006 and 2007, of corrections to the determination of its taxable income in the total amount of Euro 20.5 million. NOS SA contested the decision with regard to all the above mentioned years. Regarding the year 2004, the Court has decided favorably. As for the years 2006 and 2007, the Fiscal and Administrative Court of Oporto has already decided unfavorably. The company has contested this decision and the final decision of the processes is pending.

7. Future credits transferred

For the year ended at 31 December 2010, the subsidiary NOS SA was notified of the Report of Tax Inspection, where it is considered that the increase, when calculating the taxable profit for the year 2008, of the amount of Euro 100 million, with respect to initial price of future credits transferred to securitization, is inappropriate. Given the principle of periodisation of taxable income, NOS SA was subsequently notified of the improper deduction of the amount of Euro 20 million in the calculation of taxable income between 2009 and 2013. Given that the increase made in 2008 was not accepted due to not complying with Article 18 of the CIRC, also in the years following, the deduction corresponding to credits generated in that years, will eliminate the calculation of taxable income, to meet the annual amortisation hired as part of the operation (20 million per year during 5 years). NOS SA challenged the decisions regarding the 2008, 2009, 2010, 2011 and 2012 fiscal year and regarding the 2013 fiscal year it is still being challenged in administrative proceedings. Regarding the year 2008, the Administrative and Fiscal Court of Porto has already decided unfavorably, in March 2014. The company has appealed.

8. Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU)

The Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU) is legislated in Articles 17 to 22 of Law nr 35/2012, of 23 August. From 1995 until June 2014, MEO, SA (ex-PTC) was the sole provider for the universal service of electronic communications, having been designated administratively by the government, i.e without a tender procedure, which constitutes an illegality, as acknowledged by the European Court of Justice who, through its decision taken in June 2014, condemned the Portuguese State to pay a fine of Euro 3 million for illegally designating MEO. In accordance with Article 18 of the abovementioned Law number 35/2012, the net costs incurred by the operator responsible for providing the universal service, approved by ANACOM, must be shared between other companies who provide, in national territory public communication networks and publicly accessible electronic communications services. NOS is therefore within the scope of this extraordinary contribution given that MEO has being requesting the payment of CLSU to the compensation fund of the several periods during which it was responsible for providing the services. Indeed, in accordance with the law, the compensation fund can be activated to compensate the net costs of the electronic communications universal service, relative to the period before the designation of the provider by tender, whenever, cumulatively (i) there are net costs, considered excessive, the amount of which is approved by ANACOM, following an audit to their preliminary calculation and support documents, which are provided by the universal service provider, and (ii) the universal service provider requester the Government compensation for the net costs approved under the terms previously mentioned.

In 2013, ANACOM deliberated to approve the final results of the CLSU audit presented by MEO, relative to the period from 2007 to 2009, in a total amount of about Euro 66.8 million, decision contested by the Company. In January 2015, ANACOM issued the settlement notes in the amount of Euro 18.6 million, which were contested by NOS and for which bail were presented by NOS SGPS to avoid Tax Execution Proceedings, guarantees that have been accepted by ANACOM.

In 2014, ANACOM deliberated to approve the final results of the CLSU audit by MEO, relative to the period from 2010 to 2011, in a total amount of about Euro 47.1 million, a decision also contested by NOS. In February 2016, ANACOM issued the settlement notes to the Company in amount of Euro 13 million wich will be contested by NOS and for which it was before also presented bail by NOS SGPS in order to avoid the promotion of respective tax enforcement processes, guarantees that have been accepted by ANACOM.



In 2015, ANACOM deliberated to approve the final results of the audit to CLSU presented by MEO for the year 2012, in the amount of about Euro 26 million, decision which was contested by NOS.

Still in 2015, ANACOM deliberated on the approval of the results of the audit to CLSU presented by MEO for the year 2013, in the same amount of Euro 20 million. This decision was contested by NOS.

It is the opinion of the Board of Directors of NOS that these extraordinary contributions to CLSU of service providing by MEO (not designated through a tender procedure) violates the Directive of Universal Service. Moreover, considering the existing legal framework since NOS began its activity, the request of payment of the extraordinary contribution violates the principle of the protection of confidence, recognised on a legal and constitutional level in Portuguese domestic law. For these reasons, NOS will continue judicially challenge the liquidation of each extraordinary contributions, once the Board of Directors is convinced it will be successful in all challenges, both future and already undertaken.

Regardless of the belief of the Board of Directors of NOS, was attributed, in 2014, in the Goodwill allocation period provided by IFRS 3, a provision to remedy this situation, with regard to possible liability to the date of the merger.

b) Legal actions and contingent assets and liabilities of Zopt Group

9. Legal actions with regulators

NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of ANACOM's decisions in respect of the payment of the Annual Fee (for 2009, 2010, 2011, 2012, 2013, 2014 and 2015) for carrying on the business of Electronic Communications Services Networks Supplier in the amounts, respectively, of (i) Euro 1,861 thousand, Euro 3,808 thousand, Euro 6,049 thousand, Euro 6,283 thousand, Euro 7,270 thousand, Euro 7,426 thousand and Euro 7,253 thousand; (ii) Euro 29 thousand, Euro 60 thousand, Euro 95 thousand, Euro 95 thousand, Euro 104 thousand, Euro 107 thousand and Euro 98 thousand; (iii) Euro 40 thousand, Euro 83 thousand, Euro 130 thousand, Euro 132 thousand, Euro 149 thousand, Euro 165 thousand and Euro 161 thousand, and seeking reimbursement of the amounts meanwhile paid in connection with the enforcement proceedings. This fee is a percentage decided annually by ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. The scheme is being introduced gradually: 1/3 in the first year, 2/3 in the second year and 100% in the third year. NOS SA, NOS Açores and NOS Madeira claim, in addition to defects of unconstitutionality and illegality, that only revenues from the electronic communications business per se, subject to regulation by ANACOM, should be considered for the purposes of the application of the percentage and the calculation of the fee payable, and that revenues from television content should be excluded.

On 18 December 2012 a ruling was passed on the proceedings instigated by NOS SA for the annual rate of 2009, for which the appeal was upheld, with no prior hearing, condemning ANACOM to pay the interests. ANACOM appealed and by decision of July 2013, this appeal was not upheld.

The remaining proceedings are awaiting trial and/or decision.

10. Tax Authorities

During the course of the 2003 to 2016 financial years, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2014 financial years. Following these inspections, NOS SGPS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the Corporate Income Tax, to VAT and stamp tax and to make the payments related to the corrections made to the above exercises. The total amount of the notifications unpaid is about Euro 24 million, plus interest and charges. Note that the Group considered that the corrections were unfounded, and contested the corrections and the amounts mentioned. The Group provided the bank guarantees demanded by the Tax Authorities in connection with these proceedings.

At end of year 2013 and taking advantage of the extraordinary settlement scheme of tax debts, the Group settled Euro 7.7 million. This amount was recorded as "taxes receivable" non-current net of the provision recorded.

As belief of the Board of Directors of the NOS Group, supported by our lawyers and tax advisors, the risk of loss of these proceedings is not likely and the outcome thereof will not affect materially the consolidated position.

11. Actions against Sport TV

- SPORT TV Portugal, S.A. was fined by the Competition Authority to the value of Euro 3,730 thousand for the alleged abuse of its dominant position in the domestic market of subscription channels with premium sport content.

SPORT TV is not in agreement with the decision and has therefore challenged it in court, and in this context, the Court of Competition, Regulation and Supervision altered the value to Euro 2,700 thousand. Meanwhile, Sport TV has appealed to the “Tribunal da Relação” (Court of Appeal) which has rejected said appeal as unfounded. Sport TV contested that decision to the Constitutional Court and, in a specific matter to the Supreme Court of Justice, appeals which were rejected.

- Action brought by Cogeco Cable Inc., former shareholder of Cabovisão, against Sport TV, NOS SGPS and a third, requesting, among others: (i) joint condemnation of the three institutions to pay compensation for damages caused by anti-competitive conduct, guilty and illegal, between 3 August 2006 and 30 March 2011, specifically for the excess price paid for Sport TV channels by Cabovisão, in the amount of Euro 9.1 million; (ii) condemnation for damages corresponding to the remuneration of capital unavailable, in the amount Euro 2.4 million; and (iii) condemnation for damages corresponding to the loss of business from anti-competitive practices of Sport TV, in connection with the enforcement proceedings. The NOS Group contested the action, awaiting for appointment.

It is the understanding of the Board of Directors of NOS Group, supported by lawyers who monitor the process, that, in substance, it is unlikely that the group is responsible in this action.

- Cabovisão brought an action against the SPORT TV, in which it requests compensation from the latter for alleged losses resulting from abuse of a dominant position in amount of Euro 18 million, more capital and interest that will win from 31 December 2014 and profits. The Board of Directors of Sport TV and lawyers, who monitor the process, predict a favourable outcome, not estimating impacts in the accounts, in addition to those already registered.

12. Contractual penalties

The general conditions that affect the agreement and termination of this contract between NOS and its clients, establish that if the products and services provided by the client can no longer be used prior to the end of the binding period, the client is obliged to immediately pay damages.

Until 31 December 2014, revenue from penalties, due to inherent uncertainties was recorded only at the moment when it was received, so at 30 September 2016, the receivables by NOS SA, NOS Madeira and NOS Açores amount to a total of Euro 104,982 thousand. During the nine months ended on 30 September 2016 Euro 3,160 thousand related to 2014 receivables were received and recorded in the income statement.

From 1 January 2015, revenue from penalties is recognised taking into account an estimated collectability rate taking into account the Group's collection history. The penalties invoiced are recorded as accounts receivable and amounts determined as uncollectible are recorded as impairment by deducting revenue recognized upon invoicing.

13. Interconnection tariffs

At 30 September 2016, accounts receivable and accounts payable include Euro 37,139,253 and Euro 29,913,608, respectively, resulting from a dispute between the subsidiary NOS SA and, essentially, the operator MEO – Serviços de Comunicação e Multimédia, S.A. (previously named TMN – Telecomunicações Móveis Nacionais, S.A.), in relation to the indefiniteness of interconnection tariffs, recorded in the year ended at 31 December 2001. In the lower court, the decision was favorable to NOS SA. The Court of Appeal, on appeal, rejected the intentions of MEO. However, MEO again appealed to the Supreme Court, for final and permanent decision, who upheld the decision of the Court of Appeal, thus concluding that the interconnection prices for 2001 were not defined. The settlement of outstanding amounts will depend on the price that will be established.

c) Other commitments Zopt Group

In December 2015, NOS Group signed a contract with Sport Lisboa e Benfica - Futebol SAD and Benfica TV, S.A. of television rights of home football games of football NOS' league, broadcasting rights and distribution of Benfica TV Channel. The contract will begin in 2016/2017 sports season and has an initial duration of three years and may be renewed by decision of either party to a total of 10 sports seasons, with the overall financial consideration reaching the amount of Euro 400 million, divided into progressive annual amounts.



Also in December 2015, NOS Group signed a contract with Sporting Clube de Portugal - Futebol SAD and Sporting Comunicação e Plataformas, S.A. that includes the following rights:

- 1) TV broadcasting rights and multimedia home games of Sporting SAD;
- 2) The right to explore the static and virtual advertising at Stadium José Alvalade;
- 3) The right of transmission and distribution of Sporting TV Channel;
- 4) The right to be its main sponsor.

The contract will last 10 sport seasons concerning the rights indicated in 1) and 2) above, starting in July 2018, 12 sport seasons in the case of the rights stated in 3) starting in July 2017 and 12 and a half sport seasons in the case of the rights mentioned in 4) beginning in January 2016, with the overall financial consideration amounting to Euro 446 million, divided into progressive annual amounts.

Also in December 2015, NOS Group has signed contracts regarding the television rights of home senior team football games with the following sports clubs:

- 1) Associação Académica de Coimbra – Organismo Autónomo de Futebol, SDUQ, Lda
- 2) Os Belenenses Sociedade Desportiva Futebol, SAD
- 3) Clube Desportivo Nacional Futebol, SAD
- 4) Futebol Clube de Arouca – Futebol, SDUQ, Lda
- 5) Futebol Clube de Paços de Ferreira, SDUQ, Lda
- 6) Marítimo da Madeira Futebol, SAD
- 7) Sporting Clube de Braga – Futebol, SAD
- 8) Vitória Futebol Clube, SAD

The contracts will begin in the 2019/2020 sports season and last up to 7 seasons, with the exception of the contract with Sporting Clube de Braga - Futebol, SAD which lasts 9 seasons.

During the year of 2016, has signed contracts regarding the television rights of home senior team football games with the following sports clubs:

- 1) C. D. Tondela – Futebol, SDUQ, Lda
- 2) Clube Futebol União da Madeira, Futebol, SAD
- 3) Grupo Desportivo de Chaves – Futebol, SAD
- 4) Sporting Clube da Covilhã – Futebol, SDUQ, Lda
- 5) Clube Desportivo Feirense – Futebol, SAD
- 6) Sport Clube de Freamunde – Futebol, SAD
- 7) Sporting Clube Olhanense – Futebol, SAD
- 8) Futebol Clube de Penafiel, SDUQ, Lda
- 9) Portimonense Futebol, SAD

The contracts will begin in the 2019/2020 sport season and last up to 3 seasons.

The estimated cash-flows are as follows:

Seasons	2016/17	following
Estimated contract Cash-flows *	41	1,138

*Games and channels broadcasting rights, advertising and other are included.

In May 2016, NOS and Vodafone have agreed on reciprocal availability, for several sports seasons, of sports content (national and international) owned by the companies, in order to assure to both companies the availability of broadcasting rights of the sports clubs home football games, as well as the broadcasting and distribution rights of sports and sports clubs channels, whose rights are owned by each of the companies in each moment. The agreement came into force from the beginning of the sports season 2016/2017, assuring access to Benfica's channel and Benfica's home football games to NOS' and Vodafone's clients, independent from the channel where these football games are broadcast.

Considering that the contract signed allowed for the possibility of extending the agreement to the other operators, in July 2016 MEO and Cabovisão joined the agreement, ending the lack of availability of Porto Canal in the NOS's channel grid, assuring that every pay-tv client can have access to every relevant sports content, regardless of which operator they use.

In August 2016, an agreement was achieved so that the shareholder structure of Sport TV can be owned in equal parts by NOS, MEO, Vodafone and Olivedesportos.

The Sonaecom Board of Directors believes that the above processes may result in contingencies that affect the ZOPT group's accounts are properly provisioned, given the degree of risk in the consolidated accounts of Sonaecom.

9. Financial assets at fair value through profit or loss

As a result of the merger between Optimus SGPS and Zon SGPS, Sonaecom Group began to hold NOS shares recorded at fair value through profit or loss, since it is the initial classification of an asset held for a sale purpose in a short-time. In accordance with the 'Shareholders Agreement', these shares neither concedes any additional vote right or affect the shared control situation with ZOPT. Some of these shares were used as part of the General Public and Voluntary Offer acquisition of own shares.

The movements occurred in financial assets at fair value through profit or loss, during the period ended at 30 September 2016 and 2015 were as follows:

					2016
Financial assets at fair value through profit or loss	Opening balance	Decreases	Fair value adjustments (note 20)	Increase and decrease in fair value of shares intended to cover MTIP*	Closing balance
NOS	79,796,807	(64,114,961)	(15,681,846)	-	-
Sonae SGPS	144,477	(146,683)	2,206	-	-
	79,941,284	(64,261,644)	(15,679,640)	-	-

*Incentive medium-term plans

					2015
Financial assets at fair value through profit or loss	Opening balance	Decreases	Fair value adjustments (note 20)	Increase and decrease in fair value of shares intended to cover MTIP*	Closing balance
NOS	57,661,618	-	23,511,755	-	81,173,373
Sonae SGPS	2,303,954	(2,736,246)	216,840	367,097	151,645
	59,965,572	(2,736,246)	23,728,595	367,097	81,325,018
Recorded under the caption non current assets (note 4)					151,645
Recorded under the caption current assets (note 4)					81,173,373

*Incentive medium-term plans

The increases and decreases in the fair value adjustments are recorded under the caption 'Gains and losses on Group companies' in Profit and Loss Statement (note 20). With the exception of the increases and decreases in the fair value of shares allocated to cover the medium-term incentive plans whose value is recorded under "Other operating expenses" and "Other financial expenses" in the income statement.

The decreases at 30 September 2016 and 2015, in the investment in Sonae SGPS shares, correspond essentially to the payment of the medium-term incentive plan that expired in the period ended at 30 September 2016 and 2015 respectively.

At 30 September 2016, the decreases of the investment in NOS shares correspond to the sold of all the direct participation of Sonaecom in NOS (2.14%) to ZOPT, as mentioned in the note 8 "investments in associated companies and companies jointly controlled". For the determination of the fair value of NOS shares at the date of sale, was used the share price of the day 14 of June of 2016 (5.822) for the 11,012,532 treasury shares at the moment of the sale.

The evaluation of fair value of the investment, at 30 September 2015 is detail as follows:

2015	NOS	Sonae SGPS
Shares	11,012,532	137,859
Level of inputs in the hierarchy of fair value	Level 1**	
Valuation method	Quoted price on the stock exchange	
Quoted price*	7.371	1.100
Fair value	81,173,373	151,645

* Used the share price of 30 September 2015 in the determination of the fair value.

**Level 1: Fair value is determined based on active market prices.

10. Investments available for sale

At 30 September 2016 and 2015, this caption included investments classified as available-for-sale and was made up as follows:

	%	2016	2015
Lusa – Agência de Notícias e Portugal, S.A.	1.38%	197,344	197,347
VISAPRESS - Gestão de Conteúdos dos Média, CRL	10.00%	5,000	5,000
Others		10,710	10,707
Impairment losses		(122,275)	(100,000)
		90,779	113,054

At 30 September 2016, these investments correspond to shareholdings of immaterial amount, in unlisted companies, in which the Group has no significant influence, and in which the acquisition cost of such investments is a reasonable estimation of their fair value, adjusted where applicable, by the respective impairment losses.

The assessment of impairment in the investments described above is performed through comparisons with the value of the percentage of share capital detained by the Group and with multiples of sales and EBITDA of companies of the same sector.

The financial information regarding these investments is detailed below (in thousands of euro):

	Assets	Shareholders' funds	Gross debt	Turnover	Operational results	Net income
Lusa - Agência de Notícias de Portugal, S.A. ⁽¹⁾	11,361	3,017	403	14,832	495	(6)
VISAPRESS - Gestão de Conteúdos dos Média, CRL ⁽¹⁾	253	4	-	46	(2)	(3)

⁽¹⁾ Amounts expressed in thousands euro at 31 December 2015.

11. Deferred taxes

Deferred tax assets at 30 September 2016 and 2015, amounted to Euro 6,502,963 and Euro 8,254,952, respectively, and arose, mainly, from tax losses carried forward, from tax benefits, from differences between the accounting and tax amount of some fixed assets and from others temporary differences. The movement in deferred tax assets in the periods ended at 30 September 2016 and 2015 were as follows:

					2016
	Balance at 31 December 2015	Movements in deferred tax of the period	Utilization of deferred tax	Record/(reverse) of deferred tax of previous years	Balance at 30 September 2016
Tax losses	3,502,971	1,546,694	-	136,341	5,186,006
Tax provisions not accepted and other temporary differences	1,478,049	(371,650)	-	189,008	1,295,407
Tax benefits (SIFIDE, RFAI and CFEI)	1,083,280	-	(1,802,709)	774,422	54,993
Effect on results (note 21)	6,064,300	1,175,044	(1,802,709)	1,099,771	6,536,406
Others	34,075	(67,518)	-	-	(33,443)
Closing balance	6,098,375	1,107,526	(1,802,709)	1,099,771	6,502,963

					2015
	Balance at 31 December 2014	Movements in deferred tax of the period	Utilization of deferred tax	Record/(reverse) of deferred tax of previous years	Balance at 30 September 2015
Tax losses	2,397,494	753,677	(19,515)	-	3,131,656
Tax provisions not accepted and other temporary differences	1,726,512	(57,266)	-	(131,135)	1,538,111
Tax benefits (SIFIDE, RFAI and CFEI)	1,178,811	52,723	-	991,595	2,223,129
Differences between the tax and accounting amount of certain fixed assets and others	1,745,300	(189,250)	-	-	1,556,050
Effect on results (note 21)	7,048,117	559,884	(19,515)	860,460	8,448,946
Discontinued operations	(169,548)	-	-	-	(169,548)
Others	(41,339)	16,893	-	-	(24,446)
Closing balance	6,837,230	576,777	(19,515)	860,460	8,254,952

At 30 September 2016 and 2015, assessments of the deferred tax assets to be recovered and recognised were made. Potential deferred tax assets were recorded to the extent that future taxable profits were expected to be generated against which the tax losses and deductible tax differences could be used. These assessments were made based on the most recent business plans duly approved by the Board of Directors of the Group companies, which are periodically reviewed and updated. The main criteria used in those business plans are described in note 7.

The rate used at 30 September 2016 and 2015, in Portuguese companies, to calculate the deferred tax assets relating to tax losses carried forward was 21%. The rate used to calculate the temporary differences in Portuguese companies, including provisions not accepted and impairment losses, was 22.5% in September 2016 and 2015. It wasn't considered the state surcharge, as it was understood to be unlikely the taxation of temporary differences during the estimated period when the referred rate will be applicable. Tax benefits, related to deductions from taxable income, are considered at 100%, and in some cases, their full acceptance is dependent on the approval of the authorities that concede such tax benefits. For foreign companies was used the rate in force in each country.

In accordance with the tax returns and other information prepared by the companies that have registered deferred tax assets, the detail of such deferred tax assets, by nature, at 30 September 2016 was as follows:

	Companies included in the tax group	Digitmarket	We Do Brasil	We Do USA	SSI Espana	We Do Mexico	Saphety Brasil	S21 Sec Gestion	S21 Sec Labs	S21 Sec SA CV	Total	2016 Total Sonaecom Group
Tax losses:												
To be used until 2021	-	-	-	-	-	26,499	-	-	-	-	26,499	26,499
To be used until 2022	-	-	-	-	-	26,517	-	-	-	211,296	237,813	237,813
To be used until 2023	-	-	-	-	-	183,770	-	-	-	71,243	255,013	255,013
To be used until 2025	-	-	-	-	-	71,127	-	-	-	52,119	123,246	123,246
To be used until 2026	-	-	-	-	-	204,059	-	-	-	-	204,059	204,059
To be used until 2027	-	-	-	-	-	-	-	-	45,833	-	45,833	45,833
To be used until 2028	-	-	-	-	-	-	-	612,877	12,017	-	624,894	624,894
To be used until 2029	-	-	-	-	-	-	-	253,352	-	-	253,352	253,352
To be used until 2030	-	-	-	163,112	-	-	-	-	-	-	163,112	163,112
To be used until 2033	-	-	-	123,413	-	-	-	-	-	-	123,413	123,413
To be used until 2034	-	-	-	736,686	-	-	-	-	-	-	736,686	736,686
To be used until 2035	-	-	-	872,914	-	-	-	-	-	-	872,914	872,914
To be used until 2036	-	-	-	1,342,634	-	-	-	-	-	-	1,342,634	1,342,634
Unlimited	-	-	-	-	176,538	-	-	-	-	-	176,538	176,538
Tax losses	-	-	-	3,238,759	176,538	511,972	-	866,229	57,850	334,658	5,186,006	5,186,006
Provisions not accepted and other temporary differences	701,593	870	295,672	150,433	-	133,959	12,880	-	-	-	593,814	1,295,407
Tax benefits (SIFIDE, RFAI and CFEI)	-	33,976	-	21,017	-	-	-	-	-	-	54,993	54,993
Others	-	-	(24,136)	62,467	-	(71,406)	(368)	-	-	-	(33,443)	(33,443)
Total	701,593	34,846	271,536	3,472,676	176,538	574,525	12,512	866,229	57,850	334,658	5,801,370	6,502,963

Sonaecom has adopted, since January 2008, the special regime for the taxation of groups of companies, under which, the provision for income tax is determined on the basis of the estimated taxable income of all the companies covered by that regime, in accordance with such rules, however, for the year ended at 31 December 2015, the Sonaecom Group, no longer has an independent group of companies covered by the special regime for taxation due to of having passed to integrate the special regime for taxation of groups of Sonae SGPS companies.

In this way, Sonaecom is under the special regime for the taxation of groups of companies, from which Sonae, SGPS is the dominant company since 1 January 2015. Sonaecom records the income tax on their individual accounts and the tax calculated is record under the caption of group companies. The special regime for the taxation of groups of companies covers all direct or indirect subsidiaries, and even through companies resident in another Member State of the European Union or the European Economic Area, only if, in the last case, there is an obligation of administrative cooperation, on which the Group holds at least 75% of their share capital, where such participation confers more than 50% of voting rights, if meet certain requirements. Although the subsidiaries Digitmarket and Saphety did not integrate the new tax group. Saphety is not covered by this special regime because the indirect participation of Sonae SGPS in more than 75% had not completed more than a year on the date of implementation of this regime. Digitmarket did not integrate this tax group because the indirect participation of Sonae SGPS in this company is less than 75%.

At 30 September 2016 and 2015, the Group has other situations where potential deferred tax assets could be recognised, but since it is not expected that sufficient taxable profits will be generated in the future to cover those losses, such deferred tax assets were not recorded:

	2016	2015
Tax losses	10,484,379	9,757,053
Temporary differences (provisions not accepted for tax purposes and other temporary differences)	33,656,429	30,864,855
Others	12,768,458	12,904,085
	<u>56,909,266</u>	<u>53,525,993</u>

At 30 September 2016 and 2015, tax losses for which deferred tax assets were not recognised have the following due dates:

Due date	2016	2015
2015	-	1,109,565
2016	269,298	269,298
2017	122,577	151,129
2018	248,339	292,701
2019	358,180	371,427
2020	141,192	158,146
2021	89,158	92,162
2022	69,154	321,193
2023	2,631,005	87,958
2024	80,939	65,708
2025	333,958	312,211
2026	924,334	520,678
2027	275,739	261,739
2028	53,253	183,642
2029	878,680	1,664,913
2030	74,473	958,240
2031	1,275,077	87,290
2032	-	56,795
2033	-	26,156
Unlimited	2,659,023	2,766,102
	<u>10,484,379</u>	<u>9,757,053</u>

The years of 2029 and following are applicable to the subsidiaries incorporated in countries in which the reporting period of tax losses is greater than twelve years.

Deferred tax liabilities at 30 September 2016 in amount to Euro 15,967 (Euro 104,219 in 2015) essentially result from temporary differences between the accounting and tax value of intangibles.

The movement occurred in deferred tax liabilities for the periods ended at 30 September 2016 and 2015 was as follows:

	2016	2015
Opening balance	-	-
Temporary differences between accounting and tax result	(15,967)	(104,219)
Sub-total effect on results (note 21)	(15,967)	(104,219)
Others	-	-
Closing balance	(15,967)	(104,219)

The reconciliation between the earnings before taxes and the taxes recorded for the periods ended at 30 September 2016 and 2015 is as follows:

	2016	2015
Earnings before taxes	1,651,604	39,514,912
Income taxation (21%)	(346,837)	(8,298,132)
Deferred tax assets not recognised in the individual accounts and / or resulting from consolidation adjustments, autonomous taxation, surcharge and other non-deductible accounting adjustments	1,411,905	6,626,898
Record/(reverse) of deferred tax assets related to previous years and tax benefits	1,099,771	860,460
Use of tax losses and tax benefits without record of deferred tax asset in previous years	50,587	287,043
Temporary differences for the period without record of deferred tax assets	144,466	(3,363)
Record of deferred tax liabilities	(15,967)	-
Income taxation recorded in the period (note 21)	2,343,925	(527,094)

The tax rate used to reconcile the tax expense and the accounting profit is 21% in 2016 and 2015 because it is the standard rate of the corporate income tax in Portugal, country where almost all of the income of Sonaecom group are taxed.

Portuguese Tax Authorities can review the income tax returns of the Company and of its subsidiaries with head office in Portugal for a period of four years (five years for Social Security), except when tax losses have been generated, tax benefits have been granted or when any review, claim or impugnation is in course, in which circumstances, the periods are extended or suspended. Consequently, tax returns of each year, since the year 2012 (inclusive) are still subject to such review. The Board of Directors believes that any correction that may arise as a result of such review would not have a significant impact on the accompanying consolidated financial statements.

Supported by the Company's lawyers and Tax consultants, the Board of Directors believes that there are no liabilities not provisioned in the consolidated financial statements, associated to probable tax contingencies that should have been registered or disclosed in the accompanying financial statements, at 30 September 2016.

12. Cash and cash equivalents

At 30 September 2016 and 2015, this caption was made up as follows:

	2016	2015
Cash in hand	24,225	26,448
Bank deposits repayable on demand	125,741,131	71,534,070
Treasury applications	123,099,660	110,239,895
Cash and cash equivalents	248,865,016	181,800,413
Bank overdrafts (note 15)	(653)	(297,456)
	248,864,363	181,502,957

At 30 September 2016 and 2015, the caption "Treasury Applications" matched only bank applications.

The above mentioned applications were paid and, during the year ended at 30 September 2016, the interest tax rate in force was 0.76% (0.21% in 2015) being, in the referred date, distributed by seven financial institutions.

13. Share capital

At 30 September 2016 and 2015, the share capital of Sonaecom was comprised by 311,340,037 ordinary registered shares, of Euro 0.74 each.

At those dates, the Shareholder structure was as follows:

	2016		2015	
	Number of shares	%	Number of shares	%
Sontel BV	194,063,119	62.33%	194,063,119	62.33%
Sonae SGPS	81,022,964	26.02%	81,022,964	26.02%
Shares traded on the Portuguese Stock Exchange ('Free Float')	30,682,940	9.86%	30,682,940	9.86%
Own shares (note 14)	5,571,014	1.79%	5,571,014	1.79%
	311,340,037	100.00%	311,340,037	100.00%

All shares that comprise the share capital of Sonaecom, are authorized, subscribed and paid. All shares have the same rights and each share corresponds to one vote.

14. Own shares

During the period ended at 30 September 2016, Sonaecom did not acquire, sold or delivered own actions, whereby the amount held to date, is of 5,571,014 own shares representing 1.79% of its share capital, at an average price of Euro 1.380.

15. Loans

At 30 September 2016 and 2015, the caption Loans had the following breakdown:

a) Medium and long-term loans net of short-term portion

Company	Issue denomination	Limit	Maturity	Type of reimbursement	Amount outstanding	
					2016	2015
S21 Sec Gestion	Bank loan	1,229,223	Jul-21	Parcel	-	1,229,223
S21 Sec Gestion	Bank loan	600,919	Jul-21	Parcel	-	600,919
S21 Sec Gestion	Bank loan	573,839	Jul-21	Parcel	-	573,839
S21 Sec Gestion	Bank loan	547,000	Jul-21	Parcel	-	547,000
S21 Sec Gestion	Bank loan	309,000	Jul-21	Parcel	-	309,000
S21 Sec Gestion	Bank loan	296,000	Jul-21	Parcel	-	296,000
S21 Sec Gestion	Bank loan	192,000	Jul-21	Parcel	-	192,000
S21 Sec Labs	Repayable subsidies	-	Jun-24	Parcel	1,637,899	2,050,058
S21 Sec Gestion	Repayable subsidies	-	Jun-25	Parcel	2,351,756	1,642,789
Lookwise*	Repayable subsidies	-	Dec-25	Parcel	-	1,130,322
Saphety	Minority Shareholder loans	-	-	-	412,322	451,322
	Costs associated with financing set-up	-	-	-	-	(88,106)
	Interests incurred but not yet due	-	-	-	9,155	35,018
					4,411,132	8,969,384

(*) In November 2015 Lookwise was merged by absorption into S21 Sec Gestion. This operation had retroactive effect at 1 January 2015.

Between the end of the month of January and beginning of February 2016, S21 SEC Gestion made the early repayment of all medium and long term loans in the amount of Euro 3.75 million with maturity in July 2021.

The average interest rate at 30 September 2015 was 3%.

b) Short-term loans and other loans

Company	Issue denomination	Limit	Maturity	Type of reimbursement	Amount outstanding	
					2016	2015
S21 Sec Gestion	Overdraft facilities	200,000	Jul/16	-	-	199,912
S21 Sec Gestion	Overdraft facilities	150,000	Jul/16	-	-	150,000
S21 Sec Gestion	Overdraft facilities	150,000	Jul/16	-	-	149,460
S21 Sec Gestion	Overdraft facilities	100,000	Jul/16	-	-	99,600
S21 Sec Gestion	Overdraft facilities	500,000	Jul/16	-	-	310,765
S21 Sec Gestion	Factoring	1,135,000	Jul/16	-	-	324,153
InovRetail	Factoring	150,000	Oct-16	-	25,544	-
S21 Sec Labs	Reimbursable grants	-	Nov16	-	380,271	157,335
S21 Sec Gestion	Reimbursable grants	-	Oct-16	-	612,878	190,431
Lookwise*	Reimbursable grants	-	Oct-16	-	-	187,941
Several	Bank overdrafts (note 12)	-	-	-	653	297,456
Several	Interests incurred but not yet due	-	-	-	52,761	-
					1,072,107	2,067,053

(*) In November 2015 Lookwise was merged by absorption into S21 Sec Gestion. This operation had retroactive effect at 1 January 2015.

Bank credit lines of short-term portion

Sonaecom has also a short term bank credit line, in the form of current or overdraft account commitment, in the amount of Euro 1 million.

Between the end of the month of January and beginning of February 2016, S21 SEC Gestion made the repayment and cancellation of its overdrafts, whose maximum amounted to Euro 1.3 million. At the repayment date the amounts used amounted to Euro 1.1 million.

All these bank credit lines of short-term portion bear interest at market rates, indexed to the Euribor for the respective term, and were all contracted in Euro.

Grants

At 30 September 2016 the Group had grants obtained from dependent entities of the Government of Navarra, CDTI and 'Ministerio de Ciencia y Tecnología'. These subsidies are recorded at amortized cost in accordance with the method of effective interest rate and have the following repayment plan:

	2016
2016	475,996
2017	1,192,562
2018	1,175,912
2019	774,586
2020 and follows	1,363,748
	4,982,804

These subsidies bear interest at rates between 0% and 4%

Others

At 30 September 2015, the obligations to credit institutions (nominal values) related with medium and long-term loans and its interests are repayable as follows (values based on the latest interest rate established for each type of loan):

	Within 12 months	Between 12 and 24 months	Between 24 and 36 months	Between 36 and 48 months	Between 48 and 60 months	Between 60 and 72 months
2015						
Other loans S21 Sec Gestion:						
Reimbursements	-	169,469	874,779	865,083	860,937	977,713
Interests	118,661	131,053	167,539	123,941	80,754	37,719
	118,661	300,522	1,042,318	989,024	941,691	1,015,432

Minority Shareholder loans have no maturity defined.

At 30 September 2016 and 2015, the available bank credit lines of the Group were as follows:

						Maturity
Company	Credit	Limit	Amount outstanding	Amount available	Until 12 months	More than 12 months
2016						
Sonaecom	Authorised overdrafts	1,000,000	-	1,000,000	x	
InovRetail	Factoring	150,000	25,544	124,456	x	
Others	Several	-	653	-	x	
		1,150,000	26,197	1,124,456		
2015						
Sonaecom	Authorised overdrafts	1,000,000	-	1,000,000	x	
S21 Sec Gestion	Overdraft facilities	200,000	199,912	88	x	
S21 Sec Gestion	Overdraft facilities	150,000	150,000	-	x	
S21 Sec Gestion	Overdraft facilities	150,000	149,460	37,713	x	
S21 Sec Gestion	Overdraft facilities	125,457	-	125,457		x
S21 Sec Gestion	Overdraft facilities	100,000	99,600	400	x	
S21 Sec Gestion	Overdraft facilities	30,191	-	30,191		x
S21 Sec Gestion	Overdraft facilities	500,000	310,765	189,235	x	
S21 Sec Gestion	Bank loan	1,229,223	1,229,223	-		x
S21 Sec Gestion	Bank loan	600,919	600,919	-		x
S21 Sec Gestion	Bank loan	573,839	573,839	-		x
S21 Sec Gestion	Bank loan	547,000	547,000	-		x
S21 Sec Gestion	Bank loan	309,000	309,000	-		x
S21 Sec Gestion	Bank loan	296,000	296,000	-		x
S21 Sec Gestion	Bank loan	192,000	192,000	-		x
S21 Sec Gestion	Factoring	500,000	-	500,000		x
S21 Sec Gestion	Factoring	1,135,000	324,153	810,847	x	
Others	Several	-	297,456	-	x	
		7,638,629	5,279,327	2,693,931		

At 30 September 2016 and 2015, there is no interest rate hedging instruments therefore the total gross debit is exposed to changes in market interest rates.

16. Other non-current financial liabilities

At 30 September 2016 and 2015, this caption was made up of accounts payable to tangible and intangible assets suppliers related to lease contracts which are due in more than one year in the amount of Euro 532,461 and Euro 757,339, respectively.

At 30 September 2016 and 2015, the payment of these amounts was due as follows:

	2016		2015	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
2015	-	-	160,294	144,252
2016	138,362	126,369	441,798	405,434
2017	507,697	478,852	418,081	399,276
2018	289,198	278,845	151,682	145,809
2019 onwards	126,766	124,606	109,946	108,031
	1,062,023	1,008,672	1,281,801	1,202,802
Interests	(53,351)	-	(78,999)	-
	1,008,672	1,008,672	1,202,802	1,202,802
Short-term liability (note 18)	-	(476,211)	-	(445,463)
	1,008,672	532,461	1,202,802	757,339

17. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the periods ended at 30 September 2016 and 2015 were as follows:

	Opening balance	Companies included in the consolidation perimeter (note 3.c)	Increases	Decreases	Utilisations and Transfers	Closing balance
2016						
Accumulated impairment losses on accounts receivables	2,719,864	40,456	2,614	(29,021)	(16,899)	2,717,014
Accumulated impairment losses on inventories	35,000	-	-	-	-	35,000
Provisions for other liabilities and charges	4,292,553	-	1,870,311	(295,405)	(1,661,159)	4,206,300 ¹
	7,047,417	40,456	1,872,925	(324,426)	(1,678,058)	6,958,314
2015						
Accumulated impairment losses on accounts receivables	3,814,053	-	223,869	(126,785)	(45,286)	3,865,851
Accumulated impairment losses on inventories	25,000	-	-	-	-	25,000
Provisions for other liabilities and charges	2,579,321	-	997,056	(80,862)	(101,214)	3,394,301 ¹
	6,418,374	-	1,220,925	(207,647)	(146,500)	7,285,152

Reinforcements and reductions values of the accumulated impairment losses on receivable accounts and provisions for liabilities and charges, at 30 September 2016 and 2015, are detailed as follows:

	2016		2015	
	Increases	Decreases	Increases	Decreases
Accumulated impairment losses on accounts receivables				
Registered in the line 'Provisions and accumulated impairment losses' (increases) and in 'Other operating costs' (decreases)	2,614	(29,021)	223,869	(126,785)
Total increases/(decreases) of accumulated impairment losses on accounts receivables	2,614	(29,021)	223,869	(126,785)
Provisions for other liabilities and charges	Increases	Decreases	Increases	Decreases
Recorded in the income statement, under the caption 'Income Tax ' (note 21)	1,604,737	(75,475)	608,948	(51,505)
Recorded in 'Fixed Assets' regard to the provision for dismantling and abandonment of offices net value recorded in 'Other financial expenses' related to the financial actualization of the provision for dismantling as foreseen in IAS 16 - 'Fixed Assets' (note 1.c)	1,315	-	1,270	-
Recorded in the income statement in 'Gains and losses of associates and jointly controlled entities' related to the registration of the provision resulting from the application of the equity method (note 8)	10,851	(12,279)	11,447	(29,357)
Recorded in reserves related to the registration of the provision resulting from the application of the equity method	-	-	97,059	-
Recorded in the income statement 'Staff expenses' related to the provisions for redundancy payments	63,120	(205,851)	-	-
Other increases and decreases - recorded in 'Provisions and impairment losses'	190,288	(1,800)	278,332	-
Total increases/(decreases) of provisions for other liabilities and charges	1,870,311	(295,405)	997,056	(80,862)
Total recorded in the income statement in 'Provisions and impairment losses' (increases) and in 'Other operating revenue' (decreases)	192,902	(30,821)	502,201	(126,785)

At 30 September 2016 and 2015, the breakdown of the provisions for other liabilities and charges is as follows:

	2016	2015
Several contingencies	3,144,575	2,344,855
Legal processes in progress	131,073	100,328
Dismantling	51,505	49,767
Other responsibilities	879,147	899,351
	4,206,300	3,394,301

At 30 September 2016 and 2015, the value of provisions for the dismantling is recorded at its present value, accordingly with the dates of its utilization (in accordance with IAS 37 – 'Provisions, Contingent Liabilities and Contingent Assets').

The heading 'Several contingencies' relates to contingent liabilities arising from transactions carried out in previous years and for which an outflow of funds is probable.

In relation to the provisions recorded for legal processes in progress and other responsibilities, given the uncertainty of such proceedings, the Board of Directors is unable to estimate, with reliability, the moment when such provisions will be used and therefore no financial actualisation was carried out.

In the heading "Other liabilities" are included provisions for restructuring an amount of Euro 315,775 associated with severance payment to occur during 2016.

18. Other financial liabilities

At 30 September 2016, this heading "Other financial liabilities" includes the amount of Euro 476,211 (Euro 445,463 in 2015) related to the short term portion of lease contracts (note 16).

19. External supplies and services

'External supplies and services' for the periods ended at 30 September 2016 and 2015 had the following composition:

	2016	2015
Subcontracts	15,607,096	14,914,587
Specialised works	4,815,537	4,338,423
Rents	3,864,431	3,881,530
Travelling costs	3,530,441	3,712,156
Advertising and promotion	2,699,557	2,157,760
Fees	908,850	954,855
Communications	899,461	934,825
Fuel	303,179	286,850
Energy	300,366	268,975
Maintenance and repairs	190,163	215,841
Commissions	169,741	398,741
Others	1,046,445	1,038,167
	34,335,267	33,102,710

The commitments assumed by the Group at 30 September 2016 and 2015 related to operational leases are as follows:

	2016	2015
Minimum payments of operational lease:		
2015	-	1,125,139
2016	1,208,430	2,884,805
2017	3,072,297	2,461,327
2018	2,115,650	1,692,550
2019 onwards	1,124,324	462,299
Renewable by periods of one year	864,877	1,273,205
	8,385,578	9,899,325

During the periods ended at 30 September 2016, an amount of Euro 3,649,167 (Euro 3,500,179 at 30 September 2015) was recorded in the heading 'External supplies and services' related with operational leasing rents, recorded in 'Rents'.

20. Financial results

Net financial results for the periods ended at 30 September 2016 and 2015 were made up as follows ((costs) / gains):

	2016	2015
Financial results of associates and jointly controlled companies:		
Gains and losses related with the application of the equity method (note 8)	15,938,932	16,346,079
	15,938,932	16,346,079
Gains and losses on financial assets at fair value through profit or loss		
Gains and losses on financial assets at fair value through profit or loss (note 9)	(15,679,640)	23,728,595
Gains on disposal of financial assets at fair value through profit or loss (note 8)	9,362,943	-
Dividends obtained	1,762,005	1,541,721
	(4,554,692)	25,270,317
Financial expenses:		
Interest expenses:		
Bank loans	(285,933)	(433,568)
Leasing	(34,535)	(273,341)
Other interests	(39,688)	(30,984)
Other interests	(211,710)	(129,243)
Foreign exchange losses	(3,179,619)	(1,691,300)
Other financial expenses	(306,454)	(227,771)
	(3,772,006)	(2,352,639)
Financial income:		
Interest income	1,035,886	730,601
Foreign exchange gains	1,975,058	1,229,253
Others financial gains	83,706	369,183
	3,094,650	2,329,037

During the periods ended at 30 September 2016 and 2015, the caption 'Financial income: Interest income' includes, mainly, interests earned on treasury applications.

During the period at 30 September 2016 the caption "Gains on disposal of financial assets at fair value through profit or loss" includes the gain generated from the sale of the NOS shares (Euro 9,362,943) as described in note 8 "Investments in associated companies and companies jointly controlled".

21. Income taxation

Income taxes recognised during the periods ended at 30 September 2016 and 2015 were made up as follows ((costs) / gains):

	2016	2015
Current tax	(1,443,776)	(1,266,261)
Tax provision net of reduction (note 17)	1,529,262	(557,443)
Deferred tax assets (note 11)	2,274,406	1,400,829
Deferred tax liabilities (note 11)	(15,967)	(104,219)
	2,343,925	(527,094)

22. Related parties

During the periods ended at 30 September 2016 and 2015, the balances and transactions maintained with related parties were mainly associated with the normal operational activity of the Group and to the concession and obtainment of loans.

The most significant balances and transactions with related parties, which are listed in the appendix to this report, during the periods ended at 30 September 2016 and 2015 were as follows:

	Balances at 30 September 2016		
	Accounts receivable	Accounts payable	Other assets / (liabilities)
Holding company			
Sonae SGPS	(69)	304,849	40,225
Other related companies			
ZOPT SGPS	13,869	-	-
NOS SGPS	-	-	452,604
NOS Comunicações	1,083,259	93,802	548,550
NOS Technology	2,972,728	(120)	(3,654,009)
NOS Sistemas	103,747	184,657	(9,837)
Modelo Continente Hipermercados, S.A.	630,835	188,161	9,315
Raso Viagens e Turismo	1,997	193,579	(3,732)
SC-Sociedade de Consultadoria	114,410	-	(135,754)
Sierra Portugal	14,827	-	130,563
Sonae Indústria PCDM	37,509	-	10,725
Sonaecenter II	1,098,898	247,800	(1,465,009)
Worten	40,114	-	-
Unipress	46,200	613,416	(10,391)
	6,158,324	1,826,144	(4,086,750)

	Balances at 30 September 2015		
	Accounts receivable	Accounts payable	Other assets / (liabilities)
Holding company			
Sonae SGPS	(941)	33,743	(47,190)
Other related companies			
ZOPT	13,869	-	-
NOS Comunicações	420,485	200,074	866,451
NOS Technology	2,279,253	-	-
Modelo Continente Hipermercados, S.A.	481,480	446,813	1,755
Raso Viagens	3,762	233,552	9,709
SC-Sociedade de Consultadoria	114,636	-	(95,395)
Sierra Portugal	122,554	1,968	149,884
Sonae Indústria PCDM	172,657	-	-
Sonaecenter II	653,344	204,930	(1,286,267)
Worten	39,088	-	-
	4,300,187	1,121,080	(401,053)



	Transactions at 30 September 2016			
	Sales and services rendered	Supplies and services received (note 19)	Interest and similar income / (expense) (note 20)	Supplementary income
Holding company				
Sonae SGPS	2,869	-	963,950	(26)
Other related companies				
ZOPT SGPS	-	-	6,842	-
NOS Comunicações	1,338,385	503,863	-	-
NOS Technology	8,516,742	-	-	-
NOS Sistemas	181,768	442,179	-	(28,390)
MDS	179,452	16,090	-	-
Modelo Continente Hipermercados, S.A.	577,137	92,192	-	-
Raso Viagens e Turismo	10,676	1,094,575	-	-
SC-Sociedade de Consultadoria	491,964	-	-	6,204
Sierra Portugal	1,346,586	14,052	-	-
Sonae Indústria PCDM	350,777	-	-	-
Sonaecenter II	8,686,753	378,640	-	-
Unipress	-	383,264	-	142,500
Worten	109,461	-	-	-
	21,792,570	2,924,855	970,792	120,288

	Transactions at 30 September 2015			
	Sales and services rendered	Supplies and services received (note 19)	Interest and similar income / (expense) (note 20)	Supplementary income
Holding company				
Sonae SGPS	4	-	494,566	100
Other related companies				
NOS Technology	6,728,947	15,339	-	-
MDS	168,082	37,092	-	-
Modelo Continente Hipermercados, S.A.	518,745	(244,116)	-	124,668
Raso Viagens	116,181	1,235,908	-	-
SC-Sociedade de Consultadoria	635,307	-	-	-
Sierra Portugal	1,381,577	10,043	-	-
Sonae Indústria PCDM	382,805	-	-	-
Sonaecenter II	11,980,116	228,358	-	-
Unipress	-	379,558	-	-
Worten	166,886	3,366	-	-
	22,078,650	1,665,548	494,566	124,768

During the period at 30 September 2016, the company distributes dividends the amount of Euro 4,699,332 to this parent company (Euro 3,646,033 at September 2015)

The transactions between Group companies were eliminated in consolidation, and therefore are not disclosed in this note.

All the above transactions were made at market prices.

Both income and outcome will be paid in cash and have no guaranties attached.

During the periods ended at 30 September 2016 and 2015, no impairment losses have been recognized on the income to be made by other entities.

The Sonaecom's related parties integral list will be presented attached to this report.

23. Guarantees provided to third parties

Guarantees provided to third parties at 30 September 2016 and 2015 were as follows:

Company	Beneficiary	Description	2016	2015
Saphety, S21 Sec Gestion; WeDo and WeDo Egypt	Administrador de Infraestructuras Ferroviarias; Arrow Ecs Internet Security, S.L.; Asiacell Communications; Comunidade Intermunicipal do Médio Tejo; CTT Correios de Portugal, S.A.; Digi Telemunications; Emirates Telecom. Corp.; Empresa de Telecomunicaciones Nuevatel; Etihad Etisalat Company; ETISALAT UAE; Instituto Nacional de Ciberseguridad de España, SA; Mobitel (Private) Limited; Oficina de Control Económico del Departamento de Hacienda y Finanzas; Packet One Networks; Red Nacional de Ferrocarriles Españoles; Renfe Operadora; REPSOL; Tunisie Telecom; U Mobile and Viva Bahrain	Completion of work to be done	1,123,290	1,089,549
Inovretail, S21 Sec Gestion and S21 Sec Labs	Agencia para o Desenvolvimento e Coesao, I.P.; Centro para Desarrollo Tecnológico Industrial; CDTI; Direccion General del Ministerio; Ingenieria de Sistemas para la Defensa de España; Ministerio de Indústria and ICT	Grants	795,409	1,022,049
Sonaecom and Público	Direção de Contribuições e Impostos and Autoridade Tributária e Aduaneira (Portuguese tax authorities)	IRC, IS and IVA – Tax assessment	240,622	240,622
Sonaecom	Direção de Contribuições e Impostos (Portuguese tax authorities)	VAT Reimbursements	-	1,435,379
S21 Sec Gestion	Several	Contests	-	221,613
We Do and Saphety	IAPMEI	HERMES' project and 'Value4cuopons' project - QREN	-	42,501
Several	Others		671,802	845,183
			2,831,123	4,896,896

In addition to these guarantees were set up sureties for the current fiscal processes. The Sonae SGPS consisted of Sonaecom SGPS surety to the amount of Euro 28,727,104 and Sonaecom SGPS consisted of Público for the amount of Euro 564,900.

At 30 September 2016, the Board of Directors of the Group believes that the decision of the court proceedings and ongoing tax assessments in progress will not have significant impacts on the consolidated financial statements.

24. Information by business segment

Following the classification of the Telecommunications segment as a discontinued operation (note 8), were identified for the periods ended at 30 September 2016 and 2015 the following business segments:

- Multimedia;
- Information systems; and
- Holding activities.

These segments were identified taking into consideration the following criteria/conditions: the fact of being group units that develop activities where we can separately identify revenues and expenses, for which financial information is separately developed and their operating results are regularly reviewed by management and over which decisions are made. For example, decisions about allocation of resources, for having similar products/services and also taking into consideration the quantitative threshold (in accordance with IFRS 7).

The segment 'Holding activities' includes the operations of the Group companies that have as their main activity the management of shareholdings.

Excluding the ones mentioned above, the remaining activities of the Group have been classified as unallocated.



Inter-segment transactions during the periods ended at 30 September 2016 and 2015 were eliminated in the consolidation process. All these transactions were made at market prices.

Inter-segment transfers or transactions were entered under the normal commercial terms and conditions that would also be available to unrelated third parties and were mainly related to interest on treasury applications and management fees.

Overall information by business segment at 30 September 2016 and 2015, prepared in accordance with the same accounting policies and measurement criteria adopted in the preparation of the consolidated financial statements, can be summarised as follows:

	Multimedia		Information Systems		Holding Activities		Subtotal		Eliminations and others		Total	
	September 2016	September 2015	September 2016	September 2015	September 2016	September 2015	September 2016	September 2015	September 2016	September 2015	September 2016	September 2015
Revenues:												
Sales and services rendered	10,664,635	11,279,293	87,923,861	88,618,839	211,684	257,645	98,800,180	100,155,777	(692,775)	(479,682)	98,107,405	99,676,095
Reversal of provisions	-	-	29,935	126,785	1,800	-	31,735	126,785	-	-	31,735	126,785
Other operating revenues	208,584	289,000	558,544	772,994	119,951	176,022	887,079	1,238,016	2,256	(72,360)	889,335	1,165,656
Total revenues	10,873,219	11,568,293	88,512,340	89,518,618	333,435	433,667	99,718,994	101,520,578	(690,519)	(552,042)	99,028,475	100,968,536
Depreciation and amortisation	(516,265)	(418,530)	(6,318,698)	(5,023,215)	(10,286)	(11,218)	(6,845,249)	(5,452,963)	(1,143,254)	(102,222)	(7,988,503)	(5,555,185)
Provisions and impairment losses	(63,531)	(84,683)	(80,862)	(371,028)	(48,509)	(46,490)	(192,902)	(502,201)	-	-	(192,902)	(502,201)
Net operating income / (loss) for the segment	(2,375,640)	(2,302,507)	(3,187,527)	1,312,872	(986,553)	(1,153,881)	(6,549,720)	(2,143,516)	(842,558)	65,634	(7,392,278)	(2,077,882)
Interest income	417	59	36,519	83,014	1,674,783	1,614,842	1,711,719	1,697,915	(675,843)	(967,314)	1,035,876	730,601
Interest expenses	(195,874)	(325,968)	(729,902)	(968,662)	6,835	(62,932)	(918,941)	(1,357,562)	633,008	923,994	(285,933)	(433,568)
Gains and losses on financial assets at fair value through profit or loss	-	-	-	-	(4,554,692)	25,270,317	(4,554,692)	25,270,317	-	-	(4,554,692)	25,270,317
Investment Entities – Applying the Consolidation	115,776	23,266	(226)	(149,857)	15,823,382	16,472,670	15,938,932	16,346,079	-	-	15,938,932	16,346,079
Other financial results	(2,420)	(4,187)	(1,437,230)	(598,276)	(4,431,903)	(2,447,495)	(5,871,553)	(3,049,958)	4,444,254	2,729,323	(1,427,299)	(320,635)
Income taxation	744,072	505,202	903,892	(1,009,057)	714,002	(11,583)	2,361,966	(515,438)	(18,041)	(11,656)	2,343,925	(527,094)
Consolidated net income/(loss) for the period excluding discontinued operations	(1,713,669)	(2,104,135)	(4,414,474)	(1,329,966)	8,245,854	39,681,938	2,117,711	36,247,837	3,540,820	2,739,981	5,658,531	38,987,818
Consolidated net income/(loss) for the period of discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to:												
Shareholders of parent company	(1,713,669)	(2,104,135)	(4,095,973)	(42,798)	8,245,854	39,681,938	2,436,212	37,535,005	3,566,348	2,756,524	6,002,560	40,291,529
Non-controlling interests	-	-	(318,501)	(1,287,168)	-	-	(318,501)	(1,287,168)	(25,528)	(16,543)	(344,029)	(1,303,711)
Assets:												
Tangible and intangible assets and goodwill	3,915,601	7,603,655	81,774,661	78,050,350	19,060	32,568	85,709,322	85,686,573	(27,272,113)	(27,226,596)	58,437,209	58,459,977
Inventories	169,374	222,561	29,541	118,782	-	-	198,915	341,343	-	-	198,915	341,343
Financial investments	916,914	850,662	11,514	10,756	620,939,254	661,031,196	621,867,682	661,892,614	54,391,274	63,731,623	676,258,956	725,624,237
Other non-current assets	3,570	3,570	6,778,520	8,411,863	157,609,791	165,306,642	164,391,881	173,722,075	(157,598,698)	(165,174,879)	6,793,183	8,547,196
Other current assets of the segment	5,299,561	6,069,810	61,572,507	52,289,769	267,341,241	274,701,130	334,213,309	333,060,709	(22,226,060)	(11,709,807)	311,987,249	321,350,902
Liabilities:												
Liabilities of the segment	15,517,833	17,648,480	92,592,268	76,516,261	1,942,500	5,264,624	110,052,601	99,429,365	(46,261,763)	(31,855,290)	63,790,838	67,574,075
CAPEX	481,135	488,781	10,130,129	5,213,666	461	(972)	10,611,725	5,701,475	110,394	403,525	10,722,119	6,105,000

During the periods ended at 30 September 2016 and 2015, the inter-segments sales and services were as follows:

	Multimedia	Information Systems	Holding Activities
2016			
Multimedia	-	272,110	-
Information Systems	-	-	211,684
Holding Activities	-	49,601	-
External trade debtors	10,664,635	87,602,150	-
	10,664,635	87,923,861	211,684
2015			
Multimedia	-	130,618	-
Information Systems	-	-	241,779
Holding Activities	488	51,382	-
External trade debtors	11,278,805	88,436,839	15,866
	11,279,293	88,618,839	257,645

During the periods ended at 30 September 2016 and 2015, sales and services rendered of the segments of Multimedia and Activities Holding were obtained predominantly in the Portuguese market, this market represents more than 100% of revenue.

During the periods ended at 30 September 2016, for the Information Systems segment, also the Portuguese market is dominant, accounting for 47.7% of revenue (47.5% in 2015) followed by the Spanish market, representing 11.2% of revenue (10.3% in 2015), respectively.

The consolidated financial statements of NOS at 30 September 2016 and 2015 incorporated in the consolidated financial statements of Sonaecom through ZOPT by the equity method (note 8), can be summarized as follows:

Condensed consolidated balance sheets

(Amounts expressed in thousands of Euro)	September 2016	September 2015
Assets		
Tangible assets	1,147,359	1,160,185
Intangible assets	1,169,889	1,170,774
Deferred tax assets	118,541	122,196
Other non-current assets	16,325	42,893
Non-current assets	2,452,114	2,496,048
Trade debtors	357,851	358,430
Cash and cash equivalents	1,510	13,011
Other current assets	207,687	116,926
Current assets	567,048	488,367
Total assets	3,019,162	2,984,415
Liabilities		
Long-term loans net of short-term portion	1,073,085	1,027,249
Provisions for other liabilities and charges	146,756	138,205
Other non-current liabilities	56,215	32,326
Non-current liabilities	1,276,056	1,197,780
Short-term loans and other loans	128,591	136,994
Trade creditors	274,478	327,267
Other current liabilities	300,647	265,410
Current liabilities	703,716	729,671
Total liabilities	1,979,772	1,927,451
Shareholders' funds excluding non-controlling interests	1,030,120	1,047,445
Non-controlling interests	9,270	9,519
Total Shareholders' funds	1,039,390	1,056,964
Total Shareholders' funds and liabilities	3,019,162	2,984,415

Condensed consolidated statements of income by nature

(Amounts expressed in thousands of Euro)	September 2016	September 2015
Total revenue	1,124,094	1,067,897
Costs and losses		
Direct costs and External supplies and services	(474,032)	(455,136)
Depreciation and amortisation	(292,503)	(267,649)
Other operating costs	(238,050)	(214,287)
	(1,004,585)	(937,072)
Financial results	(18,775)	(29,697)
Income taxation	(22,499)	(27,735)
Consolidated net income/(loss) for the period	78,235	73,393
Consolidated net income/(loss) for the period attributed to non-controlling interests	(152)	(136)
Attributed to shareholders of parent company	78,387	73,529

25. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the consolidated net income attributable to the Group (Euro 6,002,560 in 2016 and Euro 40,291,529 in 2015) by the average number of shares outstanding during the period ended 30 September 2016 and 2015, net of own shares (305,769,023 in 2016 and 2015).

26. Medium Term Incentive Plans

In June 2000, Sonaecom Group created a discretionary Medium Term Incentive Plan, for more senior employees, based on Sonaecom options and shares and Sonae-SGPS, S.A. shares. The vesting occurs three years after the award of each plan, assuming that the employees are still employed in the Group, during that period.

The 2011 plan was delivered on March 2015 for all companies except for Sonaecom SGPS, SA, employees, whose delivery was in May 2015.

The 2012 plan was delivered on March 2016 for all companies.

Accordingly, the outstanding plans at 30 September 2016 are as follows:

	Vesting period			30 September 2016	
	Share price 30.09.2016	Award date	Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares					
2013 Plan	0.680	10-Mar-14	10-Mar-17	173	1,597,025
2014 Plan	0.680	10-Mar-15	10-Mar-18	185	1,501,422
2015 Plan	0.680	10-Mar-16	10-Mar-19	201	1,808,031

All the Plans includes employees of WeDo Group following the adoption by these companies of the same medium term incentives plans that the rest of the group since 2013.

During the period ended at 30 September 2016, the movements that occurred in the plans can be summarised as follows:

	Sonae SGPS shares	
	Number of participants	Number of shares
Outstanding at 31 December 2015:		
Unvested	402	4,042,703
Total	402	4,042,703
Movements in the period:		
Award	204	1,828,091
Vested	(23)	(813,157)
Cancelled / elapsed / corrected / transfers ⁽¹⁾	(24)	(151,159)
Outstanding at 30 September 2016:		
Unvested	559	4,906,478
Total	559	4,906,478

(1) Corrections are made for dividends paid and changes to capital and other adjustments including those resulting from changes in the maturity of the MTIP, which may now be made through shares at a discount.

The responsibility of the plans was recognized under the caption 'Other current liabilities' and 'Other non-current liabilities'.



For Sonae SGPS shares plans (excluding the Sonaecom shares plans converted into Sonae SGPS shares plans), the group entered into hedging contracts with external entities, and the liabilities are calculated based on the agreed price. The hedging contracts were used to cover the vestd of the 2011 and 2012 plans. So, in the period ended at 30 September 2016 there are no outstanding hedging contracts.

Share plans costs are recognised in the accounts over the year between the award and the vesting date of those shares. The costs recognised with outstanding plans and with the plan delivered during the period ended at 30 September 2016, were as follows:

	Value
Costs recognised in previous years	2,205,793
Costs recognised in the period	247,471
Costs of plans vested in the period	(813,651)
Total cost of the plans	1,639,613
Recorded in 'Other current liabilities	926,752
Recorded in 'Other non-current liabilities	712,861

These financial consolidated presentations have been approved by the Executive Board and authorized to be issued on 4 November 2016.

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IAS / IFRS) as adopted by the European Union and the format and disclosures required by those Standards, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

Appendix

Key management personnel - Sonaecom	
Ângelo Gabriel Ribeirinho dos Santos Paupério António Bernardo Aranha da Gama Lobo Xavier	Maria Cláudia Teixeira de Azevedo

Key management personnel - Sonae SGPS	
Duarte Paulo Teixeira de Azevedo Andrew Eustace Clavering Campbell Dag Johan Skattum Marcelo Faria Lima Tsega Gebreyes	Ângelo Gabriel Ribeirinho dos Santos Paupério Christine Cross José Manuel Neves Adelino Margaret Lorraine Trainer

Sonae/Efanor/NOS Group Companies	
3shoppings - Holding, SGPS, SA ACCIVE Insurance Cons. e Franchising,Lda Accive Insurance-Corretor de Seguros, SA ADD Avaliações Eng.Aval.e Perícias, Ltda Adlands BV Aduanas Caspe, S.L.U. Aegean Park, SA Agepan Eiweiller Management GmbH Agloma Inmobiliaria y Servicios, S.L. Agloma Investimentos, Sgps, S.A. ALEXA Administration GmbH ALEXA Holding GmbH ALEXA Shopping Centre GmbH Algarveshopping - Centro Comercial, SA Aqualuz - Turismo e Lazer, Lda Aqualuz Tróia-Expl.Hoteleira e Imob., SA Arat Inmuebles, S.A. ARP Alverca Retail Park, SA Arrábidasshopping - Centro Comercial, SA Aserraderos de Cuellar,SA Atelgen-Produção Energia, ACE Atlantic Ferries-Tráf.Loc,Flu.e Marít,SA Avenida M-40 BV Azulino Imobiliária, S.A. BA Business Angels, SGPS, SA BA Capital, SGPS BB Food Service, SA Beeskow Holzwerkstoffe Beralands BV Bertimóvel - Sociedade Imobiliária, S.A.	BIG Picture 2 Films Bloco Q-Sociedade Imobiliária,SA Bom Momento - Restauração, S.A. Bright Development Studio, S.A. Bright Ventures Capital SCR Canal 20 TV, SA Canasta-Empreendimentos Imobiliários,SA Candotal Spain, S.L. Cape Technologies Limited CAPWATT - Brainpower, S.A. Capwatt ACE, S.A. Capwatt Colombo - Heat Power, S.A. Capwatt Engenho Novo - Heat Power, S.A. Capwatt Hectare - Heat Power, ACE Capwatt II - Heat Power, S.A. Capwatt III - Heat Power, S.A. Capwatt Maia - Heat Power, S.A. Capwatt Martim Longo - Solar Power, S.A. Capwatt Vale do Caima - Heat Power, S.A. Capwatt Vale do Tejo - Heat Power, S.A. CAPWATT, SGPS, S.A. Carvemagere-Manut.e Energias Renov., Lda Casa da Ribeira-Sociedade Imobiliária,SA Cascaishopping Centro Comercial, SA Cascaishopping Holding I, SGPS, SA CCCB Caldas da Rainha-Centro Comerc., SA Centro Colombo Centro Comercial, SA Centro Residencial da Maia,Urbân.,SA Centro Vasco da Gama Centro Comercial,SA Chão Verde-Soc. de Gestão Imobiliária,SA



Cinclus Imobiliária,SA	GHP Gmbh
Citorres - Sociedade Imobiliária, SA	Gli Orsi Shopping Centre 1, Srl
Coimbrashopping Centro Comercial, SA	Global Usebti, S.L.
Colombo Towers Holding BV	Glunz AG
Comercial Losan Polonia SP. Z.O.O.	Glunz Service GmbH
Comercial Losan, S.L.U.	Glunz UK Holdings Ltd
Comp. Pesca Comércio Cosal, SARL	Glunz Uka Gmbh
Companhia Térmica do Serrado, ACE	Golf Time-Golfe e Invest. Turísticos, SA
Companhia Térmica Tagol, Lda.	Guimarãesshopping Centro Comercial, SA
Contacto Concessões, SGPS, S.A.	Harvey Dos Iberica, SL
Contibomba-Comérc.Distr.Combustíveis,SA	Herco Consult.Risco Corret.Seguros, Ltda
Contimobe - Imobiliária Castelo Paiva,SA	Herco Consultoria de Risco, S.A.
Continente Hipermercados, SA	HighDome PCC Limited
Country Club da Maia-Imobiliaria,SA	HighDome PCC Limited (Cell Europe)
CTE-Central Termoeléc. do Estuário, Lda	Iberia Shop.C. Venture Coöperatief U.A.
Cumulativa - Sociedade Imobiliária, S.A.	Iberian Assets, SA
Digitmarket-Sistemas de Informação,SA	Iberosegur-Soc. Ibérica Med. Seguros,Lda
Discovery Sports, SA	Igimo - Sociedade Imobiliária, SA
DOC Malaga Holdings, S.L.	Iginha - Sociedade Imobiliária, SA
DOC Malaga SITECO, S.L.U.	Imobeauty, SA
Dortmund Tower GmbH	Imoclub-Serviços Imobilários, SA
Dos Mares Shopping Centre BV	Imoconti - Sociedade Imobiliária, SA
Dos Mares Shopping Centre, SA	Imodivor - Sociedade Imobiliária, SA
Dreamia B.V	Imoestrutura - Sociedade Imobiliária, SA
Dreamia, Serv. de Televisão, SA	Imohotel-Emp.Turísticos Imobiliários,SA
Ecociclo - Energia e Ambiente, SA	Imomuro - Sociedade Imobiliária, SA
Efanor Investimentos, SGPS, S.A.	Imopeninsula - Sociedade Imobiliária, SA
Efanor Serviços de Apoio à Gestão, S.A.	Imoplamac Gestão de Imóveis, SA
Elergone Energias, Lda	Imoponte - Sociedade Imobiliária, SA
Empracine - E. Pro. Act. Cinema, Lda	Imoresort - Sociedade Imobiliária, SA
Empreend.Imob.Quinta da Azenha,SA	Imoresultado - Sociedade Imobiliária, SA
Enerlousado-Recursos Energéticos, Lda.	Imosedas - Imobiliária e Seviços, SA
Estação Viana Centro Comercial, SA	Imosistema - Sociedade Imobiliária, SA
Euroresinas-Indústrias Químicas,SA	Impaper Europe GmbH
Farmácia Selecção, SA	Implantação - Imobiliária, S.A.
Fashion Division Canárias, SA	Infofield - Informática, SA
Fashion Division, S.A.	Inovretail, Lda.
Filmes Mundáfrica, SARL	Inparvi SGPS, SA
FINSTAR - Socied. Investim. Part. S.A.	Interlog-SGPS, SA
Fozimo - Sociedade Imobiliária, SA	Ioannina Develop.of Shopping Centres, SA
Frases e Frações Imobiliária e Serv., SA	Irmãos Vila Nova III - Imobiliária, SA
Freccia Rossa - Shopping Centre, Srl	Irmãos Vila Nova, SA
Fundo de Invest.Imobiliário Fec. Imosede	Isoroy SAS
Fundo Esp.Inv.Imo.Fec. WTC	IVN - Serviços Partilhados, SA
Fundo I.I. Parque Dom Pedro Shop. Center	IVN Asia Limited
Fundo Invest. Imobiliário Imosonae Dois	Land Retail BV
Fundo Invest.Imob.Shopp. Parque D. Pedro	Larim Corretora de Resseguros, Ltda
Funtobar Spain SL	Larissa Develop. of Shopping Centers, SA
Gaiashopping I Centro Comercial, SA	Lazam MDS Corretora e Adm. Seguros, SA
Gaiashopping II Centro Comercial, SA	Le Terrazze - Shopping Centre 1, Srl



Libra Serviços, Lda	NOS Sistemas España, S.L.
Loop 5 Shopping Centre GmbH	NOS Sistemas S.A.
Losan Colombia, S.A.S.	NOS Technology-C.C. e Gest.Redes Com.,SA
Losan Overseas Textile, S.L.	NOS Towering-Gestão de Torres Telec., SA
Losan Tekstil Urun.V E Dis Ticaret, L.S.	NOS, SGPS, S.A.
Lusomundo Imobiliária 2, SA	NOSPUB, Publicidade e Conteúdos, S.A.
Lusomundo Moçambique, Lda	Novodecor (PTY), LTD
Lusomundo Soc. Inv. Imob. SA	OSB Deustchland GmbH
Luz del Tajo BV	Pantheon Plaza BV
Luz del Tajo Centro Comercial, SA	Paracentro - Gestão de Galerias Com., SA
MA02 - Sierra Maroc SARL	Parcelas e Narrativas - Imobiliária SA
Madeirashopping Centro Comercial, SA	Pareuro BV
MaiaShopping Centro Comercial, SA	Park Avenue Develop.of Shop. Centers, SA
Maiequipa - Gestão Florestal, SA	Parklake Shopping, SA
Marcas MC, zRT	Parque Atlântico Shopping-C.Comerc., SA
Marina de Tróia S.A.	Parque D. Pedro 1 BV
Marmagno-Expl.Hoteleira Imob.,SA	Parque de Famalicão - Empreend.Imob., SA
Marvero-Expl.Hoteleira Imob.SA	Pátio Boavista Shopping, Ltda
MCCARE, Serviços de Saúde, S.A.	Pátio Campinas Shopping, Ltda
MDS - Corretor de Seguros, SA	Pátio Goiânia Shopping, Ltda
MDS Affinity-Sociedade de Mediação Lda	Pátio Londrina Empreend.e Particip.,Ltda
MDS Africa SGPS, SA	Pátio São Bernardo Shopping Ltda
MDS Auto - Mediação de Seguros, SA	Pátio Sertório Shopping Ltda
Mds Knowledge Centre, Unipessoal, Lda	Pátio Uberlândia Shopping Ltda
MDS Malta Holding Limited	PCJ-Público, Comunicação e Jornalismo,SA
MDS RE - Mediador de resseguros	Per-Mar -Sociedade de Construções,SA
MDS, SGPS, SA	Pharmaconcept - Actividades em Saúde, SA
Megantic BV	Pharmacontinente - Saúde e Higiene, SA
MJB-Design, Lda	Plaza Eboli - Centro Comercial, SA
MJLF - Empreendimentos Imobiliários, SA	Plaza Mayor Parque de Ócio BV
Modalfa - Comércio e Serviços, SA	Plaza Mayor Parque de Ócio, SA
Modalloop - Vestuário e Calçado, SA	Plaza Mayor Shopping BV
Modelo - Dist.de Mat. de Construção,S.A.	Plaza Mayor Shopping, SA
Modelo Continente Hipermercados, SA	Plenerg Srl
Modelo Continente International Trade,SA	Poliface North America
Modelo Hiper Imobiliária, SA	Ponto de Chegada - Soc. Imobiliária, SA
Modelo.com-Vendas por Correspondência,SA	Porturbe-Edifícios e Urbanizações,SA
Movelpartes-Comp.para Ind.Mobiliária,SA	Praedium - Serviços, SA
MSTAR, SA	Praedium II - Imobiliária, SA
Münster Arkaden BV	Praesidium Services Limited
Norte Shop. Retail and Leisure Centre BV	Predicomercial - Promoção Imobiliária,SA
Norteshopping Centro Comercial, SA	Predilugar - Sociedade Imobiliária, SA
NOS Açores Comunicações, S.A.	Prédios Privados Imobiliária, SA
NOS Communications S.à.r.l.	Predisedas - Predial das Sedas, SA
NOS Comunicações, S.A.	Project Guia, S.A.
NOS Inovação S.A.	Project SC 1 BV
NOS Lusomundo Audiovisuais, S.A.	Project Sierra 10 BV
NOS Lusomundo Cinemas, S.A.	Project Sierra 11 BV
NOS Lusomundo TV, S.A.	Project Sierra 12 BV
NOS Madeira Comunicações, S.A.	Project Sierra 2 BV



Project Sierra 8 BV	Sierra Berlin Holding BV
Project Sierra Cúcuta BV	Sierra Brazil 1 BV
Project Sierra Four Srl	Sierra Cevital Shopping Center, Spa
Project Sierra Germany 2 (two)-Sh.C.GmbH	Sierra Core Assets Holdings, B.V.
Project Sierra Germany 4 (four)-S.C.GmbH	Sierra Corporate Services Holland BV
Project Sierra Spain 1 BV	Sierra Developments Holding BV
Project Sierra Spain 2 - C.Comercial, SA	Sierra Developments, SGPS, SA
Project Sierra Two Srl	Sierra European R.R.E. Assets Hold. BV
Promessa Sociedade Imobiliária, S.A.	Sierra Germany GmbH
Proyecto Cúcuta S.A.S.	Sierra GP, Limited
Público - Comunicação Social, SA	Sierra Greece, SA
QCE-Desenv. e Fabrico de Equipamentos,SA	Sierra Investimentos Brasil Ltda
Racionaliz. y Manufact.Florestales,SA	Sierra Investments (Holland) 1 BV
River Plaza BV	Sierra Investments (Holland) 2 BV
River Plaza Mall, Srl	Sierra Investments Holding BV
Ronfegen-Recursos Energéticos, Lda.	Sierra Investments SGPS, SA
RSI Corretora de Seguros, Ltda	Sierra Italy, Srl
S.C. Microcom Doi Srl	Sierra Management, SGPS, SA
S21 Sec Brasil, Ltda	Sierra Maroc Services, SARL
S21 Sec Ciber Seguridad, S.A. de CV	Sierra Portugal, SA
S21 SEC Gestion, S.A.	Sierra Project Nürnberg BV
S21 Sec Information Security Labs, S.L.	Sierra Real Estate Greece BV
S21 Sec México, S.A. de CV	Sierra Romania Sh. Centers Services Srl
S21 Sec, S.A. de CV	Sierra Services Holland 2 BV
S21SEC Portugal - CyberSecurity Services, SA	Sierra Solingen Holding GmbH
Salsa DE GmbH	Sierra Spain Shop. Centers Serv., S.A.U.
Salsa Distribution USA LLC	Sierra Turkey Gayrim.Yön.P.Dan.An.Sirket
Salsa France, S.A.R.L.	Sierra VdG Holding BV
Salsa Luxembourg, Sàrl	Sierra Zenata Project BV
Saphety - Transacciones Electronicas SAS	SII - Soberana Invest. Imobiliários, SA
Saphety Brasil Transações Eletrônicas Ld	SISTAVAC, S.A.
Saphety Level - Trusted Services, SA	SISTAVAC, SGPS, S.A.
SC Aegean BV	SISTAVAC-Sistemas HVAC-R do Brasil, Ltda
SC Assets, SGPS, SA	SLS Salsa - Comércio e Difusão de Vestuário, S.A.
SC Finance BV	SLS Salsa España - Comercio y Difusión de Vestuario, S.A.U.
SC For-Serv.Form.e Desenv.R.H.,Unip.,Lda	Soc.Inic.Aproveit.Florest.-Energias,SA
SC Hospitality, SGPS, S.A.	Société de Tranchage Isoroy SAS.
SC, SGPS, SA	Socijofra - Sociedade Imobiliária, SA
SC-Consultadoria,SA	Sociloures - Sociedade Imobiliária, SA
SC-Eng. e promoção imobiliária,SGPS,SA	Soflorin BV
SDSR - Sports Division SR, S.A.	Soira-Soc.Imobiliária de Ramalde,SA
Selifa-Soc. de Empreend. Imobiliários,SA	Solinca - Health & Fitness, SA
Sempre à Mão - Sociedade Imobiliária, SA	Solinca-Investimentos Turísticos,SA
Sesagest - Proj. Gestão Imobiliária, SA	Solinfitness - Club Malaga, S.L.
Sete e Meio Herdades-Inv. Agr. e Tur.,SA	Solingen Shopping Center GmbH
SFS - Serviços de Gestão e Marketing, SA	Soltroia-Imob.de Urb.Turismo de Tróia,SA
Shopping Centre Colombo Holding BV	Somit Imobiliária, SA
Shopping Centre Parque Principado BV	Sonae Arauco France SAS
SIAL Participações, Lda	Sonae Arauco, S.A.
Sierra Asia Limited	Sonae Capital Brasil, Lda



Sonae Capital, SGPS, SA	Tafibra South Africa (PTY) Ltd.
Sonae Center Serviços II, SA	Tafibra Suisse, SA
Sonae Financial Services, S.A.	Tafisa Canadá Societé en Commandite
Sonae Ind., Prod. e Com.Deriv.Madeira,SA	Tafisa France, SA
Sonae Industria (UK),Ltd	Tafisa UK,Ltd
Sonae Industria de Revestimentos,SA	Taiber,Tableros Aglomerados Ibéricos,SL
Sonae Indústria-SGPS,SA	Tecnológica Telecomunicações, Ltda
Sonae Investimentos, SGPS, SA	Teconologias del Medio Ambiente,SA
Sonae Investment Management-S.T.,SGPS,SA	Teliz Holding B.V.
Sonae Investments BV	Têxtil do Marco, SA
Sonae MC - Modelo Continente, SGPS, SA	The Artist Porto Hot.&Bistrô-Act.Hot.,SA
Sonae MC S2 Africa Limited	The House Ribeira Hotel - Expl. Hot., SA
Sonae Novobord (PTY) Ltd	Tlantic BV
Sonae RE, S.A.	Tlantic Portugal - Sist.de Informação,SA
Sonae Retalho España-Serv.Generales, SA	Tlantic Sistemas de Informação, Ltda
Sonae SGPS, SA	Tool Gmbh
Sonae Sierra Brasil, SA	Troia Market-Supermercados, S.A.
Sonae Sierra Brazil, BV / SARL	Troia Natura, S.A.
Sonae Sierra, SGPS, SA	Troiaresort, SGPS, S.A.
Sonae Specialized Retail, SGPS, SA	Troiaresort-Investimentos Turísticos, SA
Sonae SR Malta Holding Limited	Tulipamar-Expl.Hoteleira Imob.,SA
Sonae Tafibra Benelux, BV	Turismo da Samba (Tusal), SARL
Sonaecenter Serviços, SA	Unishopping Consultoria Imobiliária,Ltda
Sonaecom - Serviços Partilhados, S.A	UP INVEST, SGPS, S.A.
Sonaecom BV	Upstar Comunicações SA
Sonaecom, SGPS, SA	Urbisedas-Imobiliária das Sedas,SA
Sonaecom-Cyber Security and Int.,SGPS,SA	Usebti Textile México S.A. de C.V.
Sonaecom-Sistemas Información España SL	Valor N, SA
Sonaegest-Soc.Gest.Fundos Investimentos	Via Catarina Centro Comercial, SA
Sonaerp - Retail Properties, SA	Vistas do Freixo-Emp.Tur.Imobiliários,SA
SONAESR - Serviços e logistica, SA	Vuelta Omega, S.L.
Sonaetelecom BV	We Do Consulting-Sist. de Informação, SA
Sondis Imobiliária, SA	We Do Poland Sp.Z.o.o.
Sontaria-Empreend.Imobiliários,SA	We Do Technologies (UK) Limited
Sontel BV	We Do Technologies Americas, Inc
Sonvecap BV	We Do Technologies Australia PTY Limited
Sopair, S.A.	We Do Technologies BV
Sótaqua - Soc. de Empreendimentos Turist	We Do Technologies Egypt LLC
Soternix-Produção de Energia, ACE	We Do Technologies Mexico, S. de RL
Spanboard Products,Ltd	Wedo Brasil-Soluções Informáticas,Ltda
SPF - Sierra Portugal	Weierstadt Shopping BV
Spinarq Moçambique, Lda	Worten - Equipamento para o Lar, SA
Spinarq-Engenharia,Energia e Ambiente,SA	Worten Canárias, SL
Spinveste - Promoção Imobiliária, SA	Worten España Distribución, SL
Spinveste-Gestão Imobiliária SGII,SA	ZAP Cinemas, S.A.
Sport TV Portugal, SA	ZAP Media S.A.
Sport Zone Canárias, SL	ZAP Publishing, S.A.
Sport Zone España-Com.Art.de Deporte,SA	Zippy - Comércio e Distribuição, SA
Sport Zone spor malz.per.satis ith.ve ti	Zippy - Comercio y Distribución, SA
Spred, SGPS, SA	Zippy cocuk malz.dag.ith.ve tic.ltd.sti
Tableros Tradema,S.L.	ZYEvolution-Invest.Desenv.,SA
Tafiber,Tableros de Fibras Ibéricas,SL	

4.3. Sonaecom individual financial statements

Balance sheets

For the periods ended at 30 September 2016 and 2015 and for the year ended at 31 December 2015.

(Amounts expressed in Euro)	Notes	September 2016 (not audited)	September 2015 (not audited)	December 2015
Assets				
Non-current assets				
Tangible assets	1.a, 1.f and 2	16,306	27,947	24,977
Intangible assets	1.b and 3	2,754	4,621	3,907
Investments in Group companies	1.c and 5	55,251,587	51,847,142	49,347,142
Investments in joint ventures	1.d and 6	597,666,944	597,666,944	597,666,944
Financial assets at fair value through profit or loss	1.e, 4 and 7	-	151,645	144,477
Other non-current assets	1.d, 1.n, 4, 8 and 20	158,179,791	159,944,237	165,849,237
Total non-current assets		811,117,382	809,642,536	813,036,684
Current assets				
Financial assets at fair value through profit or loss	1.e, 4 and 7	-	81,173,373	79,796,807
Other current debtors	1.e, 1.g, 4, 10 and 20	1,331,957	2,746,006	3,005,261
Other current assets	1.e, 1.n, 4, and 20	489,856	430,189	378,552
Cash and cash equivalents	1.e, 1.h, 4 and 11	265,349,078	186,189,962	179,448,314
Total current assets		267,170,891	270,539,530	262,628,934
Total assets		1,078,288,273	1,080,182,066	1,075,665,618
Shareholder' funds and liabilities				
Shareholders' funds				
Share capital	12	230,391,627	230,391,627	230,391,627
Own shares	1.q and 13	(8,441,804)	(8,441,804)	(8,441,804)
Reserves	1.p	834,236,219	817,581,760	817,581,760
Net income / (loss) for the period		20,156,212	39,096,465	34,389,062
Total Shareholders' funds		1,076,342,254	1,078,628,048	1,073,920,645
Liabilities				
Non-current liabilities				
Provisions for other liabilities and charges	1.l, 1.o and 15	290,320	351,301	241,811
Other non-current liabilities	1.n, 1.t, 4 and 23	82,520	258,928	222,526
Total non-current liabilities		372,840	610,229	464,337
Current liabilities				
Other creditors	4, 16 and 20	894,614	112,218	200,693
Other current liabilities	1.n, 1.t, 4, 20 and 23	678,565	831,571	1,079,943
Total current liabilities		1,573,179	943,789	1,280,636
Total Shareholders' funds and liabilities		1,078,288,273	1,080,182,066	1,075,665,618

The notes are an integral part of the financial statements at 30 September 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

António Bernardo Aranha da Gama Lobo Xavier

Profit and Loss account by nature

For the periods ended at 30 September 2016 and 2015 and for the year ended at 31 December 2015

(Amounts expressed in Euro)	Notes	September 2016 (not audited)	July to September 2016 (not audited)	September 2015 (not audited)	July to September 2015 (not audited)	December 2015
Services rendered	20	211,684	50,348	257,645	80,592	338,240
Other operating revenues	20	119,949	15,220	176,019	86,173	241,085
		331,633	65,568	433,664	166,765	579,325
External supplies and services	1.f, 17 and 20	(577,850)	(190,858)	(556,350)	(172,970)	(723,241)
Staff expenses	1.t and 23	(505,128)	(258,504)	(842,643)	(278,701)	(1,155,774)
Depreciation and amortisation	1.a, 1.b, 2 and 3	(10,286)	(3,469)	(11,218)	(3,564)	(15,084)
Provisions and impairment losses	1.l and 15	(48,509)	-	(46,490)	-	-
Other operating costs		(120,610)	(10,052)	(80,259)	(62,967)	(63,231)
		(1,262,383)	(462,883)	(1,536,960)	(518,202)	(1,957,330)
Gains and losses on Group companies and companies jointly controlled	5, 8 and 18	13,866,947	9,206,947	13,085,500	7,215,000	9,450,500
Gains and losses on financial assets at fair value through profit or loss	7 and 18	4,808,251	-	25,270,317	2,159,391	23,886,615
Other financial expenses	1.c, 1.i, 1.j, 1.r, 1.s and 18	(62,125)	(22,356)	(96,483)	(10,327)	(135,054)
Other financial income	1.r and 18	1,759,887	454,360	1,959,573	651,767	2,113,424
Current income / (loss)		19,442,210	9,241,637	39,115,611	9,664,394	33,937,480
Income taxation	1.m, 9 and 19	714,002	742,495	(19,146)	(113,089)	451,582
Net income / (loss) for the period		20,156,212	9,984,132	39,096,465	9,551,305	34,389,062
Earnings per share	22					
Including discontinued operations:						
Basic		0.07	0.03	0.13	0.03	0.11
Diluted		0.07	0.03	0.13	0.03	0.11
Excluding discontinued operations:						
Basic		0.07	0.03	0.13	0.03	0.11
Diluted		0.07	0.03	0.13	0.03	0.11

The notes are an integral part of the financial statements at 30 September 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

António Bernardo Aranha da Gama Lobo Xavier

Statement of profit and loss and other comprehensive income

For the periods ended at 30 September 2016 and 2015 and for the year ended at 31 December 2015

(Amounts expressed in Euro)	Notes	September 2016 (not audited)	July to September 2016 (not audited)	September 2015 (not audited)	July to September 2015 (not audited)	December 2015
Net income / (loss) for the period		20,156,212	9,984,132	39,096,465	9,551,305	34,389,062
Components of other comprehensive income, net of tax		-	-	-	-	-
Comprehensive income for the period		20,156,212	9,984,132	39,096,465	9,551,305	34,389,062

The notes are an integral part of the financial statements at 30 September 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

António Bernardo Aranha da Gama Lobo Xavier

Movements in Shareholders' funds

For the periods ended at 30 September 2016 and 2015

(Amounts expressed in Euro)			Reserves						
	Share capital	Own shares (note 13)	Share premium	Legal reserves	Own shares reserves	Other reserves	Total reserves	Net income / (loss)	Total
2016									
Balance at 31 December 2015	230,391,627	(8,441,804)	775,290,377	13,443,724	8,441,804	20,405,855	817,581,760	34,389,062	1,073,920,645
Appropriation of result of 2015									
Transfer to legal reserves and other reserves	-	-	-	1,719,453	-	32,669,609	34,389,062	(34,389,062)	-
Dividend Distribution	-	-	-	-	-	(17,734,603)	(17,734,603)	-	(17,734,603)
Comprehensive income for the period ended at 30 September 2016	-	-	-	-	-	-	-	20,156,212	20,156,212
Balance at 30 September 2016	230,391,627	(8,441,804)	775,290,377	15,163,177	8,441,804	35,340,861	834,236,219	20,156,212	1,076,342,254
2015									
Balance at 31 December 2014	230,391,627	(8,441,804)	775,290,377	13,152,684	8,441,804	28,635,701	825,520,566	5,820,800	1,053,291,189
Appropriation of result of 2014									
Transfer to legal reserves and other reserves	-	-	-	291,040	-	5,529,760	5,820,800	(5,820,800)	-
Dividend Distribution	-	-	-	-	-	(13,759,606)	(13,759,606)	-	(13,759,606)
Comprehensive income for the year period at 30 September 2015	-	-	-	-	-	-	-	39,096,465	39,096,465
Balance at 30 September 2015	230,391,627	(8,441,804)	775,290,377	13,443,724	8,441,804	20,405,855	817,581,760	39,096,465	1,078,628,048

The notes are an integral part of the financial statements at 30 September 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

António Bernardo Aranha da Gama Lobo Xavier

Cash Flow statements

For the periods ended at 30 September 2016 and 2015

(Amounts expressed in Euro)	September 2016 (not audited)	September 2015 (not audited)
Operating activities		
Payments to employees	(1,024,967)	(1,825,537)
Cash flows from operating activities	(1,024,967)	(1,825,537)
Payments / receipts relating to income taxes, net	1,341,994	998,758
Other payments / receipts relating to operating activities, net	1,465,451	511,010
Cash flows from operating activities (1)	1,782,478	(315,769)
Investing activities		
Receipts from:		
Financial Investments	-	2,957,000
Interest and similar income	1,665,090	2,721,583
Loans granted	600,000	965,000
Dividends	20,073,952	17,357,220
Disposals of investments at fair value	82,840,847	-
Payments for:		
Tangible assets	(686)	-
Loans granted	(3,280,000)	-
Cash flows from investing activities (2)	101,899,203	24,000,803
Financing activities		
Payments for:		
Interest and similar expenses	(46,314)	(535,502)
Dividends	(17,734,603)	(13,759,606)
Cash flows from financing activities (3)	(17,780,917)	(14,295,108)
Net cash flows (4)=(1)+(2)+(3)	85,900,764	9,389,926
Cash and cash equivalents at the beginning of the period	179,448,314	176,800,036
Cash and cash equivalents at period end	265,349,078	186,189,962

The notes are an integral part of the financial statements at 30 September 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

António Bernardo Aranha da Gama Lobo Xavier

Notes to the cash flow statements

For the periods ended at 30 September 2016 and 2015

	September 2016 (not audited)	September 2015 (not audited)
1. Acquisition or sale of subsidiaries or other businesses		
a) Receipts from other business activities		
Reimburse of supplementary capital from Sonae Investment Management - Software and Technology, SGPS, S.A.	-	2,957,000
Loan repayment from PCJ - Público, Comunicação e Jornalismo, S.A.	(600,000)	-
	(600,000)	2,957,000
b) Payments from other business activities		
Loan granted to Sonae Investment Management - Software and Technology, SGPS, S.A.	3,280,000	-
	3,280,000	-
c) Dividends received		
NOS, SGPS, S.A.*	18,311,947	15,815,500
ZOPT, SGPS, S.A.	1,762,005	1,541,720
	20,073,952	17,357,220
2. Details of cash and cash equivalents		
Cash in hand	861	499
Cash at bank	120,528,217	67,454,463
Treasury applications	144,820,000	118,735,000
Cash and cash equivalents	265,349,078	186,189,962
Cash assets	265,349,078	186,189,962
3. Description of non-monetary financing activities		
a) Bank credit obtained and not used	1,000,000	1,000,000
b) Purchase of company through the issue of shares	Not applicable	Not applicable
c) Conversion of loans into shares	Not applicable	Not applicable

The notes are an integral part of the financial statements at 30 September 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

António Bernardo Aranha da Gama Lobo Xavier

4.4. Notes to the individual financial statements of Sonaecom

SONAECON, SGPS, S.A., (hereinafter referred to as 'the Company' or 'Sonaecom') was established on 6 June 1988, under the name Sonae – Tecnologias de Informação, S.A. and has its head office at Lugar de Espido, Via Norte, Maia – Portugal.

Pargeste, SGPS, S.A.'s subsidiaries in the communications and information technology area were transferred to the Company through a demerger-merger process, executed by public deed dated 30 September 1997.

On 3 November 1999, the Company's share capital was increased, its Articles of Association were modified and its name was changed to Sonae.com, SGPS, S.A.. Since then the Company's corporate object has been the management of investments in other companies. Also on 3 November 1999, the Company's share capital was re-denominated to euro, being represented by one hundred and fifty million shares with a nominal value of 1 Euro each.

On 1 June 2000, the Company carried out a Combined Share Offer, involving the following:

- A Retail Share Offer of 5,430,000 shares, representing 3.62% of the share capital, made in the domestic market and aimed at: (i) employees of the Sonae Group; (ii) customers of the companies controlled by Sonaecom; and (iii) the general public;
- An Institutional Offering for sale of 26,048,261 shares, representing 17.37% of the share capital, aimed at domestic and foreign institutional investors.

In addition to the Combined Share Offer, the Company's share capital was increased under the terms explained below. The new shares were fully subscribed for and paid up by Sonae-, SGPS, S.A. (a Shareholder of Sonaecom, hereinafter referred to as 'Sonae'). The capital increase was subscribed for and paid up on the date the price of the Combined Share Offer was determined, and paid up in cash, 31,000,000 new ordinary shares of 1 Euro each being issued. The subscription price for the new shares was the same as that fixed for the sale of shares in the aforementioned Combined Share Offer, which was Euro 10.

In addition, Sonae sold, in that year, 4,721,739 Sonaecom shares under an option granted to the banks leading the Institutional Offer for Sale and 1,507,865 shares to Sonae Group managers and to the former owners of the companies acquired by Sonaecom.

By decision of the Shareholders' General Meeting held on 17 June 2002, Sonaecom's share capital was increased from Euro

181,000,000 to Euro 226,250,000 by public subscription reserved for the existing Shareholders, 45,250,000 new shares of 1 Euro each having been fully subscribed for and paid up at the price of Euro 2.25 per share.

On 30 April 2003, the company's name was changed by public deed to Sonaecom, SGPS, S.A..

By decision of the Shareholders' General Meeting held on 12 September 2005, Sonaecom's share capital was increased by Euro 70,276,868, from Euro 226,250,000 to Euro 296,526,868, by the issuance of 70,276,868 new shares of 1 Euro each and with a share premium of Euro 242,455,195, fully subscribed by France Telecom. The corresponding public deed was executed on 15 November 2005.

By decision of the Shareholders' General Meeting held on 18 September 2006, Sonaecom's share capital was increased by Euro 69,720,000, to Euro 366,246,868, by the issuance of 69,720,000 new shares of 1 Euro each and with a share premium of Euro 275,657,217, subscribed by 093X – Telecomunicações Celulares, S.A. (EDP) and Parpública – Participações Públicas, SGPS, S.A. (Parpública). The corresponding public deed was executed on 18 October 2006.

By decision of the Shareholders General Meeting held on 16 April 2008, bearer shares were converted into registered shares.

On 5 February 2014, Sonaecom made public the decision to launch a general and voluntary tender offer for the acquisition of shares representing the share capital of Sonaecom. The offer was general and voluntary, with the offeror obliged to acquire all the shares that were the object of the offer and were, until the end of the respective period, subject to valid acceptance by the recipients.

The period of the offer, during which sales orders were received, ran for two weeks, beginning on 6 February and ending on 19 February 2014. On 20 February 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares (notes 7 and 12).

In 2014, Sonaecom reduced its share capital to Euro 230,391,627.

Euronext announced Sonaecom exclusion from the PSI-20 from 24 February 2014.

The financial statements are presented in euro, rounded at unit.

1. Basis of presentation

The accompanying financial statements have been prepared on a going concern basis, based on the Company's accounting records in accordance with International Financial Reporting Standards (IFRS).

The adoption of the International Financial Reporting Standards (IFRS) as adopted by the European Union occurred for the first time in 2007 and as defined by IFRS 1 – 'First time adoption of International Financial Reporting Standards and taking into account the IAS 34 - 'Interim Financial Reporting', 1 January 2006 was the date of transition from generally accepted accounting principles in Portugal to those standards.

The following standards, interpretations, amendments and revisions have been approved (endorsed) by the European Union, and have mandatory application to financial years beginning on or after 1 January 2016 and were first adopted in the period ended at 30 September 2016:

Standard / Interpretation	Effective date (annual periods beginning on or after)
Amendments to IAS 1: Disclosure Initiative The amendment introduces a set of directions and guidelines to improve and simplify the disclosures in the context of current IFRS reporting requirements.	1-Jan-16
Annual Improvements to IFRSs 2012-2014 Cycle Annual Improvements to IFRSs 2012-2014 Cycle is a collection of amendments to IFRSs in response to issues addressed during the 2012-2014 cycle for annual improvements to IFRSs.	1-Jan-16
IAS 16 and IAS 38 - Amendments (Clarification of Acceptable Methods of Depreciation and Amortisation) The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects more factors other than the consumption of the economic benefits embodied in the asset.	1-Jan-16
IFRS 11 - Amendments (Accounting for Acquisitions of Interests in Joint Operations) The objective was to add new guidance on the accounting for the acquisition of an interest in a joint by controlled operation that constitutes a business. The IASB decided which acquirers of such interests shall apply all the principles applied to business combinations accounting as established in IFRS 3 - "Business Combinations", and other IFRSs, that do not conflict with the guidance provided in IFRS 11.	1-Jan-16
IAS 27: Amendments (Equity Method in Separate Financial Statements) This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1-Jan-16
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.	1-Jan-16

The application of these standards and interpretations had no material effect on the financial statements of the Company.

The following standards, interpretations, amendments and revisions have not yet been approved (endorsed) by the European Union, at the date of approval of these financial statements:

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRS 9 Financial instruments This standard introduces new requirements for classifying and measuring financial assets.	1-Jan-18
IFRS 10 and IAS 28 - Amendments (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those established in IAS 28 (2011), when dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	undefined
IFRS 15 (Revenue from Contracts with Customers) IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.	1-Jan-18
IFRS 16 – Leases IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases, replacing IAS 17. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17	1-Jan-19
Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses is to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.	1-Jan-17
Amendments to IAS 7 - Disclosure Initiative Amendments to AS 7 - Disclosure Initiative intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities.	1-Jan-17
Amendments to IFRS 2 - Share-based Payment The objective of clarifications to IFRS 2 Share-based Payment was to clarify the classification and measurement of share-based payment transactions.	1-Jan-18
Amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016) The amendments are intended to address concerns about the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard (expected as IFRS 17 within the next six months).	1-Jan-18

These standards have not yet been approved ('endorsed') by the European Union and, as such, were not adopted by the Group for the period ended at 30 September 2016. Their application is not yet mandatory.

It is estimated that the application of these standards and interpretations, except of IFRS 9, IFRS 15 and IFRS 16, when applicable to the group, will have no material effect on future consolidated financial statements, lying in analysis process the effects of these standards.

The accounting policies and measurement criteria adopted by the Group on 30 September 2016 are comparable with those used in the preparation of 30 September 2015 financial statements.

Main accounting policies

The main accounting policies used in the preparation of the accompanying financial statements are as follows:

a) Tangible assets

Tangible assets are recorded at their acquisition cost less accumulated depreciation and less estimated accumulated impairment losses.

Depreciations are calculated on a straight-line monthly basis as from the date the assets are available for use in the necessary conditions to operate as intended by the management, by a corresponding charge to the profit and loss statement caption 'Depreciation and amortisation'.

Impairment losses detected in the realisation value of tangible assets are recorded in the period in which they arise, by a corresponding charge to the caption 'Depreciation and amortisation' of the profit and loss statement.

The annual depreciation rates used correspond to the estimated useful life of the assets, which are as follows:

	Years of useful life
Buildings and others constructions – improvements in buildings owned by third parties	10-20
Plant and machinery	5
Vehicles	4
Fixtures and fittings	4-8

Current maintenance and repair costs of tangible assets are recorded as costs in the period in which they occur. Improvements of significant amount, which increase the estimated useful life of the assets, are capitalised and depreciated in accordance with the estimated useful life of the corresponding assets.

b) Intangible assets

Intangible assets are recorded at their acquisition cost less accumulated amortisation and less estimated accumulated

impairment losses. Intangible assets are only recognised, if it is likely that they will bring future economic benefits to the Company, if the Company controls them and if their cost can be reliably measured.

Intangible assets correspond, essentially, to software and industrial property.

Amortisations are calculated on a straight-line monthly basis, over the estimated useful life of the assets (one to five years) as from the month in which the corresponding expenses are incurred.

Amortisation for the period is recorded in the profit and loss statement under the caption 'Depreciation and amortisation'.

c) Investments in Group companies and other non-current assets


Sonaecom has control of subsidiaries in situations that cumulatively fills the following conditions: i) has power over the subsidiary; ii) is exposed to, or has rights to, variable results via its relationship with the subsidiary ; and iii) is able to use its power over the investee to affect the amount of your results. Financial investments in equity investments in group companies, are recorded under "Investments in group companies", at cost of acquisition.

The acquisition cost is the amount of cash and cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of acquisition or establishment or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of IFRS 2.

The consideration transferred may include assets or liabilities of the acquirer that have carrying amounts that differ from their fair value at the acquisition date (for example, non-monetary assets or a business of the acquirer). If so, the acquirer must re-measure the assets and liabilities transferred at their fair value at the acquisition date and recognize the resulting gains or losses, if any, in the income statement. However, sometimes the transferred assets or liabilities remain in the entity acquired after the completion of the business and therefore the buyer retains control over them. In this situation, the acquirer shall measure those assets and liabilities at their carrying amounts immediately before the acquisition date and shall not recognize any gain or loss in the income statement for assets or liabilities it controls both before and after the completion of the deal.

Loans and supplementary capital granted to affiliated companies with maturities, estimated or defined contractually, greater than one year, are recorded, at their nominal value, under the caption 'Other non-current assets'.

Investments and loans granted to Group companies are evaluated whenever an event or change of circumstances indicates that the recorded amount may not be recoverable or impairment losses recorded in previous years no longer exist.



Impairment losses estimated for investments and loans granted to Group companies are recorded, in the period that they are estimated, under the caption 'Other financial expenses' in the profit and loss statement.

The expenses incurred with the acquisition of investments in Group companies are recorded as cost when they are incurred.

d) Investments in Joint Ventures

Investments in Joint Ventures (companies in which the Company has, direct or indirect, 50% of the voting rights in the Shareholders' General Meeting of or in which it has the control over the financial and operating policies), are recorded under the caption 'Investments in joint ventures', at acquisition cost in accordance with IAS 27, as such, Sonaecom presents, separately, consolidated financial statements in accordance with IAS / IFRS.

Loans and supplementary capital granted to companies jointly controlled, with maturities, estimated or defined contractually, greater than one year, are recorded, at their nominal value, under the caption 'Other non-current assets'.

Investments and loans granted to joint ventures are evaluated whenever an event or change of circumstances indicates that the recorded amount may not be recoverable or impairment losses recorded in previous years no longer exist.

Impairment losses estimated for investments and loans granted to joint ventures are recorded, in the period that they are estimated, under the caption 'Other financial expenses' in the profit and loss statement.

The expenses incurred with the acquisition of investments in joint ventures are recorded as cost when they are incurred.

e) Financial instruments

The Company classifies its financial instruments in the following categories: 'financial assets at fair value through profit or loss', 'loans and receivables', 'held-to-maturity investments', and 'available-for-sale financial assets'.

The classification depends on the purpose for which the investments were acquired.

The classification of the investments is determined at the initial recognition and re-evaluated every quarter.

(i) 'Financial assets at fair value through profit or loss'

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term or if the adoption of this method allows reducing or eliminating an accounting mismatch. Derivatives are also registered as held for trading unless they are designated as hedges. Assets in this category are classified as current assets

if they are either held for trading or are expected to mature within 12 months of the balance sheet date.

(ii) 'Loans and receivables'

Loans and receivables are non-derivative financial assets with fixed or variable payments that are not quoted in an active market. These financial investments arise when the Company provides money or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are carried at amortised cost using the effective interest method, deducted from any impairment losses.

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the balance sheet date, a situation in which they are classified as non-current assets.

(iii) 'Held-to-maturity investments'

Held-to-maturity investments are non-derivative financial assets with fixed or variable payments and with fixed maturities that the Company's management has the positive intention and ability to hold until their maturity.

(iv) 'Available-for-sale financial assets'


Available-for-sale financial assets are non-derivative investments that are either designated in this category or not classified in any of the other above referred categories. They are included in non-current assets unless management intends to dispose them within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. The 'Financial assets at fair value through profit or loss' are initially recognised at fair value and the transaction costs are recorded in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or transferred, and consequently all substantial risks and rewards of their ownership have been transferred.

'Available-for-sale financial assets' and 'Financial assets at fair value through profit or loss' are subsequently carried at fair value.

'Loans and receivables' and 'Held-to-maturity investments' are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets classified at fair value through profit or loss are recognised in the income statement.



Realised and unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss statement as gains or losses from investment securities.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to similar instruments, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. If none of these valuation techniques can be used, the Company values these investments at acquisition cost net of any identified impairment losses. The fair value of listed investments is determined based on the closing Euronext share price at the balance sheet date.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In case of equity securities classified as available-for-sale, a significant decline (above 25%) or prolonged decline (during two consecutive quarters) in the fair value of the security below its cost is considered in determining whether the securities are impaired. If such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset previously recognised in the profit or loss statement – is removed from equity and recognised in the profit and loss statement. Impairment losses recognised in the profit and loss statement on equity securities are not reversed through the profit and loss statement.

f) Financial and operational leases

Lease contracts are classified as financial leases, if, in substance, all risks and rewards associated with the detention of the leased asset are transferred by the lease contract or as operational leases, if, in substance, there is no transfer of risks and rewards associated with the detention of the leased assets.

The lease contracts are classified as financial or operational in accordance with the substance and not with the form of the respective contracts.

Tangible assets acquired under finance lease contracts and the related liabilities are recorded in accordance with the financial method. Under this method the tangible assets, the corresponding accumulated depreciation and the related liability are recorded in accordance with the contractual financial plan at fair value or, if less, at the present value of payments. In addition, interest included in lease payments and

depreciation of the tangible assets are recognised as expenses in the profit and loss statement for the period to which they relate.

Assets under long-term rental contracts are recorded in accordance with the operational lease method. In accordance with this method, the rents paid are recognised as an expense, over the rental period.

g) Other current debtors

Other current debtors are recorded at their net realisable value, and do not include interest, because the financial updated effect is not significant.

These financial investments arise when the Company provides money or services directly to a debtor with no intention of trading the receivable.

The amount relating to this caption is presented net of any impairment losses, which are recorded in the profit and loss statement under the caption 'Provisions and impairment losses'. Future reversals of impairment losses are recorded in the profit and loss statement under the caption 'Provisions and impairment losses'.

h) Cash and cash equivalents

Amounts included under the caption 'Cash and cash equivalents' correspond to amounts held in cash and term bank deposits and other treasury applications where the risk of any change in value is insignificant.

The cash flow statement has been prepared in accordance with IAS 7 – 'Statement of Cash Flow', using the direct method. The Company classifies, under the caption 'Cash and cash equivalents', investments that mature in less than three months, for which the risk of change in value is insignificant. The caption 'Cash and cash equivalents' in the cash flow statement also includes bank overdrafts, which are reflected in the balance sheet caption 'Short-term loans and other loans'. The cash flow statement is classified by operating, financing and investing activities. Operating activities include payments to personnel and other captions relating to operating activities.


Cash flows from investing activities include the acquisition and sale of investments in associated and subsidiary companies and receipts and payments resulting from the purchase and sale of tangible assets.

Cash flows from financing activities include payments and receipts relating to loans obtained and finance lease contracts.

All amounts included under this caption are likely to be realised in the short term and there are no amounts given or pledged as guarantee.

i) Loans

Loans are recorded as liabilities by the 'amortised cost'. Any expenses incurred in setting up loans are recorded as a



deduction to the nominal debt and recognised during the period of the financing, based on the effective interest rate method. The interests incurred but not yet due are added to the loans caption until their payment.

j) Financial expenses relating to loans obtained

Financial expenses relating to loans obtained are generally recognised as expenses at the time they are incurred. Financial expenses related to loans obtained for the acquisition, construction or production of fixed assets are capitalised as part of the cost of the assets. These expenses are capitalised starting from the time of preparation for the construction or development of the asset and are interrupted when the assets are ready to operate, at the end of the production or construction phases or when the associated project is suspended.

k) Derivatives

The Company only uses derivatives in the management of its financial risks to hedge against such risks. The Company does not use derivatives for trading purposes.

The cash flow hedges used by the Company are related to:

(i) Interest rate swaps operations to hedge against interest rate risks on loans obtained. The amounts, interest payment dates and repayment dates of the underlying interest rate swaps are similar in all respects to the conditions established for the contracted loans. Changes in the fair value of cash flow hedges are recorded in assets or liabilities, against a corresponding entry under the caption 'Hedging reserves' in Shareholders' funds.

(ii) Forward's exchange rate for hedging foreign exchange risk. The values and times periods involved are identical to the amounts invoiced and their maturities.

In cases where the hedge instrument is not effective, the amounts that arise from the adjustments to fair value are recorded directly in the profit and loss statement.

At 30 of September 2016 and 2015, the Company did not have any derivative, beyond those mentioned in note 1.t).

l) Provisions and contingencies

Provisions are recognised when, and only when, the Company has a present obligation (either legal or implicit) resulting from a past event, the resolution of which is likely to involve the disbursement of funds by an amount that can be reasonably estimated.

Provisions are reviewed at the balance sheet date and adjusted to reflect the best estimate at that date.

Provisions for restructurings are only registered if the Company has a detailed plan and if that plan has already been communicated to the parties involved.

Contingent liabilities are not recognised in the financial statements but are disclosed in the notes, except if the possibility of a cash outflow affecting future economic benefits is remote.

Contingent assets are not recognised in the financial statements but are disclosed in the notes when future economic benefits are likely to occur.

m) Income Tax


'Income tax' expense represents the sum of the tax currently payable and deferred tax. Income tax is recognised in accordance with IAS 12 – 'Income Tax'.

Sonaecom has adopted, since January 2008, the special regime for the taxation of groups of companies, under which, the provision for income tax is determined on the basis of the estimated taxable income of all the companies covered by that regime, in accordance with such rules, however, for the year ended at 31 December 2015, the Sonaecom Group, stopped having an independent group of companies covered by the special regime for taxation due to of having passed to integrate the special regime for taxation of groups of Sonae SGPS companies.

Therefore, since 1 January 2015, Sonaecom is under the special regime for the taxation of groups of companies, from which Sonae, SGPS is the dominant company. Sonaecom records the income tax on their individual accounts and the tax calculated is record under the caption of group companies. The special regime for the taxation of groups of companies covers all direct or indirect subsidiaries, and even through companies resident in another Member State of the European Union or the European Economic Area, only if, in the last case, there is an obligation of administrative cooperation, on which the Group holds at least 75% of their share capital, where such participation confers more than 50% of voting rights, if meet certain requirements.

Deferred taxes are calculated using the liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the respective amounts for tax purposes.

Deferred tax assets are only recognised when there is reasonable expectation that sufficient taxable profits shall arise in the future to allow such deferred tax assets to be used. At the end of each period, the recorded and unrecorded deferred tax assets are revised and they are reduced whenever their realisation ceases to be probable, or increased if future taxable profits are likely enabling the recovery of such assets (note 9).



Deferred taxes are calculated with the tax rate that is expected to be in effect at the time the asset or liability is realized, based on the rates that have been enacted or substantially enacted at the balance sheet date.

Whenever deferred taxes derive from assets or liabilities **directly registered in Shareholders' funds**, its recording is also **made under the Shareholders' funds caption**. In all other situations, deferred taxes are always registered in the profit and loss statement.

n) Accrual basis and revenue recognition

Expenses and income are recorded in the period to which they relate, regardless of their date of payment or receipt. Estimated amounts are used when actual amounts are not known.

The captions 'Other non-current assets', 'Other current assets', 'Other non-current liabilities' and 'Other current liabilities' include expenses and income relating to the current period, where payment and receipt will occur in future periods, as well as payments and receipts in the current period but which relate to future periods. The latter shall be included by the corresponding amount in the results of the periods to which they relate to.

The costs attributable to current period and whose expenses will only occur in future periods are estimated and recorded under the caption 'Other current liabilities' and 'Other non-current liabilities', when it is possible to estimate reliably the amount and the timing of occurrence of the expense. If there is uncertainty regarding both the date of disbursement of funds, and the amount of the obligation, the value is classified as Provisions (note 1.I)).

Non-current financial assets and liabilities are recorded at fair value and, in each period, the financial actualisation of the fair value is recorded in the profit and loss statement under the captions 'Other financial expenses' and 'Other financial income'.

Dividends are recognised when the Shareholders' rights to receive such amounts are appropriately established and communicated.

o) Balance sheet classification

Assets and liabilities due in more than one year from the date of the balance sheet are classified, respectively, as non-current assets and non-current liabilities.

In addition, considering their nature, the deferred taxes and the provisions for other liabilities and charges, are classified as non-current assets and liabilities (notes 9 and 15).

p) Reserves

Legal reserve

Portuguese commercial legislation requires that at least 5% of the annual net profit must be appropriated to a legal reserve, until such reserve reaches at least 20% of the share capital. This reserve is not distributable, except in case of liquidation of the Company, but may be used to absorb losses, after all the other reserves are exhausted, or to increase the share capital.

Share premiums

The share premiums relate to premiums generated in the issuance of capital or in capital increases. According to Portuguese law, share premiums follow the same requirements of 'Legal reserves', i.e., they are not distributable, except in case of liquidation, but they can be used to absorb losses, after all the other reserves are exhausted or to increase share capital.

Medium-term incentive plans reserves

According to IFRS 2 - 'Share based payment', the responsibility related with the equity settled plans is registered, as a credit, under the caption of Medium Term Incentive Plan Reserves, which are not distributable and which cannot be used to absorb losses.

Hedging reserve

Hedging reserve reflects the changes in fair value of 'cash flow' hedges derivatives that are considered effective (note 1.k) and it is non-distributable nor can it be used to absorb losses.

Own shares reserve

The own shares reserve reflects the acquisition value of the own shares and follows the same requirements of legal reserves.

Additionally, the increments resulting from the application of fair value through equity components, including its implementation through the net results, shall be distributed only when the elements that gave rise to them are sold, liquidated or exercised when they finish their use, in the case of tangible or intangible assets. Therefore, at 30 September 2016, Sonaecom had free distributable reserves amounting to approximately EUR 53.2 millions. To this effect were considered distributable increments resulting from the application of fair value through equity components already exercised during the year ended at 30 September 2016.

q) Own shares

Own shares are recorded as a deduction of Shareholders' funds. Gains or losses related to the sale of own shares are recorded under the caption 'Other reserves'.

r) Foreign currency

All assets and liabilities expressed in foreign currency were translated into Euro using the exchange rates in force at the balance sheet.

Favourable and unfavourable foreign exchange differences resulting from changes in the rates in force at transaction date and those in force at the date of collection, payment or at the balance sheet date are recorded as income and expenses in the profit and loss statement of the period, in financial results.

The following rates were used for the translation into Euro:

	2016		2015	
	30 September	Average	30 September	Average
Pounds Sterling	1.1614	1.2480	1.3541	1.3756
Swiss franc	0.9195	0.9145	0.9162	0.9423
Swedish krona	0.1039	0.1067	0.1063	0.1067
American Dollar	0.8960	0.8961	0.8926	0.8978

s) Assets impairment

Impairment tests are performed at the date of each balance sheet and whenever an event or change of circumstances indicates that the recorded amount of an asset may not be recoverable.

Whenever the book value of an asset is greater than the amount recoverable, an impairment loss is recognised and recorded in the profit and loss statement under the caption 'Depreciation and amortisation' in the case of fixed assets, under the caption 'Other financial expenses' in the case of financial investments or under the caption 'Provisions and impairment losses', in relation to the other assets. The amount recoverable is the greater of the net selling price and the value of use. Net selling price is the amount obtained upon the sale of an asset in a transaction within the capability of the parties involved, less the costs directly related to the sale. The value of use is the present amount of the estimated future cash flows expected to result from the continued use of the asset and of its sale at the end of its useful life. The recoverable amount is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

For financial investments in Group companies, the recoverable amount, calculated in terms of value in use, is determined based on last business plans duly approved by the Board of Directors of the Company.

For financial investments in joint ventures, the recoverable amount is determinate taking into account with several information as business plans approved by the Board of Directors and the average ratings of external reviewers (researches).

Evidence of the existence of impairment in accounts receivables appears when:

- the counterparty presents significant financial difficulties;

- there are significant delays in interest payments and in other leading payments from the counterparty;
- it is possible that the debtor goes into liquidation or into a financial restructuring.

t) Medium-term incentive plans

The accounting treatment of Medium Term Incentive Plans is based on IFRS 2 – 'Share-based Payments'.


Under IFRS 2, when the settlement of plans established by the Company involves the delivery of Sonaecom's own shares, the estimated responsibility is recorded, as a credit entry, under the caption 'Reserves – Medium Term Incentive Plans', within the caption 'Shareholders' funds' and is charged as an expense under the caption 'Staff expenses' in the profit and loss statement.

The quantification of this responsibility is based on its fair value at the attribution date and is recognised over the vesting period of each plan (from the award date of the plan until its vesting or settlement date). The total responsibility, at any point in time, is calculated based on the proportion of the vesting period that has 'elapsed' up to the respective accounting date.

When the responsibilities associated with any plan are covered by a hedging contract, i.e., when those responsibilities are replaced by a fixed amount payable to a third party and when Sonaecom is no longer the party that will deliver the Sonaecom shares, at the settlement date of each plan, the above accounting treatment is subject to the following changes:

- The total gross fixed amount payable to third parties is recorded in the balance sheet as either 'Other non-current liabilities' or 'Other current liabilities';
- The part of this responsibility that has not yet been recognised in the profit and loss statement (the 'unelapsed' proportion of the cost of each plan) is deferred and is recorded, in the balance sheet as either 'Other non-current assets' or 'Other current assets';
- The net effect of the entries in (i) and (ii) above eliminate the original entry to 'Shareholders' funds';
- In the profit and loss statement, the 'elapsed' proportion continues to be charged as an expense under the caption 'Staff expenses'.

For plans settled in cash, the estimated liability is recorded under the balance sheet captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry under the profit and loss statement caption 'Staff expenses', for the cost relating to the vesting period that has 'elapsed' up to the



respective accounting date. The liability is quantified based on the fair value of the shares as of each balance sheet date.

When the liability is covered by a hedging contract, recognition is made in the same way as described above, but with the liability being quantified based on the contractually fixed amount.

Equity-settled plans to be liquidated through the delivery of shares of Sonae SGPS are recorded as if they were settled in cash, which means that the estimated liability is recorded under the balance sheet captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry to the income statement caption 'Staff expenses', for the cost relating to the deferred period elapsed. The liability is quantified based on the fair value of the shares as of each balance sheet date.

On 30 September 2016, the plans allocated during the years 2014, 2015 and 2016 are not covered by the contract being recorded liability at fair value. The responsibility of all plans is recorded in the captions 'Other non-current liabilities' and 'Other current liabilities' (note 23). The cost is recognized on the income statement under the caption 'Staff expenses'.

u) Subsequent events

Events occurring after the date of the balance sheet which provide additional information about conditions prevailing at the time of the balance sheet (adjusting events) are reflected in the financial statements. Events occurring after the balance sheet date that provide information on post-balance sheet conditions (non-adjusting events), when material, are disclosed in the notes to the financial statements.

v) Judgements and estimates

The most significant accounting estimates reflected in the financial statements of the periods ended at 30 September 2016 and 2015 include mainly impairment analysis of assets, particularly financial investments in Group companies.

Estimates used are based on the best information available during the preparation of financial statements and are based on the best knowledge of past and present events. Although future events are not controlled by the Company neither foreseeable, some could occur and have impact on the estimates. Changes to the estimates used by the management that occur after the approval date of these financial statements, will be recognised in net income, in accordance with IAS 8 – 'Accounting Policies, Changes in Accounting Estimates and Errors', using a prospective methodology.

The main estimates and assumptions in relation to future events included in the preparation of financial statements are disclosed in the respective notes.

x) Financial risk management

The Company's activities expose it to a variety of financial risks such as market risk, liquidity risk and credit risk.

These risks arise from the unpredictability of financial markets, which affect the capacity to project cash flows and profits. The Company's financial risk management, subject to a long-term ongoing perspective, seeks to minimise potential adverse effects that derive from that uncertainty, using, every time it is possible and advisable, derivative financial instruments to hedge the exposure to such risks (note 1.k)).

The Company is also exposed to equity price risks arising from equity investments, although they are usually maintained for strategic purposes.

Market risk

a) Foreign exchange risk

Foreign exchange risk management seeks to minimise the volatility of investments and transactions made in foreign currency and contributes to reduce the sensitivity of results to changes in foreign exchange rates.

Whenever possible, the Company uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such procedure is not possible, the Company adopts derivative financial hedging instruments (note 1. k).

Considering the reduced values of assets and liabilities in foreign currency, the impact of a change in exchange rate will not have significant impacts on the financial statements.

b) Interest rate risk

Sonaecom's total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility in the Company results or in its Shareholders' funds is mitigated by the effect of the following factors: (i) relatively low level of financial leverage; (ii) possibility to use derivative instruments that hedge the interest rate risk, as mentioned below; (iii) possible correlation between the level of market interest rates and economic growth the latter having a positive effect in other lines of the Company's results, and in this way partially offsetting the increase of financial costs ('natural hedge'); and (iv) the existence of stand alone or consolidated liquidity which is also bearing interest at a variable rate.

The Company only uses derivatives or similar transactions to hedge interest rate risks considered significant. Three main principles are followed in all instruments selected and used to hedge interest rate risk:

- For each derivative or instrument used to hedge a specific loan, the interest payment dates on the loans subject to hedging must equalise the settlement dates defined under the hedging instrument;

- Perfect match between the base rates: the base rate used in the derivative or hedging instrument should be the same as that of the facility / transaction which is being hedged;
- As from the start of the transaction, the maximum cost of the debt, resulting from the hedging operation is known and limited, even in scenarios of extreme changes in market interest rates, so that the resulting rates are within the cost of the funds considered in the Company's business plan.

As all Sonaecom's borrowings (note 14) are at variable rates, interest rate swaps and other derivatives are used to hedge future changes in cash flow relating to interest payments, when it is considered necessary. Interest rate swaps have the financial effect of converting the respective borrowings from floating rates to fixed rates. Under the interest rate swaps, the Company agrees with third parties (banks) to exchange, in pre-determined periods, the difference between the amount of interest calculated at the fixed contract rate and the floating rate at the time of re-fixing, by reference to the respective agreed notional amounts.

The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, being the Company's policy, when contracting such instruments, to give preference to financial institutions that form part of its financing transactions.

In order to select the counterparty for occasional operations, Sonaecom requests proposals and indicative prices from a representative number of banks in order to ensure adequate competitiveness of these operations.

In determining the fair value of hedging operations, the Company uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates prevailing at the balance sheet date. Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the valuation.

The fair value of the derivatives contracted, that are considered as fair value hedges or the ones that are considered not sufficiently effective for cash flow hedge (in accordance with the provisions established in IAS 39 – 'Financial Instruments'), are recognised under borrowings captions and changes in the fair value of such derivatives are recognised directly in the profit and loss statement for the period. The fair value of derivatives of cash flow hedge, that are considered effective according to IAS 39 – 'Financial Instruments', are recognised under borrowing captions and changes in the fair value are recognised in equity.

Sonaecom's Board of Directors approves the terms and conditions of the financing with significant impact in the Company, based on the analysis of the debt structure, the risks and the different options in the market, particularly as to the type of interest rate (fixed / variable). Under the policy defined above, the Executive Committee is responsible for the decision on the occasional interest rate hedging contracts,

through the monitoring of the conditions and alternatives existing in the market.

On 30 September 2016, are not contracted any derivatives instruments of hedging of the interest rate changes.

Liquidity risk

The existence of liquidity in the Company requires the definition of some policies for an efficient and secure management of the liquidity, allowing us to maximise the profitability and to minimise the opportunity costs related with that liquidity.

The liquidity risk management has a threefold objective: (i) Liquidity, i.e., to ensure the permanent access in the most efficient way to obtain sufficient funds to settle current payments in the respective dates of maturity as well as any eventual not forecasted requests for funds, in the deadlines set for this; (ii) Safety, i.e., to minimise the probability of default in any reimbursement of application of funds; and (iii) Financial efficiency, i.e., to ensure that the Company maximises the value / minimise the opportunity cost of holding excess liquidity in the short term.

The main underlying policies correspond to the variety of instruments allowed, the maximum acceptable level of risk, the maximum amount of exposure by counterparty and the maximum periods for investments.


The existing liquidity should be applied to the alternatives and by the order described below:

- Amortisation of short-term debt – after comparing the opportunity cost of amortisation and the opportunity cost related to alternative investments;
- Consolidated management of liquidity – the existing liquidity in Group companies, should mainly be applied in Group companies, to reduce the use of bank debt at a consolidated level;
- Applications in the market.

The applications in the market are limited to eligible counterparties, with ratings previously established by the Board and limited to certain maximum amounts by counterparty.

The definition of maximum amounts intends to assure that the application of liquidity in excess is made in a prudent way and taking into consideration the best practices in terms of bank relationships.

The maturity of applications should equalise the forecasted payments (or the applications should be easily convertible, in case of asset investments, to allow urgent and not estimated payments), considering a threshold for eventual deviations on



the estimates. The threshold depends on the accuracy level of treasury estimates and would be determined by the business. The accuracy of the treasury estimates is an important variable to quantify the amounts and the maturity of the applications in the market.

The maturity of each class of financial liabilities is presented in note 14.

Credit risk

The Company's exposure to credit risk is mainly associated with the accounts receivable related to current operational

activities. The credit risk associated to financial operations is mitigated by the fact that the Company only negotiates with entities with high credit quality.

The management of this risk seeks to guarantee that the amounts owing are effectively collected within the periods negotiated without affecting the financial health of the Company.

The amounts included in the financial statements related to other current debtors, net of impairment losses, represent the maximum exposure of the Company to credit risk.

2. Tangible assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in the periods ended at 30 September 2016 and 2015 was as follows:

								2016
	Buildings and other constructions	Plant and machinery	Vehicles	Tools	Fixtures and fittings	Other tangible assets	Work in progress	Total
Gross assets								
Balance at 31 December 2015	347,208	43,858	22,060	171	243,696	104	-	657,097
Balance at 30 September 2016	347,208	43,858	22,060	171	243,696	104	-	657,097
Accumulated depreciation and impairment losses								
Balance at 31 December 2015	334,022	43,787	13,328	171	240,708	104	-	632,120
Depreciation for the period	3,160	54	4,136	-	1,321	-	-	8,671
Balance at 30 September 2016	337,182	43,841	17,464	171	242,029	104	-	640,791
Net value	10,026	17	4,596	-	1,667	-	-	16,306

								2015
	Buildings and other constructions	Plant and machinery	Vehicles	Tools	Fixtures and fittings	Other tangible assets	Work in progress	Total
Gross assets								
Balance at 31 December 2014	347,208	43,858	22,060	171	242,718	104	1,600	657,719
Additions	-	-	-	-	979	-	-	979
Disposals	-	-	-	-	-	-	(1,600)	(1,600)
Balance at 30 September 2015	347,208	43,858	22,060	171	243,697	104	-	657,098
Accumulated depreciation and impairment losses								
Balance at 31 December 2014	329,809	43,715	7,813	171	237,435	104	-	619,047
Depreciation for the period	3,160	54	4,136	-	2,754	-	-	10,104
Balance at 30 September 2015	332,969	43,769	11,949	171	240,189	104	-	629,151
Net value	14,239	89	10,111	-	3,508	-	-	27,947

3. Intangible assets

The movement in intangible assets and in the corresponding accumulated amortisation and impairment losses in the periods ended at 30 September 2016 and 2015 was as follows:

				2016
	Brands, patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2015	9,719	192,552	183	202,454
Additions	70	168	224	462
Transfers	-	407	(407)	-
Balance at 30 September 2016	9,789	193,127	-	202,916
Accumulated amortisation and impairment losses				
Balance at 31 December 2015	9,719	188,828	-	198,547
Amortisation for the period	47	1,568	-	1,615
Balance at 30 September 2016	9,766	190,396	-	200,162
Net value	23	2,731	-	2,754

				2015
	Brands, patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2014	9,719	192,404	498	202,621
Disposals	-	-	(350)	(350)
Transfers	-	148	(148)	-
Balance at 30 September 2015	9,719	192,552	-	202,271
Accumulated amortisation and impairment losses				
Balance at 31 December 2014	9,719	186,817	-	196,536
Amortisation for the period	-	1,114	-	1,114
Balance at 30 September 2015	9,719	187,931	-	197,650
Net value	-	4,621	-	4,621

4. Breakdown of financial instruments

At 30 September 2016 and 2015, the breakdown of financial instruments was as follows:

						2016
	Loans and receivables	Financial assets at fair value through profit or loss	Other financial assets	Subtotal	Others not covered by IFRS 7	Total
Non-current assets						
Other non-current assets (note 8)	158,179,791	-	-	158,179,791	-	158,179,791
	158,179,791	-	-	158,179,791	-	158,179,791
Current assets						
Other trade debtors (note 10)	418,900	-	-	418,900	913,057	1,331,957
Other current assets	-	-	419,325	419,325	70,531	489,856
Cash and cash equivalents (note 11)	265,349,078	-	-	265,349,078	-	265,349,078
	265,767,978	-	419,325	266,187,303	983,588	267,170,891
	Loans and receivables	Financial assets at fair value through profit or loss	Other financial assets	Subtotal	Others not covered by IFRS 7	2015
						Total
Non-current assets						
Financial assets at fair value through profit or loss (note 7)	-	151,645	-	151,645	-	151,645
Other non-current assets (note 8)	159,944,237	-	-	159,944,237	-	159,944,237
	159,944,237	151,645	-	160,095,882	-	160,095,882
Current assets						
Financial assets at fair value through profit or loss (note 7)	-	81,173,373	-	81,173,373	-	81,173,373
Other trade debtors (note 10)	1,748,866	-	-	1,748,866	997,140	2,746,006
Other current assets	-	-	346,767	346,767	83,422	430,189
Cash and cash equivalents (note 11)	186,189,962	-	-	186,189,962	-	186,189,962
	187,938,828	81,173,373	346,767	269,458,968	1,080,562	270,539,530
						2016
		Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total	
Non-current liabilities						
Other non-current liabilities	-	-	-	82,520	82,520	
	-	-	-	82,520	82,520	
Current liabilities						
Other creditors (note 16)	863,317	863,317	863,317	31,297	894,614	
Other current liabilities	498,447	498,447	498,447	180,118	678,565	
	1,361,764	1,361,764	1,361,764	211,415	1,573,179	
						2015
		Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total	
Non-current liabilities						
Other non-current liabilities	-	-	-	258,928	258,928	
	-	-	-	258,928	258,928	
Current liabilities						
Other creditors (note 16)	81,103	81,103	81,103	31,115	112,218	
Other current liabilities	450,318	450,318	450,318	381,253	831,571	
	531,421	531,421	531,421	412,368	943,789	

Considering the nature of the balances, the amounts to be paid and received to / from 'State and other public entities', as well as the specialized costs with share plans were considered outside the scope of IFRS 7. Also, the deferred income and deferred costs under the captions 'Other current assets', 'Other current liabilities', 'Other non-current assets' and 'Other non-current liabilities' were considered as non-financial instrument.

The Sonaecom's Board of Directors believes that, the fair value of the breakdown of financial instruments recorded at amortised cost or registered at the present value of the payments does not differ significantly from their book value. This decision is based in the contractual terms of each financial instrument.

5. Investments in Group companies

At 30 September 2016 and 2015, this caption included the following investments in Group companies:

Company	2016	2015
Sonaetelecom BV	73,460,618	73,460,618
Sonae Investment Management - Software and Technology, SGPS, S.A. ("Sonae IM")*	52,241,587	52,241,587
Sonaecom BV	10,100,000	10,300,000
PCJ - Público, Comunicação e Jornalismo, S.A. ("PCJ")	13,690,000	11,850,557
Público - Comunicação Social, S.A. ("Público")	21,305,000	10,227,595
Sonaecom - Serviços Partilhados, S.A. ("Sonaecom SP")	50,000	50,000
	170,847,205	158,130,357
Impairment losses (note 15)	(115,595,618)	(106,283,215)
Total investments in Group companies	55,251,587	51,847,142

*This company changed its name from Sonaecom Sistemas de Informação SGPS, S.A. to Sonae Investment Management - Software and Technology, SGPS, S.A. in 2015.

The movements that occurred in investments in this caption during the periods ended at 30 September 2016 and 2015 were as follows:

Company	Balance at 31 December 2015	Additions	Disposals	Transfers and write-offs	Balance at 30 September 2016
Sonaetelecom BV	73,460,618	-	-	-	73,460,618
Sonae IM*	52,241,587	-	-	-	52,241,587
Sonaecom BV	10,100,000	-	-	-	10,100,000
PCJ	11,850,555	1,839,445	-	-	13,690,000
Público	10,227,595	11,077,405	-	-	21,305,000
Sonaecom SP	50,000	-	-	-	50,000
	157,930,355	12,916,850	-	-	170,847,205
Impairment losses (note 15)	(108,583,213)	(1,000,000)	-	(6,012,405)	(115,595,618)
	49,347,142	11,916,850	-	(6,012,405)	55,251,587

*This company changed its name from Sonaecom Sistemas de Informação SGPS, S.A. to Sonae Investment Management - Software and Technology, SGPS, S.A. in 2015.

Company	Balance at 31 December 2014	Additions	Disposals	Transfers and write-offs	Balance at 30 September 2015
Sonaetelecom BV	73,460,618	-	-	-	73,460,618
Sonae IM*	52,241,587	-	-	-	52,241,587
PCJ	11,850,557	-	-	-	11,850,557
Sonaecom BV	10,300,000	-	-	-	10,300,000
Público	10,227,595	-	-	-	10,227,595
Sonaecom SP	50,000	-	-	-	50,000
	158,130,357	-	-	-	158,130,357
Impairment losses (note 15)	(105,338,215)	(925,000)	-	(20,000)	(106,283,215)
	52,792,142	(925,000)	-	(20,000)	51,847,142

*This company changed its name from Sonaecom Sistemas de Informação SGPS, S.A. to Sonae Investment Management - Software and Technology, SGPS, S.A. in 2015.

The amount of Euro 6,012,405 refers to the reallocation of the impairment loss from the caption 'Accumulated impairment losses on other non-current assets' to the caption 'Investments in Group companies' (note 15).

The Company presents separate consolidated financial statements at 30 September 2016, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which presents total consolidated assets of Euro 1,053,675,512 total consolidated liabilities of Euro 63,790,838 consolidated operational revenues of Euro 99,028,475 and consolidated Shareholders'

funds of Euro 989,884,674 including a consolidated net loss (attributable to the Shareholders of the parent company – Sonaecom, SGPS, S.A.) for the period ended at 30 September 2016 of Euro 5,658,531.

At 30 September 2016 and 2015, the main financial information regarding the subsidiaries and joint ventures directly owned by the company is, as follows (values in accordance with IFRS):

		2016			2015		
Company	Head office	% holding	Shareholders' funds	Net profit / (loss)	% holding	Shareholders' funds	Net profit / (loss)
ZOPT (a) (note 6)	Matosinhos	50%	1,274,728,995	40,654,414	50%	1,266,399,365	30,961,573
Sonae IM*	Maia	100%	80,575,204	(364,421)	100%	83,779,569	5,253,270
Sonaecom BV	Amsterdam	100%	74,038	(35,191)	100%	1,391,030	151,585
PCJ	Maia	100%	(682,683)	(709,276)	100%	365,173	123,772
Sonaetelecom BV	Amsterdam	100%	(23,009)	(27,604)	100%	55,426	(12,720)
Sonaecom SP	Maia	100%	202,299	75,981	100%	30,579	(52,737)
Público	Maia	100%	(1,969,513)	(2,004,393)	100%	(2,072,227)	(2,241,462)

(a) Individual financial statements

*This company changed its name from Sonaecom Sistemas de Informação SGPS, S.A. to Sonae Investment Management – Software and Technology, SGPS, S.A. in 2015.

The evaluation of the existence of impairment losses in Goodwill is made by taking into account the cash-generating units, based on the most recent business plans duly approved by the Group's Board of Directors, which are made on an annual basis unless there is evidence of impairment and prepared according to cash flow projections for periods of five years. In the area of information systems, the assumptions used are essentially based on the various businesses of the Group and the growth of the several geographic areas where the Group operates. The average growth rate used to the turnover of 5 years was 12.9%. For the Media sector, the average growth rate used was circa of 2%. The discount rates used were based on the estimated weighted average cost of capital, which depends on the business segment of each subsidiary, as indicated in the table below. In perpetuity, the Group considered a growth rate between 1% and 3% in the area of information systems and 0% in Multimedia area. In situations where the measurement of the existence, or not, of impairment is made based on the net selling price, values of similar transactions and other proposals made are used.

	Information Systems	Multimedia
Assumptions		
Basis of recoverable amount	Value in use	Value in use
Discount rate	10.5%	9.0%
Growth rate in perpetuity	1.0%	0.0%

For the sector of Information Systems, in digital security area (Cybersecurity), a growth rate used was 3%. Additionally, for the company Digitmarket a growth rate of 2% was used.

The analyses of the impairment indices and the review of the impairment projections and tests have not lead to clearance losses, during the period ended at 30 September 2016. For the sensitivity analyses made, required in the IAS 36 - Impairment of Assets, have not lead to material changes of the recoveries, so not result material additional impairments.

6. Investments in joint ventures

At 30 September 2016 and 2015, this caption included the following investments in joint ventures:

Company	2016	2015
ZOPT, SGPS, S.A. ('ZOPT')	597,666,944	597,666,944

The movements that occurred in this caption during the years ended at 30 September 2016 and 2015 were as follows:

Company	Balance at 31 December 2015	Additions	Disposals	Transfers and write offs	Balance at 30 September 2016
ZOPT	597,666,944	-	-	-	597,666,944

Company	Balance at 31 December 2014	Additions (note 5)	Disposals	Transfers and write offs	Balance at 30 September 2015
ZOPT	597,666,944	-	-	-	597,666,944

ZOPT is a joint venture of Sonaecom, Kento Holding Limited and Unitel International Holdings BV, created for detention of the participation in NOS SGPS, SA ("NOS"). At the period ended at 30 September 2016 ZOPT held 52.15% (50.01% at 30 September 2015) of participation in NOS. At 14 June 2016, Sonaecom sold all its direct participation in NOS (2.14%) to ZOPT, as established in the shareholders agreement between Sonaecom, Kento Holding Limited and Jadeium BV (currently named Unitel International Holdings, BV), for the amount of Euro 82,840,847. This operation resulted in the change of the title of attribution of the participation voting rights and ZOPT became a direct holder of 52.15% of the share capital of NOS.

Gauging the existence or not of impairment in the value of this contribution is determined in consideration of various information such as the business plan approved by the Board of the NOS, SGPS, SA, which implied an average growth rate of operating margin amounts to 4.7%, and the average assessments conducted by external reviewers (researches).

	Telecommunications
Assumptions	
Basis of recoverable amount	Value in use
Discount rate	7.2%
Growth rate in perpetuity	1.5%

The performed sensitivity analysis required by IAS 36 - Impairment of Assets, did not lead to material changes in recoverable amounts and therefore not result impairments additional materials.

7. Financial assets at fair value through profit or loss

Sonaecom Group began to hold NOS shares recorded at fair value through profit or loss, as a result of the merger between Optimus SGPS and Zon, since it is the initial classification of an asset held for a sale purpose in a short-time. In accordance with the 'Shareholders Agreement', these shares neither concedes any additional vote right or affect the shared control situation with NOS.

The movements occurred in this caption during the period ended at 30 September 2016 and 2015 were as follows:

					2016
Financial assets at fair value through profit or loss	Opening balance	Decreases	Fair value adjustments (note 18)	Increase and decrease in fair value of shares intended to cover MTIP*	Closing balance
NOS	79,796,807	(64,114,961)	(15,681,846)	-	-
Sonae SGPS	144,477	(146,683)	2,206	-	-
	79,941,284	(64,261,644)	(15,679,640)	-	-

*Incentive medium-term plans

					2015
Financial assets at fair value through profit or loss	Opening balance	Decreases	Fair value adjustments (note 18)	Increase and decrease in fair value of shares intended to cover MTIP*	Closing balance
NOS	57,661,618	-	23,511,755	-	81,173,373
Sonae SGPS	2,303,954	(2,736,248)	216,842	367,097	151,645
	59,965,572	(2,736,248)	23,728,597	367,097	81,325,018
Recorded under the caption non current assets (note 4)					151,645
Recorded under the caption current assets (note 4)					81,173,373
*Incentive medium-term plans					

The fair value adjustments are recorded under the caption 'Gains and losses on Group companies' in Profit and Loss Statement (note 18). With the exception of the increases and decreases in the fair value of shares allocated to cover the medium-term incentive plans whose value is recorded under "Other operating expenses" and "Other financial expenses" in the income statement.

The decreases at 30 September 2016 and 2015, in the investment in Sonae SGPS shares, correspond essentially to the payment of the medium-term incentive plan, which expired in the period ended at 30 September 2016 and 2015, respectively.

At 30 September 2016, the decreases of the investment in NOS shares correspond to the sold of all the direct participation of Sonaecom in NOS (2.14%) to ZOPT, as mentioned in note 6 "Investments in joint ventures". For the determination of the fair value of NOS shares at the date of sale, was used the share price of the day 14 of June of 2016 (5.822) for the 11,012,532 treasury shares at the moment of the sale. Consequently, this operation resulted in a capital gain of Euro 18,725,886 recorded in the caption "Gains and losses on financial assets at fair value through profit or loss" (note 18).

The evaluation of fair value of the investment is detail as follows:

2015	NOS	Sonae SGPS
Shares	11,012,532	137,859
Level of inputs in the hierarchy of fair value	Level 1**	
Valuation method	Quoted price on the stock exchange	
Quoted price*	7.371	1.100
Fair value	81,173,373	151,645

* Used the share price of 30 September 2015 in the determination of the fair value.

** Level 1: The Fair value is determined based on active market prices

8. Other non-current assets

At 30 September 2016 and 2015, this caption was made up as follows:

	2016	2015
Financial assets		
Medium and long-term loans granted to group companies and joint ventures:		
Sonae IM*	18,595,000	11,485,000
PCJ	3,090,000	4,135,000
Público	165,000	2,415,000
Sonaecom SP	160,000	420,000
	22,010,000	18,455,000
Supplementary capital:		
Zopt	115,000,000	115,000,000
Sonae IM*	29,519,791	29,519,792
Público	-	5,362,405
PCJ	-	1,189,445
	144,519,791	151,071,642
	166,529,791	169,526,642
Accumulated impairment losses (note 15)	(8,350,000)	(9,582,405)
	158,179,791	159,944,237

*This company changed its name from Sonaecom Sistemas de Informação SGPS, S.A. to Sonae Investment Management – Software and Technology, SGPS, S.A. in 2015.

During the periods ended at 30 September 2016 and 2015, the movements that occurred in 'Medium and long-term loans granted' to Group companies and joint ventures were as follows:

				2016
Company	Opening balance	Increases	Decreases	Closing balance
Sonae IM*	15,315,000	3,280,000	-	18,595,000
PCJ	3,690,000	-	(600,000)	3,090,000
Público	165,000	-	-	165,000
Soanecom SP	160,000	-	-	160,000
	19,330,000	3,280,000	(600,000)	22,010,000
				2015
Company	Opening balance	Increases	Decreases	Closing balance
Sonae IM*	12,220,000	-	(735,000)	11,485,000
PCJ	4,345,000	4,005,000	(4,215,000)	4,135,000
Público	2,435,000	-	(20,000)	2,415,000
Soanecom SP	420,000	-	-	420,000
	19,420,000	4,005,000	(4,970,000)	18,455,000

*This company changed its name from Sonaecom Sistemas de Informação SGPS, S.A. to Sonae Investment Management – Software and Technology, SGPS, S.A. in 2015.

During the periods ended at 30 September 2016 and 2015, the movements in 'Supplementary capital' were as follows:

			2016
Company	Opening balance	Decreases	Closing balance
ZOPT	115,000,000	-	115,000,000
Sonae IM*	29,519,791	-	29,519,791
Público	11,077,405	(11,077,405)	-
PCJ	1,839,445	(1,839,445)	-
	157,436,641	(12,916,850)	144,519,791

			2015
Company	Opening balance	Decreases	Closing balance
ZOPT	115,000,000	-	115,000,000
Sonae IM*	32,476,792	(2,957,000)	29,519,792
Público	5,362,405	-	5,362,405
PCJ	1,189,445	-	1,189,445
	154,028,642	(2,957,000)	151,841,642

*This company changed its name from Sonaecom Sistemas de Informação SGPS, S.A. to Sonae Investment Management – Software and Technology, SGPS, S.A. in 2015.

Loans granted to Group companies and Supplementary capital, do not have a defined maturity, therefore no information about the aging of these loans is presented.

During the period ended at 30 September 2016 and 2015, the loans granted to Group companies and joint ventures earned interest at market rates with an average interest rate of 2.5% and 3.06%, respectively. Supplementary capital is non-interest bearing.

The evaluation of the existence of impairment losses for the loans made to Group companies was based on the most up-to-date business plans duly approved by the Group's Board of Directors, which include projected cash flows for periods of five years. The discount rates used and the perpetuity growth considered are presented in the notes 5 and 6.

9. Deferred taxes

At 30 September 2016 and 2015 the value of deferred tax assets not recorded where it is not expected that sufficient taxable profits will be generated in the future to cover those losses, have the following detail:

	2016	2015
Tax losses	1,989,008	2,087,467
Provisions not acceptable for tax purposes, impairment losses and others	120,683,314	115,185,229
CFEI	-	151
Total	122,672,322	117,272,847
Deferred tax assets	27,571,437	26,786,497

At 30 September 2016 and 2015, the deferred tax assets relating to tax losses carried forward have the following origin dates:

Year of origin	2016	2015
2014	417,692	438,368
	417,692	438,368

For the periods ended at 30 September 2016 and 2015 the tax rate used to calculate the deferred tax assets/liabilities in Portuguese companies was of 21% relating to tax losses carried forward. In the case of temporary differences originating in Portuguese companies, in particular not accepted provisions and impairment losses, the rate used in 2016 and 2015 was 22.5%.

Tax benefits, related to deductions from taxable income, are considered at 100%, and in some cases, their full acceptance is dependent on the approval of the authorities that concede such tax benefits.

It wasn't considered the state surcharge, as it was understood to be unlikely the taxation of temporary differences during the estimated period when the referred rate will be applicable.

The reconciliation between the earnings before tax and the tax recorded for the periods ended at 30 September 2016 and 2015 is as follows:

	2016	2015
Earnings before tax	19,442,210	39,115,611
Income taxation	(4,082,864)	(8,214,278)
Correction of the tax of the previous year and other related taxes	714,002	(5,409)
Temporary differences from the exercise without record deferred tax assets	(839,722)	(402,549)
Adjustments of results not tax deductible	4,849,016	8,571,035
Use of losses carried forward, which deferred taxes were not recorded	73,570	32,055
Income taxation recorded in the period (note 19)	714,002	(19,146)

The tax rate used to reconcile the tax expense and the accounting profit was 21% in the year of 2016 and 2015 because it are the standards rates of the corporate income tax in Portugal in 2016 and 2015.

The adjustments to the taxable income in 2016 and 2015 relates, mainly, to losses and gains in financial investments and dividends received (note 18), which do not contribute to the calculation of the taxable profit for the year.

Portuguese Tax Authorities can review the income tax returns of the Company for a period of four years (five years for Social Security), except when tax losses have been generated, tax benefits have been granted or when any review, claim or impugnation is in progress, in which circumstances, the periods are extended or suspended. Consequently, tax returns of each year, since the year 2012 (inclusive) are still subject to such review. The Board of Directors believes that any correction that may arise as a result of such review would not produce a significant impact in the accompanying financial statements.

Supported by the Company's lawyers and tax consultants, the Board of Directors believes that there are no liabilities not provisioned in the financial statements, associated to probable tax contingencies that should have been recorded or disclosed in the accompanying financial statements, at 30 September 2016.

10. Other current debtors

At 30 September 2016 and 2015, this caption was made up as follows:

	2016	2015
State and other public entities	913,057	997,140
Trade debtors	418,900	1,748,866
	1,331,957	2,746,006

At 30 September 2016 and 2015, the caption 'Trade debtors' included amounts to be received from Group companies related to interests receivable from subsidiaries on Shareholders' loans, interest on treasury applications and services rendered (notes 18 and 20).

The caption 'State and other public entities', at 30 September 2016 and 2015, includes Recoverable VAT, special advanced payment, retentions and taxes to be recovered.

11. Cash and cash equivalents

At 30 September 2016 and 2015, the breakdown of cash and cash equivalents was as follows:

	2016	2015
Cash	861	499
Bank deposits repayable on demand	120,528,217	67,454,463
Treasury applications	144,820,000	118,735,000
	265,349,078	186,189,962

At 30 September 2016 and 2015, the caption 'Treasury applications' had the following breakdown:

	2016	2015
Bank applications	123,000,000	109,400,000
Sonae IM*	15,080,000	5,665,000
Público	4,635,000	2,830,000
Sonaecom SP	2,075,000	715,000
PCJ	30,000	125,000
	144,820,000	118,735,000

*This company changed its name from Sonaecom Sistemas de Informação SGPS, S.A. to Sonae Investment Management – Software and Technology, SGPS, S.A. in 2015.

During the period ended at 30 September 2016, the above mentioned treasury applications bear interests at an average rate of 0.84% (0.54% in 2015).

12. Share capital

At 30 September 2016 and 2015, the share capital of Sonaecom was comprised by 311,340,037 ordinary shares registered of Euro 0.74 each. At those dates, the Shareholder structure was as follows:

	2016		2015	
	Number of shares	%	Number of shares	%
Sontel BV	194,063,119	62.33%	194,063,119	62.33%
Sonae SGPS	81,022,964	26.02%	81,022,964	26.02%
Shares traded on the Portuguese Stock Exchange ('Free Float')	30,682,940	9.86%	30,682,940	9.86%
Own shares (note 13)	5,571,014	1.79%	5,571,014	1.79%
	311,340,037	100.00%	311,340,037	100.00%

All shares that comprise the share capital of Sonaecom, are authorised, subscribed and paid. All shares have the same rights and each share corresponds to one vote.

13. Own shares

During the period ended at 30 September 2016, Sonaecom did not acquire, sold or delivered own shares, whereby the amount held to date, is of 5,571,014 own shares representing 1.79% of its share capital, at an average price of Euro 1.515.

14. Loans

Short-term loans and other loans

At 30 September 2016 and 2015, Sonaecom does not have any short-term loans.

Bank credit lines of short-term portion

Sonaecom has also short term bank credit lines, in the form of current or overdraft account commitments, in the amount of Euro 1 million. These credit lines have maturities up to one year, automatically renewable, except in case of termination by either party, with some periods of notice.

All these loans and bank credit lines bear interest at market rates, indexed to the EURIBOR for the respective term, and were all contracted in euro.

At 30 September 2016 and 2015, the available credit lines of the Company are as follows:

					Maturity
Credit	Limit	Amount outstanding	Amount available	Until 12 months	More than 12 months
2016					
Authorised overdrafts	1,000,000	-	1,000,000	x	
	1,000,000	-	1,000,000		
2015					
Authorised overdrafts	1,000,000	-	1,000,000	x	
	1,000,000	-	1,000,000		

At 30 September 2016 and 2015, there are no interest rate hedging instruments.

15. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the periods ended 30 September 2016 and 2015 were as follows:

	Opening balance	Increases	Transfers	Closing balance
2016				
Accumulated impairment losses on investments in Group companies (notes 5 and 18)	108,583,213	1,000,000	6,012,405	115,595,618
Accumulated impairment losses on other non-current assets (notes 8 and 18)	10,917,405	3,445,000	(6,012,405)	8,350,000
Provisions for other liabilities and charges	241,811	48,509	-	290,320
	119,742,429	4,493,509	-	124,235,938
2015				
Accumulated impairment losses on investments in Group companies (notes 5 and 18)	105,338,215	925,000	20,000	106,283,215
Accumulated impairment losses on other non-current assets (notes 8 and 18)	7,797,405	1,805,000	(20,000)	9,582,405
Provisions for other liabilities and charges	304,811	46,490	-	351,301
	113,440,431	2,776,490	-	116,216,921

The increases in provisions and impairment losses are recorded under the caption 'Provisions and impairment losses' in the profit and loss statement with the exception of the impairment losses in investments in Group companies and other non-current assets, which, due to their nature, are recorded as a financial expense under the caption 'Gains and losses on Group companies' (note 18).

At 30 September 2016, the increase of "Impairment losses on other non-current assets" mainly includes amounts related to impairment and financial investment adjustments.

At 30 September 2016 and 2015, the increase of 'Provisions for other liabilities and charges' includes, mainly, amounts to cover various contingencies related to probable liabilities arising from several transactions and which cash outflow is possible.

16. Other creditors

At 30 September 2016 and 2015, this caption was made up as follows:

	2016	2015
Other creditors	863,317	81,103
State and other public entities	31,297	31,115
	894,614	112,218

17. External supplies and services

At 30 September 2016 and 2015, this caption was made up as follows:

	2016	2015
Specialised work	374,716	407,164
Travel and accommodation	63,150	38,445
Insurance	36,666	37,777
Rents	27,448	14,632
Communications	27,208	6,279
Other external supplies and services	48,662	52,053
	577,850	556,350

18. Financial results

Net financial results for the periods ended 30 September 2016 and 2015 are made up as follows ((costs)/gains):

	2016	2015
Gains and losses on investments in Group companies		
Losses related to Group companies (notes 5, 8 and 15)	(4,445,000)	(2,730,000)
Dividends obtained	18,311,947	15,815,500
	13,866,947	13,085,500
Gains and losses on financial assets at fair value through profit or loss		
Gains and losses on financial assets at fair value through profit or loss (note 7)	(15,679,640)	23,728,597
Dividends obtained	1,762,005	1,541,720
Gains on disposals of financial assets at fair value through profit or loss	18,725,886	-
	4,808,251	25,270,317
Other financial expenses		
Interest expenses:		
Other loans	(217)	(4,701)
	(217)	(4,701)
Other financial expenses	(62,342)	(91,782)
	(62,559)	(96,483)
Other financial income		
Interest income	1,681,627	1,615,649
Foreign currency exchange gains	-	566
Other financial income	78,260	343,358
	1,759,887	1,959,573

In the period ended at 30 September 2016 the caption 'Gains and losses on financial assets at fair value through profit or loss' includes the capital gain generated by the sold of the NOS shares (Euro 18,725,886) as described in the note 7 'Financial assets at fair value through profit or loss'.

At 30 September 2016 and 2015, gains related to dividends received from investments in Group companies and in joint ventures are associated with dividends received from Zopt SGPS, S.A.. Gains related to dividends received from investments at fair value through profit or loss are associated with dividends received from NOS SGPS, S.A..

At 30 September 2016 and 2015, losses on the Group companies include the reinforcement of impairment losses on other non-current assets (notes 8 and 15), in the amount of Euro 3,445,000 (Euro 1,805,000 in 2015) and the reinforcement of impairment losses on investments in companies group in the amount of Euro 1,000,000 (Euro 925,000 in 2015) (notes 5 and 15).

19. Income Taxation

Income taxes recognized during the periods ended at 30 September 2016 and 2015 were made up as follows ((costs) / gains):

	2016	2015
Current tax (note 9)	714,002	(19,146)
Closing balance	714,002	(19,146)

20. Related parties

The most significant balances and transactions with related parties (which are detailed in the appendix) at 30 September 2016 and 2015 were as follows:

	Accounts receivable (note 10)	Accounts payable (note 16)	Treasury applications (note 11)	Other assets / (liabilities)	Balances at 30 September 2016 Loans granted / (obtained) (note 8)
Parent Company					
Sonae SGPS	-	7,957	-	40,225	-
Subsidiaries					
PCJ	29,561	-	30,000	9,285	3,090,000
Público	1,492	-	4,635,000	19,366	165,000
Sonae IM*	225,961	5,578	15,080,000	39,098	18,595,000
Sonaecom BV	-	-	-	-	-
Sonae Telecom BV	-	-	-	-	-
Sonaecom SP	2,943	148,211	2,075,000	(123,321)	160,000
Others related parties					
Zopt SGPS	-	-	-	-	-
Digitmarket	1,505	44,025	-	(38,195)	-
Saphety	17,897	264,241	-	(335,344)	-
Sonaecenter II	19,516	13,246	-	-	-
Wedo	93,843	241,377	-	-	-
S21 Sec Portugal **	-	-	-	(62,039)	-
NOS SGPS	-	-	-	452,604	-
NOS Comunicações	-	6,038	-	191,114	-
NOS Sistemas	-	51,097	-	5,272	-
Others	30,896	53,279	-	57,813	-
	423,614	835,049	21,820,000	255,878	22,010,000

*This company changed its name from Sonaecom Sistemas de Informação SGPS, S.A. to Sonae Investment Management – Software and Technology, SGPS, S.A. in 2015.

** On August 2016 this company changed its name from Itrust- Cyber Security Intelligence, S.A. to S21Sec Portugal Cybersecurity Services, S.A.

	Accounts receivable (note 10)	Accounts payable (note 16)	Treasury applications (note 11)	Other assets / (liabilities)	Balances at 30 September 2015 Loans granted / (obtained) (note 8)
Parent Company					
Sonae SGPS	(942)	100,348	-	(47,190)	-
Subsidiaries					
PCJ	150,263	-	125,000	19,800	4,135,000
Público	34,198	950,244	2,830,000	23,937	2,415,000
Sonae IM*	83,457	-	5,665,000	98,545	11,485,000
Sonaecom BV	551	-	-	256	-
Sonaecom SP	19,186	83,630	715,000	(69,529)	420,000
Others related parties					
Digitmarket	64,987	2,851	-	(10,275)	-
Saphety	118,544	5,439	-	(248,750)	-
Sonaecenter II	19,516	(3,001)	-	-	-
Wedo	2,218,439	(134,241)	-	-	-
ZOPT	13,869	-	-	-	-
Others	2,837	(42,811)	-	68,790	-
	2,724,905	962,459	9,335,000	(164,416)	18,455,000

*This company changed its name from Sonaecom Sistemas de Informação SGPS, S.A. to Sonae Investment Management – Software and Technology, SGPS, S.A. in 2015.



				Transactions at 30 September 2016
	Sales and services rendered	Supplies and services received (note 17)	Interest and similar income / (expense) (note 18)	Supplementary income
Parent Company				
Sonae SGPS	-	-	963,950	(26)
Subsidiaries				
PCJ	-	-	91,135	-
Público	-	179	103,311	2,339
Sonae IM*	-	48,150	448,393	-
Sonaecom SP	-	193,538	33,005	-
Others related parties				
Digitmarket	39,702	-	-	-
Wedo	132,280	-	-	-
Saphety	39,702	1,366	-	-
Sonaecenter II	-	30,898	-	-
Raso - Viagens e turismo	-	47,151	-	-
NOS Comunicações	-	27,343	(59,880)	-
Others	-	11,341	1,839	-
	211,684	359,965	1,581,752	2,314

*This company changed its name from Sonaecom Sistemas de Informação SGPS, S.A. to Sonae Investment Management – Software and Technology, SGPS, S.A. in 2015.

				Transactions at 30 September 2015
	Sales and services rendered	Supplies and services received (note 17)	Interest and similar income / (expense) (note 18)	Supplementary income
Parent Company				
Sonae SGPS	-	-	494,566	56,881
Subsidiaries				
PCJ	-	-	176,228	-
Público	-	(120)	147,277	2,383
Sonae IM*	-	41,603	610,265	-
Sonaecom BV	-	-	807	-
Sonaetelecom BV	-	-	(11)	-
Sonaecom SP	-	226,390	33,554	-
Others related parties				
Digitmarket	46,240	-	-	-
Wedo	149,298	(800)	-	-
Saphety	46,240	1,542	-	-
Sonaecenter II	15,867	42,558	-	-
Raso - Viagens e turismo	-	29,690	-	-
NOS Comunicações	-	12,047	(26,726)	73,577
Others	-	45,080	-	-
	257,645	397,990	1,435,960	132,841

*This company changed its name from Sonaecom Sistemas de Informação SGPS, S.A. to Sonae Investment Management – Software and Technology, SGPS, S.A. in 2015.

During the period ended at 30 September 2016, the Company distributed dividends in the amount of Euro 4,699,332 to its parent company (3,646,033 euros in 2015).

All the above transactions were made at market prices.

Accounts receivable and payable to related companies will be settled in cash and are not covered by guarantees.

A complete list of the Sonaecom Group's related parties is presented in the appendix to this report.

21. Guarantees provided to third parties

Guarantees provided to third parties at 30 September 2016 and 2015 were as follows:

Beneficiary	Description	2016	2015
Direção de Contribuições e Impostos (Portuguese tax authorities)	VAT reimbursements	-	1,435,379
Direção de Contribuições e Impostos (Portuguese tax authorities)	Additional tax assessments (VAT, Stamp and Income tax)	222,622	222,622
		222,622	1,658,001

In addition to these guarantees were set up sureties for the current fiscal processes. The Sonae SGPS consisted of Sonaecom SGPS surety to the amount of Euro 28,727,104 and Sonaecom SGPS consisted of Público surety for the amount of Euro 564,900.

At 30 September 2016, the Board of Directors of the Company believes that the decision of the court proceedings and ongoing tax assessments in progress will not have significant impacts on the financial statements.

22. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the net income of the period (Euro 20,156,212 in 2016 and Euro 39,096,465 in 2015) by the average number of shares outstanding during the periods ended at 30 September 2016 and 2015, net of own shares (305,769,023 in 2016 and 2015).

23. Medium Term Incentive Plans

In June 2000, the Company created a discretionary Medium Term Incentive Plan for more senior employees, based on Sonaecom options and shares and Sonae-SGPS, S.A. shares which on 10 March 2014 Sonaecom plans been converted to Sonae shares. The vesting occurs three years after the award of each plan, assuming that the employees are still employed in the Company.

The 2011 plan was delivered in March 2015 for all companies except for employees of Sonaecom SGPS, SA, whose delivery was made in May 2015.

The 2012 plan was delivered in March 2016 to all companies.

Therefore, the outstanding plans at 30 September 2016 are as follows:

		Vesting period		30 September 2016	
	Share price 30.09.2016	Award date	Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares					
2013 Plan	0.68	10-Mar-14	10-Mar-17	2	303,888
2014 Plan	0.68	10-Mar-15	10-Mar-18	2	167,408
2015 Plan	0.68	10-Mar-16	10-Mar-19	2	227,525

During the period ended at 30 September 2016, the movements that occurred in the plans can be summarized as follows:

	Sonae SGPS shares	
	Aggregate number of participations	Number of shares
Outstanding at 31 December 2015:		
Unvested	8	943,219
Total	8	943,219
Movements of the period:		
Awarded	2	227,525
Vested	(4)	(496,764)
Cancelled / lapsed / corrected*	-	24,841
Outstanding at 30 September 2016:		
Unvested	6	698,821
Total	6	698,821

* The adjustments are made for dividends paid and for share capital changes and others adjustments, namely, resulting from a change in the vesting of the MTIP, which may now be made through the purchase of shares with a discount.

The responsibility for all plans was recognized under 'Other current liabilities' and 'Other non-current liabilities'.

For originally plans of Sonae SGPS shares, except for the converted plans the Group entered into hedging contract with external entities, and the responsibilities are calculated based on the prices agreed on those contracts. These hedging contracts were used to cover the delivery of the 2011 plan and the 2012 plan. This way, at the period ended 30 September 2016 there are no open hedging contracts.

Share plan costs are recognised in the accounts over the period between the award and the vesting date of those plans. The costs recognised in previous years and in the period ended at 30 September 2016, were as follows:

	Value
Costs recognised in previous years	744,407
Costs recognised in the period	28,904
Costs of plans vested in the period	(510,673)
Total cost of the plans	262,638
Recorded in 'Other current liabilities	180,118
Recorded in 'Other non-current liabilities	82,520

These financial statements were approved by the Board of Directors on 4 November 2016.

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IAS / IFRS) as adopted by the European Union and the format and disclosures required by those Standards, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

Appendix

At 30 September 2016, the related parties of Sonaecom, SGPS, S.A. are as follows:

Key management personnel - Sonaecom	
Ângelo Gabriel Ribeirinho dos Santos Paupério António Bernardo Aranha da Gama Lobo Xavier	Maria Cláudia Teixeira de Azevedo

Key management personnel - Sonae SGPS	
Duarte Paulo Teixeira de Azevedo Andrew Eustace Clavering Campbell Dag Johan Skattum Marcelo Faria Lima Tsega Gebreyes	Ângelo Gabriel Ribeirinho dos Santos Paupério Christine Cross José Manuel Neves Adelino Margaret Lorraine Trainer

Sonaecom Group Companies	
Bright Development Studio, S.A. Bright Ventures Capital SCR Cape Technologies Limited Digitmarket-Sistemas de Informação,SA Inovretail, Lda. PCJ-Público, Comunicação e Jornalismo,SA Praesidium Services Limited Público - Comunicação Social, SA S21 Sec Brasil, Ltda S21 Sec Ciber Seguridad, S.A. de CV S21 SEC Gestion, S.A. S21 Sec Information Security Labs, S.L. S21 Sec México, S.A. de CV S21 Sec, S.A. de CV S21SEC Portugal - CyberSecurity Services, SA Saphety - Transacciones Electronicas SAS Saphety Brasil Transações Eletrônicas Ld	Saphety Level - Trusted Services, SA Sonae Investment Management-S.T.,SGPS,SA Sonaecom - Serviços Partilhados, S.A Sonaecom BV Sonaecom, SGPS, SA Sonaecom-Cyber Security and Int.,SGPS,SA Sonaecom-Sistemas Información España SL Sonaetelecom BV Tecnológica Telecomunicações, Ltda We Do Brasil-Soluções Informáticas,Ltda We Do Consulting-Sist. de Informação, SA We Do Technologies (UK) Limited We Do Technologies Americas, Inc We Do Technologies Australia PTY Limited We Do Technologies BV We Do Technologies Egypt LLC We Do Technologies Mexico, S. de RL

Sonae/Efanor/NOS Group Companies	
3shoppings - Holding, SGPS, SA ACCIVE Insurance Cons. e Franchising,Lda Accive Insurance-Corretor de Seguros, SA ADD Avaliações Eng.Aval.e Perícias, Ltda Adlands BV Aduanas Caspe, S.L.U. Aegean Park, SA Agepan Eiweiler Management GmbH Agloma Inmobiliaria y Servicios. S.L. Agloma Investimentos, Sgps, S.A. ALEXA Administration GmbH ALEXA Holding GmbH ALEXA Shopping Centre GmbH Algarveshopping- Centro Comercial, SA Aqualuz - Turismo e Lazer, Lda Aqualuz Tróia-Expl.Hoteleira e Imob., SA Arat Inmuebles, S.A. ARP Alverca Retail Park, SA Arrábidashopping - Centro Comercial, SA Aserraderos de Cuellar,SA Atelgen-Produção Energia, ACE Atlantic Ferries-Tráf.Loc,Flu.e Marit,SA Avenida M-40 BV Azulino Imobiliária, S.A. BA Business Angels, SGPS, SA BA Capital, SGPS BB Food Service, SA Beeskow Holzwerkstoffe Beralands BV Bertimóvel - Sociedade Imobiliária, S.A. BIG Picture 2 Films Bloco Q-Sociedade Imobiliária,SA Bom Momento - Restauração, S.A. Canal 20 TV, SA Canasta-Empreendimentos Imobiliários,SA Candotal Spain, S.L. CAPWATT - Brainpower, S.A. Capwatt ACE, S.A. Capwatt Colombo - Heat Power, S.A. Capwatt Engenho Novo - Heat Power, S.A. Capwatt Hectare - Heat Power, ACE Capwatt II - Heat Power, S.A. Capwatt III - Heat Power, S.A.	Capwatt Maia - Heat Power, S.A. Capwatt Martim Longo - Solar Power, S.A. Capwatt Vale do Caima - Heat Power, S.A. Capwatt Vale do Tejo - Heat Power, S.A. CAPWATT, SGPS, S.A. Carvemagere-Manut.e Energias Renov., Lda Casa da Ribeira-Sociedade Imobiliária,SA Cascaishopping Centro Comercial, SA Cascaishopping Holding I, SGPS, SA CCCB Caldas da Rainha-Centro Comerc., SA Centro Colombo Centro Comercial, SA Centro Residencial da Maia,Urban.,SA Centro Vasco da Gama Centro Comercial,SA Chão Verde-Soc. de Gestão Imobiliária,SA Cinclus Imobiliária,SA Citorres - Sociedade Imobiliária, SA Coimbrashopping Centro Comercial, SA Colombo Towers Holding BV Comercial Losan Polonia SP. Z.O.O. Comercial Losan, S.L.U. Comp. Pesca Comércio Cosal, SARL Companhia Térmica do Serrado, ACE Companhia Térmica Tagol, Lda. Contacto Concessões, SGPS, S.A. Contibomba-Comérc.Distr.Combustíveis,SA Contimobe - Imobiliária Castelo Paiva,SA Continente Hipermercados, SA Country Club da Maia-Imobiliária,SA CTE-Central Termoeléct. do Estuário, Lda Cumulativa - Sociedade Imobiliária, S.A. Discovery Sports, SA DOC Malaga Holdings, S.L. DOC Malaga SITECO, S.L.U. Dortmund Tower GmbH Dos Mares Shopping Centre BV Dos Mares Shopping Centre, SA Dreamia B.V Dreamia, Serv. de Televisão, SA Ecociclo - Energia e Ambiente, SA Efanor Investimentos, SGPS, S.A. Efanor Serviços de Apoio à Gestão, S.A. Elergone Energias, Lda Empracine - E. Pro. Act. Cinema, Lda



Sonae/Efanor/NOS Group Companies	
<p> Empreend.Imob.Quinta da Azenha,SA Enerlousado-Recursos Energéticos, Lda. Estação Viana Centro Comercial, SA Euroresinas-Indústrias Químicas,SA Farmácia Selecção, SA Fashion Division Canárias, SA Fashion Division, S.A. Filmes Mundáfrica, SARL FINSTAR - Socied. Investim. Part. S.A. Fozimo - Sociedade Imobiliária, SA Frases e Frações Imobiliária e Serv., SA Freccia Rossa - Shopping Centre, Srl Fundo de Invest.Imobiliário Fec. Imosede Fundo Esp.Inv.Imo.Fec. WTC Fundo I.I. Parque Dom Pedro Shop. Center Fundo Invest. Imobiliário Imosonae Dois Fundo Invest.Imob.Shopp. Parque D. Pedro Funtobar Spain SL GaiaShopping I Centro Comercial, SA GaiaShopping II Centro Comercial, SA GHP GmbH Gli Orsi Shopping Centre 1, Srl Global Usebti, S.L. Glunz AG Glunz Service GmbH Glunz UK Holdings Ltd Glunz Uka GmbH Golf Time-Golfe e Invest. Turísticos, SA GuimarãesShopping Centro Comercial, SA Harvey Dos Iberica, SL Herco Consult.Risco Corret.Seguros, Ltda Herco Consultoria de Risco, S.A. HighDome PCC Limited HighDome PCC Limited (Cell Europe) Iberia Shop.C. Venture Coöperatief U.A. Iberian Assets, SA Iberosegur-Soc. Ibérica Med. Seguros,Lda Igimo - Sociedade Imobiliária, SA Iginha - Sociedade Imobiliária, SA Imobeaauty, SA Imoclub-Serviços Imobiliários, SA Imoconti - Sociedade Imobiliária, SA Imodivor - Sociedade Imobiliária, SA </p>	<p> Imoestrutura - Sociedade Imobiliária, SA Imohotel-Emp.Turísticos Imobiliários,SA Imomuro - Sociedade Imobiliária, SA Imopenínsula - Sociedade Imobiliária, SA Imoplamac Gestão de Imóveis, SA Imoponte - Sociedade Imobiliária, SA Imoresort - Sociedade Imobiliária, SA Imoresultado - Sociedade Imobiliária, SA Imosedas - Imobiliária e Serviços, SA Imosistema - Sociedade Imobiliária, SA Impaper Europe GmbH Implantação - Imobiliária, S.A. Infocfield - Informática, SA Inparvi SGPS, SA Interlog-SGPS, SA Ioannina Develop.of Shopping Centres, SA Irmãos Vila Nova III - Imobiliária, SA Irmãos Vila Nova, SA Isoroy SAS IVN - Serviços Partilhados, SA IVN Asia Limited Land Retail BV Larim Corretora de Resseguros, Ltda Larissa Develop. of Shopping Centers, SA Lazam MDS Corretora e Adm. Seguros, SA Le Terrazze - Shopping Centre 1, Srl Libra Serviços, Lda Loop 5 Shopping Centre GmbH Losan Colombia, S.A.S. Losan Overseas Textile, S.L. Losan Tekstil Urun.V E Dis Ticaret, L.S. Lusomundo Imobiliária 2, SA Lusomundo Moçambique, Lda Lusomundo Soc. Inv. Imob. SA Luz del Tajo BV Luz del Tajo Centro Comercial, SA MA02 - Sierra Maroc SARL Madeirashopping Centro Comercial, SA Maiashopping Centro Comercial, SA Maiequipa - Gestão Florestal, SA Marcas MC, zRT Marina de Tróia S.A. </p>



Sonae/Efanor/NOS Group Companies	
Marmagno-Expl.Hoteleira Imob.,SA	Paracentro - Gestão de Galerias Com., SA
Marvero-Expl.Hoteleira Imob.,SA	Parcelas e Narrativas - Imobiliária SA
MCCARE, Serviços de Saúde, S.A.	Pareuro BV
MDS - Corretor de Seguros, SA	Park Avenue Develop.of Shop. Centers, SA
MDS Affinity-Sociedade de Mediação Lda	Parklake Shopping, SA
MDS Africa SGPS, SA	Parque Atlântico Shopping-C.Comerc., SA
MDS Auto - Mediação de Seguros, SA	Parque D. Pedro 1 BV
Mds Knowledge Centre, Unipessoal, Lda	Parque de Famalicão - Empreend.Imob., SA
MDS Malta Holding Limited	Pátio Boavista Shopping, Ltda
MDS RE - Mediador de resseguros	Pátio Campinas Shopping, Ltda
MDS, SGPS, SA	Pátio Goiânia Shopping, Ltda
Megantic BV	Pátio Londrina Empreend.e Particip.,Ltda
MJB-Design, Lda	Pátio São Bernardo Shopping Ltda
MJLF - Empreendimentos Imobiliários, SA	Pátio Sertório Shopping Ltda
Modalfa - Comércio e Serviços, SA	Pátio Uberlândia Shopping Ltda
Modalloop - Vestuário e Calçado, SA	Per-Mar-Sociedade de Construções,SA
Modelo - Dist.de Mat. de Construção,S.A.	Pharmaconcept - Actividades em Saúde, SA
Modelo Continente Hipermercados, SA	Pharmacontinente - Saúde e Higiene, SA
Modelo Continente International Trade,SA	Plaza Eboli - Centro Comercial, SA
Modelo Hiper Imobiliária, SA	Plaza Mayor Parque de Ocio BV
Modelo.com-Vendas por Correspondência,SA	Plaza Mayor Parque de Ocio, SA
Movelpartes-Comp.para Ind.Mobiliária,SA	Plaza Mayor Shopping BV
MSTAR, SA	Plaza Mayor Shopping, SA
Münster Arkaden BV	Plenerg Srl
Norte Shop. Retail and Leisure Centre BV	Poliface North America
Norteshopping Centro Comercial, SA	Ponto de Chegada - Soc. Imobiliária, SA
NOS Açores Comunicações, S.A.	Porturbe-Edifícios e Urbanizações,SA
NOS Communications S.à.r.l.	Praedium - Serviços, SA
NOS Comunicações, S.A.	Praedium II - Imobiliária, SA
NOS Inovação S.A.	Predicomercial - Promoção Imobiliária,SA
NOS Lusomundo Audiovisuais, S.A.	Predilugar - Sociedade Imobiliária, SA
NOS Lusomundo Cinemas, S.A.	Prédios Privados Imobiliária, SA
NOS Lusomundo TV, S.A.	Predisedas - Predial das Sedas, SA
NOS Madeira Comunicações, S.A.	Project Guia, S.A.
NOS Sistemas España, S.L.	Project SC 1 BV
NOS Sistemas S.A.	Project Sierra 10 BV
NOS Technology-C.C. e Gest.Redes Com.,SA	Project Sierra 11 BV
NOS Towering-Gestão de Torres Telec., SA	Project Sierra 12 BV
NOS, SGPS, S.A.	Project Sierra 2 BV
NOSPUB, Publicidade e Conteúdos, S.A.	Project Sierra 8 BV
Novodecor (PTY), LTD	Project Sierra Cúcuta BV
OSB Deutschland GmbH	Project Sierra Four Srl
Pantheon Plaza BV	Project Sierra Germany 2 (two)-Sh.C.GmbH



Sonae/Efanor/NOS Group Companies	
Project Sierra Germany 4 (four)-S.C.GmbH	Sierra Germany GmbH
Project Sierra Spain 1 BV	Sierra GP, Limited
Project Sierra Spain 2 - C.Comercial, SA	Sierra Greece, SA
Project Sierra Two Srl	Sierra Investimentos Brasil Ltda
Promessa Sociedade Imobiliária, S.A.	Sierra Investments (Holland) 1 BV
Proyecto Cúcuta S.A.S.	Sierra Investments (Holland) 2 BV
OCE-Desenv. e Fabrico de Equipamentos,SA	Sierra Investments Holding BV
Racionaliz. y Manufact.Florestales,SA	Sierra Investments SGPS, SA
River Plaza BV	Sierra Italy, Srl
River Plaza Mall, Srl	Sierra Management, SGPS, SA
Ronfegen-Recursos Energéticos, Lda.	Sierra Maroc Services, SARL
RSI Corretora de Seguros, Ltda	Sierra Portugal, SA
S.C. Microcom Doi Srl	Sierra Project Nürnberg BV
Salsa DE GmbH	Sierra Real Estate Greece BV
Salsa Distribution USA LLC	Sierra Romania Sh. Centers Services Srl
Salsa France, S.A.R.L.	Sierra Services Holland 2 BV
Salsa Luxembourg, Sàrl	Sierra Solingen Holding GmbH
SC Aegean BV	Sierra Spain Shop. Centers Serv., S.A.U.
SC Assets, SGPS, SA	Sierra Turkey Gayrim.Yön.P.Dan.An.Sirket
SC Finance BV	Sierra VdG Holding BV
SC For-Serv.Form.e Desenv.R.H.,Unip.,Lda	Sierra Zenata Project BV
SC Hospitality, SGPS, S.A.	SII - Soberana Invest. Imobiliários, SA
SC, SGPS, SA	SISTAVAC, S.A.
SC-Consultadoria,SA	SISTAVAC, SGPS, S.A.
SC-Eng. e promoção imobiliária,SGPS,SA	SISTAVAC-Sistemas HVAC-R do Brasil, Ltda
SDSR - Sports Division SR, S.A.	SLS Salsa - Comércio e Difusão de Vestuário, S.A.
Selifa-Soc. de Empreend. Imobiliários,SA	SLS Salsa España - Comercio y Difusión de Vestuario, S.A.U.
Sempre à Mão - Sociedade Imobiliária, SA	Soc.Inic.Aproveit.Florest.-Energias,SA
Sesagest - Proj. Gestão Imobiliária, SA	Société de Tranchage Isoroy SAS.
Sete e Meio Herdades-Inv. Agr. e Tur.,SA	Socijofra - Sociedade Imobiliária, SA
SFS - Serviços de Gestão e Marketing, SA	Sociloures - Sociedade Imobiliária, SA
Shopping Centre Colombo Holding BV	Soflorin BV
Shopping Centre Parque Principado BV	Soira-Soc.Imobiliária de Ramalde,SA
SIAL Participações, Lda	Solinca - Health & Fitness, SA
Sierra Asia Limited	Solinca-Investimentos Turísticos,SA
Sierra Berlin Holding BV	Solinfitness - Club Malaga, S.L.
Sierra Brazil 1 BV	Solingen Shopping Center GmbH
Sierra Cevital Shopping Center, Spa	Soltroia-Imob.de Urb.Turismo de Tróia,SA
Sierra Core Assets Holdings, B.V.	Somit Imobiliária, SA
Sierra Corporate Services Holland BV	Sonae Arauco France SAS
Sierra Developments Holding BV	Sonae Arauco, S.A.
Sierra Developments, SGPS, SA	Sonae Capital Brasil, Lda
Sierra European R.R.E. Assets Hold. BV	Sonae Capital, SGPS, SA

Sonae/Efanor/NOS Group Companies	
<p> Sonae Center Serviços II, SA Sonae Financial Services, S.A. Sonae Ind., Prod. e Com.Deriv.Madeira,SA Sonae Industria (UK),Ltd Sonae Industria de Revestimentos,SA Sonae Indústria-SGPS,SA Sonae Investimentos, SGPS, SA Sonae Investments BV Sonae MC - Modelo Continente, SGPS, SA Sonae MC S2 Africa Limited Sonae Novobord (PTY) Ltd Sonae RE, S.A. Sonae Retalho España-Serv.Generales, SA Sonae SGPS, SA Sonae Sierra Brasil, SA Sonae Sierra Brazil, BV / SARL Sonae Sierra, SGPS, SA Sonae Specialized Retail, SGPS, SA Sonae SR Malta Holding Limited Sonae Tafibra Benelux, BV Sonaecenter Serviços, SA Sonaegest-Soc.Gest.Fundos Investimentos Sonaerp - Retail Properties, SA SONAESR - Serviços e logística, SA Sondis Imobiliária, SA Sontaria-Empreend.Imobiliários,SA Sontel BV Sonvecap BV Sopair, S.A. Sótaqua - Soc. de Empreendimentos Turist Soternix-Produção de Energia, ACE Spanboard Products,Ltd SPF - Sierra Portugal Spinarq Moçambique, Lda Spinarq-Engenharia,Energia e Ambiente,SA Spinveste - Promoção Imobiliária, SA Spinveste-Gestão Imobiliária SGI,SA Sport TV Portugal, SA Sport Zone Canárias, SL Sport Zone España-Com.Art.de Deporte,SA Sport Zone spor malz.per.satis ith.ve ti Spred, SGPS, SA Tableros Tradema,S.L. </p>	<p> Tafiber,Tableros de Fibras Ibéricas,SL Tafibra South Africa (PTY) Ltd. Tafibra Suisse, SA Tafisa Canadá Societé en Commandite Tafisa France, SA Tafisa UK,Ltd Taiber,Tableros Aglomerados Ibéricos,SL Teconologias del Medio Ambiente,SA Teliz Holding B.V. Têxtil do Marco, SA The Artist Porto Hot.&Bistrô-Act.Hot.,SA The House Ribeira Hotel - Expl. Hot., SA Tlantic BV Tlantic Portugal - Sist.de Informação,SA Tlantic Sistemas de Informação, Ltda Tool GmbH Troia Market-Supermercados, S.A. Troia Natura, S.A. Troiaresort, SGPS, S.A. Troiaresort-Investimentos Turísticos, SA Tulipamar-Expl.Hoteleira Imob.,SA Turismo da Samba (Tusal), SARL Unishopping Consultoria Imobiliária,Ltda UP INVEST, SGPS, S.A. Upstar Comunicações SA Urbisedas-Imobiliária das Sedas,SA Usebti Textile México S.A. de C.V. Valor N, SA Via Catarina Centro Comercial, SA Vistas do Freixo-Emp.Tur.Imobiliários,SA Vuelta Omega, S.L. Weiterstadt Shopping BV Worten - Equipamento para o Lar, SA Worten Canárias, SL Worten España Distribución, SL ZAP Cinemas, S.A. ZAP Media S.A. ZAP Publishing, S.A. Zippy - Comércio e Distribuição, SA Zippy - Comercio y Distribución, SA Zippy cocuk malz.dag.ith.ve tic.ltd.sti ZYEvolution-Invest.Desenv.,SA </p>

Sonaecom SGPS is listed on the Euronext Stock Exchange. Information is available on Reuters under the symbol SNC:LS and on Bloomberg under the symbol SNC:PL.

SAFE HARBOUR

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that are not historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, the telecommunications industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors, analysts and, generally, the recipients of this document are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

Report available on Sonaecom's corporate website
www.sonae.com

Investor Relations Contacts
Investor.relations@sonae.com
Tlf: +351 22 013 23 49

Report available on Sonaecom's corporate website
www.sonae.com

Investor Relations Contacts
Investor.relations@sonae.com
Tlf: +351 22 013 23 49