

MANAGEMENT REPORT AND ACCOUNTS

1H16



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.



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1. Main Highlights

Consolidated turnover of 67.6 million euros, growing 0.7% y.o.y driven by 2016 performance

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

Turnover of 60.6 million euros at the Technology area, up by 1.9% y.o.y, with international markets representing 50.7%

Sale of the 2.14% direct stake on NOS to ZOPT, by 82.8 million euros, with a consolidated capital gain of 9.4 million euros

Net results of 3.5 million euros

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. Additionally, during the first semester, Sonae IM and S21sec strengthened their position in European cybersecurity markets through the acquisition of SysValue. The 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 Gestión and SysValue. Already in July, it was announced the acquisition of InovRetail, a data analytics company that supports the retailer's decision-making process.

Turnover

Consolidated turnover in 1H16 reached 67.6 million euros, increasing 0.7% when compared to 1H15. However, compared to same quarter last year it has increased by 7.6% and with a significant positive evolution versus the previous quarter.

Service revenues decreased 3.3% while Sales increased by 9.7%.

Operating costs

Operating costs amounted to 67.8 million euros, 3.0% above 1H15. Personnel costs decreased 1.8% despite the increase in the average number of employees. Commercial costs increased 13.4% to 21.1 million euros, driven by the increase in cost of goods sold of Technology area, aligned with the higher level of sales. The decrease in other operating costs is mainly explained by the lower level of G&A costs and provisions.

EBITDA

Total EBITDA stood at 10.8 million euros, 15.7% below 1H15, on the back of underlying EBITDA decrease but also driven by equity results, which are mostly impacted by ZOPT contribution, which in turn depends on NOS net income evolution, that decreased by 4.2%.

Net results

Sonaecom's EBIT decreased 32.6% to 6.1 million euros, explained by the lower level of EBITDA and higher level of depreciations.

Net financial results reached negative 5.0 million euros in 1H16, 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 1H15, the fair value adjustment was positive by 21.3 million euros and the dividend received was 1.5 million euros.

Sonaecom's earnings before tax (EBT) decreased to 1.1 million euros, mainly driven by the lower net financial results.

Net results group share stood at 3.5 million euros, which compares with 33.5 million euros in 1H15.

Operating CAPEX

Sonaecom's operating CAPEX increased to 4.8 million euros, reaching 7.2% of turnover, 0.8 p.p. above 1H15.

Capital structure

The cash position increased 69.1 million euros since June 2015 reaching 234.0 million euros. This performance in 1H16 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.

2.1 Telecommunications

NOS operating revenues were 743.1 million euros in 1H16, growing 6.2% y.o.y.

EBITDA reached 286.5 million euros, increasing 7.6% when compared to 1H15 and representing a 38.6% EBITDA margin.

CAPEX amounted to 196.1 million euros in 1H16, a decrease of 0.3% y.o.y. As a consequence of EBITDA and CAPEX evolution, EBITDA-CAPEX increased 29.7%.

Net Financial Debt to EBITDA stood at 2.1x at the end of 1H16 and the average maturity of the company's net financial debt reached 3.59 years.

NOS published its 1H16 results on 27th July, 2016, which are available at www.nos.pt.

During 1H16, the NOS share price decreased 24.8% from €7.246 to €5.45, whilst PSI20 decreased by 16.2%.

Operational Indicators

Operational Indicators ('000)	2015	2016	Δ 16/15	1Q16	q.o.q.	1H15	1H16	Δ 16/15
Total RGUs	8,029.3	8,746.4	8.9%	8,595.0	1.8%	8,029.3	8,746.4	8.9%
Convergent RGUs	2,443.2	3,156.8	29.2%	2,988.6	5.6%	2,443.2	3,156.8	29.2%
IRIS subscribers	784.2	927.3	18.3%	899.6	3.1%	784.2	927.3	18.3%
3,4 and 5P subscribers	904.9	1,018.2	12.5%	995.4	2.3%	904.9	1,018.2	12.5%

Financial indicators

Million euros

NOS HIGHLIGHTS	2015	2016	Δ 16/15	1Q16	q.o.q.	1H15	1H16	Δ 16/15
Operating Revenues	355.9	372.8	4.8%	370.3	0.7%	699.9	743.1	6.2%
EBITDA	138.5	148.7	7.3%	137.9	7.8%	266.4	286.5	7.6%
EBITDA margin (%)	38.9%	39.9%	1.0pp	37.2%	2.6pp	38.1%	38.6%	0.5pp
Net Income	24.1	26.5	10.0%	24.4	8.5%	47.3	50.9	7.6%
CAPEX	102.4	101.0	-1.4%	95.1	6.2%	196.7	196.1	-0.3%
EBITDA-CAPEX	36.1	47.7	32.1%	42.8	11.4%	69.7	90.4	29.7%



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 acquisition in the 2Q16.

This area currently comprises five companies in the IT/IS sector that generated circa 50.7% of its revenues outside the Portuguese market with 43% out of the total 958 employees based abroad.

WeDo Technologies is a worldwide market leader in enterprise business assurance software that **works with some of the world's leading blue chip companies** including more than 190 telecommunications operators from more than 90 countries.

In January 2016, WeDo was **present in NRF's Annual Convention in New York, where it revealed details of its new RAID Retail software**, a solution to enable retailers to proactively identify risks, alarm triggers and actions to reduce financial losses arriving from business process' inefficiencies and lack of control. WeDo also organized its first Conference in Kuala Lumpur, counting with more than 11 CSPs and 79 delegates attending.

In February 2016, was present in the Mobile World Congress in Barcelona and in March 2016, leveraging the 4th Annual Revenue Assurance Forum for Utilities in London, WeDo has announced the launch of the new RAID Utilities software, a solution to enable utility providers to automatically identify risks and potential areas of revenue loss and fraud, while simultaneously optimizing businesses processes.

WeDo Technologies has concluded 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.

In June 2016, WeDo has also hosted its first Conference in Santiago (Chile) with more than 55 guests from 6 latin american countries and 5 telecom operators represented.

During the first half of the year, WeDo also obtained the renewal of ISO 27001 certification and, importantly, the company won five new telecom customers (1 in Europe, 1 in Asia Pacific, 1 in North America, **1 in the Caribbean's** and 1 in Africa), continuing to enlarge its customer base around the world. From these new customers, 60% were related to sales from Fraud Management software.

The number of Software installations under active Software Maintenance contracts has also increased from 150 (end of 2015) to 158. Almost all are related to RAID Revenue Assurance and Fraud Management software but also to its Broker Family (Incentives Broker).

At the end of 1H16, 77% of its turnover was generated in the international market.

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 1Q16, in order to continue pushing its brand and to show the relevance of cybersecurity in the organizations, S21Sec has made several webinars (*Cyber Insights Series*), to explain those guidelines that users and organizations should follow to safeguard their information systems; has launched the first version of the **monthly newsletter "Cyberbytes"** to increase its relevance in social media; and has participated in many Cyber security events in Spain, Israel, Mexico and in the USA.

During the 2Q16, 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. The launch of the new branding was undertaken at the Digital Enterprise Show (DES) in Madrid, with much exposure through customers and the media. Leveraging its presence at DES, S21sec also introduced Σ Sigma21, 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. S21sec also ran several high profile events with key technology partners, including iSight, FireEye and Intel McAfee. Continuing to push its internationalisation strategy, S21sec signed strategic agreements to distribute its flagship product, Lookwise Device Manager for ATM, with Prosegur and Eurotechzam, both key players in international ATM markets.

It should also be highlighted an increase in revenues, when compared to 1H15, driven by a good performance in orders at the end of 2015.

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 semester has been marked by a significant improvement in orders and profitability when compared with the same period last year, coupled with a good business development activity, with some important new contracts including Validoo Sweeden (GS1), ADIF Spain, *Serviços Partilhados do Ministério da Saúde* and Brisa. **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 35% when compared to the same period of 2015, namely on SaphetySYNC line of business (+34%), with international markets representing circa 45% of total revenues. Also relevant, the profitability (EDITDA) grew 24% when compared to 1H15.

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.

In 1H16 Bizdirect turnover increased 14% with all business units over performing 1H15 and contributing to an EBITDA margin improvement of 0.7 p.p.. Nearshore business model supported by Bizdirect Competence Center in Viseu already counts with 21 international customers from 12 countries and has duplicated the turnover compared to the same period of 2015. This is the result of the increased number of projects won and delivered and more notoriety and acknowledgement of Bizdirect in the European market. International revenues represented 9% of total Turnover.

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 to delivering MVP's (Minimum Viable Product), incubating unique products** ideas into startups in which will co-invest. Bright Pixel has jumpstarted its incubation programme, supporting the development of internally brewed projects as well as assisting their first batch of invited startups in their product development roadmap and market rollout. Bright Pixel is also 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.

Financial indicators

Million euros

TECHNOLOGY AREA	2015	2016	Δ 16/15	1Q16	q.o.q.	1H15	1H16	Δ 16/15
Turnover	31.2	34.1	9.3%	26.6	28.3%	59.5	60.6	1.9%
Service Revenues	22.5	22.7	1.2%	19.3	18.1%	43.4	42.0	-3.2%
Sales	8.7	11.3	30.2%	7.3	54.9%	16.1	18.6	15.6%
Other Revenues	0.2	0.2	-9.7%	0.3	-24.6%	0.6	0.4	-26.0%
Operating Costs	29.5	32.9	11.4%	26.3	25.2%	56.1	59.2	5.4%
Personnel Costs	9.9	9.7	-2.1%	10.0	-3.4%	19.6	19.8	0.7%
Commercial Costs ⁽¹⁾	8.8	11.8	34.5%	7.3	61.9%	16.5	19.2	16.4%
Other Operating Costs ⁽²⁾	10.8	11.3	5.0%	8.9	27.3%	20.0	20.2	1.0%
EBITDA	1.8	1.4	-24.1%	0.5	153.4%	3.9	1.9	-50.9%
Underlying EBITDA ⁽³⁾	1.9	1.4	-26.7%	0.5	153.4%	4.0	1.9	-52.0%
Underlying EBITDA Margin (%)	6.0%	4.0%	-2.0pp	2.0%	2.0pp	6.6%	3.1%	-3.5pp
Operating CAPEX ⁽⁴⁾	2.0	2.8	42.8%	1.8	58.0%	3.6	4.6	26.9%
Operating CAPEX as % of Turnover	6.3%	8.2%	1.9pp	6.7%	1.5pp	6.0%	7.5%	1.5pp
Underlying EBITDA - Operating CAPEX	-0.1	-1.4	-	-1.2	-16.4%	0.4	-2.7	-
Total CAPEX	2.0	3.7	90.9%	1.8	111.4%	3.6	5.5	53.1%

(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 increased 1.9% y.o.y., to 60.6 million euros, driven by the 9.3% growth in the 2Q16. Service Revenues decreased 3.2% to 42.0 million euros while Sales increased by 15.6% to 18.6 million euros.

Operating costs

Operating costs increased 5.4%, reaching 59.2 million euros, impacted mainly by higher commercial costs. Staff costs increased 0.7% while commercial costs increased 16.4% when compared to 1H15, to 19.2 million euros, backed by a higher cost of goods sold, consistent with the higher level of sales. Other operating costs increased 1.0%.

EBITDA

Total EBITDA reached 1.9 million euros, declining 50.9%.

Underlying EBITDA reached 1.9 million euros, falling 52.0% y.o.y., and reaching a margin of 3.1%, although showing an improving trend in the 2Q16.

Underlying EBITDA-operating CAPEX

Underlying EBITDA-operating CAPEX stood at negative 2.7 million euros, decreasing when compared to 1H15, explained by the lower level of underlying EBITDA and the higher level of CAPEX.



2.3 Media

During the 1H16, Público 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 semester is also marked by the reinforcement of Público's **presence** at Brazil, through the co-organization of an event with Globo, and by the news coverage of Euro 2016.

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, mitigated the negative evolution of offline revenues, but still resulting in a negative EBITDA of 1.0 million euros. However, it should be highlighted the Turnover evolution of 2Q16 versus 2Q15 that, despite negative, shows an improvement when compared to 1Q16 versus 1Q15, and the EBITDA growth trend achieved in the last month of the semester, which was marginally positive for the first time since the end of 2014.

3. Appendix

Consolidated income statement

Million euros

CONSOLIDATED INCOME STATEMENT	2015	2016	Δ 16/15	1Q16	q.o.q.	1H15	1H16	Δ 16/15
Turnover	35.1	37.8	7.6%	29.8	26.9%	67.1	67.6	0.7%
Service Revenues	24.1	24.5	1.6%	20.5	19.7%	46.5	45.0	-3.3%
Product Sales	11.0	13.3	20.8%	9.3	42.6%	20.6	22.6	9.7%
Other Revenues	0.3	0.3	-9.9%	0.4	-32.4%	0.8	0.7	-11.8%
Operating Costs	34.5	37.2	7.6%	30.6	21.3%	65.8	67.8	3.0%
Personnel Costs	12.6	11.9	-5.6%	12.5	-4.9%	24.8	24.3	-1.8%
Commercial Costs ⁽¹⁾	9.9	12.8	29.3%	8.3	54.5%	18.6	21.1	13.4%
Other Operating Costs ⁽²⁾	12.0	12.5	3.5%	9.9	26.4%	22.4	22.3	-0.5%
EBITDA	6.5	6.3	-3.8%	4.5	41.3%	12.8	10.8	-15.7%
Underlying EBITDA ⁽³⁾	0.9	0.9	2.1%	-0.4	-	2.0	0.5	-76.0%
Equity method ⁽⁴⁾	5.6	5.4	-4.8%	4.9	9.9%	10.7	10.3	-4.2%
Underlying EBITDA Margin (%)	2.6%	2.4%	-0.1pp	-1.5%	3.9pp	3.0%	0.7%	-2.3pp
Depreciation & Amortization	1.7	2.2	24.2%	2.4	-11.5%	3.6	4.6	26.9%
EBIT	4.8	4.1	-14.0%	2.0	105.3%	9.1	6.1	-32.6%
Net Financial Results	6.0	10.9	81.8%	-15.9	-	23.5	-5.0	-
Financial Income	6.8	11.7	72.9%	1.2	-	24.7	12.9	-48.0%
Financial Expenses	0.8	0.8	5.5%	17.1	-95.1%	1.3	17.9	-
EBT	10.8	15.0	39.1%	-13.9	-	32.6	1.1	-96.6%
Tax results	1.0	0.9	-9.5%	1.1	-23.4%	-0.1	2.0	-
Net Results	11.7	15.9	35.1%	-12.7	-	32.4	3.1	-90.4%
Group Share	12.2	15.9	30.4%	-12.4	-	33.5	3.5	-89.6%
Attributable to Non-Controlling Interests	-0.4	0.0	99.8%	-0.4	99.8%	-1.0	-0.4	64.3%

(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	2015	2016	Δ 16/15	1Q16	q.o.q.	1H15	1H16	Δ 16/15
Total Net Assets	1,124.9	1,058.0	-5.9%	1,060.4	-0.2%	1,124.9	1,058.0	-5.9%
Non Current Assets	797.0	744.0	-6.7%	766.1	-2.9%	797.0	744.0	-6.7%
Tangible and Intangible Assets	29.3	29.3	0.2%	28.4	3.4%	29.3	29.3	0.2%
Goodwill	29.0	27.2	-6.0%	26.3	3.4%	29.0	27.2	-6.0%
Investments	730.9	681.1	-6.8%	703.9	-3.2%	730.9	681.1	-6.8%
Deferred Tax Assets	7.6	6.1	-20.0%	7.2	-15.7%	7.6	6.1	-20.0%
Others	0.3	0.3	-9.3%	0.3	-0.2%	0.3	0.3	-9.3%
Current Assets	327.8	313.9	-4.2%	294.3	6.7%	327.8	313.9	-4.2%
Trade Debtors	43.1	46.5	8.1%	37.5	24.0%	43.1	46.5	8.1%
Liquidity	176.7	240.7	36.2%	172.7	39.4%	176.7	240.7	36.2%
Others	108.0	26.7	-75.3%	84.1	-68.2%	108.0	26.7	-75.3%
Shareholders' Funds	1,043.0	987.7	-5.3%	999.6	-1.2%	1,043.0	987.7	-5.3%
Group Share	1,044.3	989.3	-5.3%	1,001.6	-1.2%	1,044.3	989.3	-5.3%
Non-Controlling Interests	-1.3	-1.6	-26.2%	-2.1	23.1%	-1.3	-1.6	-26.2%
Total Liabilities	81.8	70.3	-14.1%	60.8	15.6%	81.8	70.3	-14.1%
Non Current Liabilities	14.7	9.1	-37.9%	8.8	3.2%	14.7	9.1	-37.9%
Bank Loans	9.0	4.4	-50.7%	4.5	-2.7%	9.0	4.4	-50.7%
Provisions for Other Liabilities and Charges	3.8	3.1	-18.8%	3.0	1.5%	3.8	3.1	-18.8%
Others	2.0	1.7	-15.7%	1.3	28.0%	2.0	1.7	-15.7%
Current Liabilities	67.2	61.2	-8.9%	52.0	17.7%	67.2	61.2	-8.9%
Loans	1.5	1.1	-26.0%	1.0	9.2%	1.5	1.1	-26.0%
Trade Creditors	26.7	26.4	-1.1%	18.5	42.3%	26.7	26.4	-1.1%
Others	39.0	33.7	-13.6%	32.4	3.9%	39.0	33.7	-13.6%
Operating CAPEX ⁽¹⁾	2.5	3.0	21.7%	1.8	63.0%	4.3	4.8	13.6%
Operating CAPEX as % of Turnover	7.0%	7.9%	0.9pp	6.2%	1.8pp	6.3%	7.2%	0.8pp
Total CAPEX	2.5	3.9	59.9%	1.8	114.2%	4.3	5.8	35.7%
Underlying EBITDA - Operating CAPEX	-1.6	-2.1	-33.1%	-2.3	8.7%	-2.2	-4.3	-96.0%
Gross Debt	11.8	6.6	-43.5%	6.8	-2.8%	11.8	6.6	-43.5%
Net Debt	-165.0	-234.0	-41.9%	-166.0	-41.0%	-165.0	-234.0	-41.9%

(1) Operating CAPEX excludes Financial Investments.

Consolidated levered FCF

Million euros

LEVERED FREE CASH FLOW	2015	2016	Δ 16/15	1Q16	q.o.q.	1H15	1H16	Δ 16/15
Underlying EBITDA-Operating CAPEX	-1.6	-2.1	-33.1%	-2.3	8.7%	-2.2	-4.3	-96.0%
Change in WC	-0.3	-4.6	-	0.7	-	-1.2	-3.9	-
Non Cash Items & Other	4.3	-0.1	-	0.0	-60.1%	2.8	-0.1	-
Operating Cash Flow	2.5	-6.7	-	-1.6	-	-0.6	-8.3	-
Investments	0.0	82.4	-	0.0	-	0.0	82.4	-
Dividends	8.9	9.8	10.2%	0.0	-	8.9	9.8	10.2%
Financial results	-0.4	0.1	-	-1.2	-	1.7	-1.1	-
Income taxes	-0.1	0.4	-	-0.2	-	-0.8	0.2	-
FCF ⁽¹⁾	10.9	86.0	-	-3.0	-	9.2	82.9	-

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

4. Sonaecom Individual Results

4.1 Operational data

Sonaecom SGPS's individual results for the semesters ended 30 June 2016 and 2015 are summarised as follows:

Million euros	1H15	1H16	Difference	%
Service Revenues	0.2	0.2	(0.0)	-9%
Operating Costs (1)	1.0	0.7	(0.2)	-23%
EBITDA	(0.7)	(0.5)	0.2	29%
EBIT	(0.8)	(0.5)	0.2	29%
Dividend Received	8.9	9.8	0.9	10%
Net Financial Activity	0.9	1.2	0.3	32%
Other Financial Results	20.4	(0.3)	(20.7)	-101%
EBT	29.5	10.2	(19.3)	-65%
Net Income	29.5	10.2	(19.4)	-66%

(1) Excludes Amortization, Depreciation and Provisions

⁽¹⁾ Excluding depreciation, amortisation and provisions.

On 30 June 2016, Sonaecom SGPS's Executive Board of Directors was composed by three directors (the same of last year).

Service revenues

This line totalled 0.2 million euros, in line with 1H15, and it essentially comprises management services provided to its subsidiaries.

Total operational costs

Total operating costs exclude depreciation, amortisation charges and provisions. This line amounted to 0.7 million euros, which compares with 1.0 million euros in 1H15.

EBITDA

EBITDA was negative 0.5 million euros (negative 0.7 million euros in 1H15) and the improvement versus last year was mainly driven by the lower level of operating costs.

Dividends received

During 1H16, Sonaecom received dividends of 9.8 million euros from NOS (1.8 million euros) and ZOPT (8.0 million euros). In 1H15, Sonaecom received 8.9 million euros from NOS (1.5 million euros) and ZOPT (7.3 million euros).

Net financial activity

The net financial activity (interest income less interest expenses) was positive by 1.2 million euros, which compares with 0.9 million euros in 1H15.

Other financial results

Other financial results, despite the capital gain generated by the sale to ZOPT of the 2.14% direct stake on NOS, were negative by 0.3 million euros. The negative 15.7 million of market value adjustments related to the 2.14% direct stake on NOS (shares recorded at fair value through profit and loss), until its sale, and the 3.3 million of impairments recorded in the financial investments, explain the negative performance. In 1H15, the market value adjustments were responsible for a positive 21.3 million euros.

Net income

Net results for the year were positive by 10.2 million euros, mainly driven by the dividends.

4.2 Financial data

The following table summarises the major cash movements during the semester ended at 30 June 2016:

Changes in Sonaecom SGPS Liquidity	Million euros
Sonaecom SGPS stand-alone liquidity as at 31 December 2015	179.4
Cash and Bank	22.8
Treasury Applications	156.7
Bank	155.4
Subsidiaries	1.3
Changes in Nominal Gross Debt	-
External Debt	-
Treasury applications from subsidiaries	-
Shareholder Loans and Supplementary capital granted	10.0
Dividend paid	(17.7)
Free Cash Flow	79.0
Interest paid	(0.1)
Interest received	1.1
Disposals of Investments (net of acquisitions)	82.8
Dividend received	9.8
Operational Free Cash Flow and others	(14.7)
Sonaecom SGPS stand-alone liquidity as at 30 June 2016	250.7
Cash and Bank	213.2
Treasury Applications	37.5
Bank	23.0
Subsidiaries	14.5

During 1H16, Sonaecom's stand-alone liquidity increased 71.3 million euros to 250.7 million euros due to the following movements:

- (i) FCF was positive by 79.0 million euros (including dividends of 9.8 million euros from NOS and ZOPT and 82.8 million euros from the sale of the 2.14% direct stake on NOS, to ZOPT);
- (ii) Supplementary capital placed in subsidiaries decreased by 12.9 million euros;

However:

- (iii) Dividend paid amounted to 17.7 million euros;
- (iv) Loans granted to subsidiaries increased 2.9 million euros.



5. Corporate Governance

Sonaecom's detailed annual Corporate Governance Report is an integral part of Sonaecom's 2015 Annual Report and Accounts and is disclosure on the Company's website (www.sonae.com).

The company's website also contains a section on Corporate Governance.

6. Article 447, 448 and Qualified Holdings

Article 447

In accordance with article 447 of the Portuguese Company Law and CMVM Regulation no. 5/2008 shares held by the Board of Directors and Management and respective transactions during the first half 2016:

Board of Directors

		Additions		Reductions		Position at 30.06.2016	Balance at 30 June 2016
	Date	Quantity	Market price €	Quantity	Market Price €		Quantity
Ângelo Gabriel Ribeiro dos Santos Paupério							
Sonae- SGPS, S.A. ⁽⁶⁾							664,248
Shares attributed under the Medium Term Incentive Plan	29.03.2016	664,248	0.051				
Sonaecom, SGPS, S.A. ⁽⁹⁾							-
Enxomil - SGPS, SA ⁽¹⁰⁾						Dominant	
Maria Cláudia Teixeira de Azevedo							
Efanor Investimentos, SGPS, S.A. ⁽¹⁾						Minoritary	
Linhacom, SGPS, S.A. ⁽⁴⁾						Dominant	
Sonae- SGPS, S.A. ⁽⁶⁾							319,150
Shares attributed under the Medium Term Incentive Plan	29.03.2016	114,472	0.051				
António Bernardo Aranha da Gama Lobo Xavier							
Sonae- SGPS, S.A. ⁽⁶⁾							-
Sonaecom, SGPS, S.A. ⁽⁹⁾							-

Management

		Additions		Reductions		Balance at 30 June 2016
	Date	Quantity	Market price €	Quantity	Market price €	Quantity
David Graham Shenton Bain						
Sonae- SGPS, S.A. ⁽⁶⁾						20,000
Sonaecom, SGPS, S.A. ⁽⁹⁾						-
Rui José Gonçalves Paiva						
Sonae- SGPS, S.A. ⁽⁶⁾						162,546
Shares attributed under the company's remuneration policy	26.04.2016	58,227	0.10			
Sonaecom, SGPS, S.A. ⁽⁹⁾						-
Carlos Alberto Rodrigues Silva						
Sonae- SGPS, S.A. ⁽⁶⁾						91,822
Shares attributed under the Medium Term Incentive Plan	31.03.2016	28,565	0.11			
Fernando José Lobo Pimentel Macareno Videira						
Sonae- SGPS, S.A. ⁽⁶⁾						82,669
Shares attributed under the company's remuneration policy	26.04.2016	26,239	0.10			
Ana Cristina Dinis da Silva Fanha Vicente Soares						
Sonae- SGPS, S.A. ⁽⁶⁾						41,697
Sonaecom, SGPS, S.A. ⁽⁹⁾						-

Notes

		Additions		Reductions		Position at 30.06.2016	Balance at 30 June 2016
	Date	Quantity	Market price	Quantity	Market price		Quantity
(1) Efanor Investimentos, SGPS, S.A. Sonae - SGPS, S.A. ⁽⁶⁾ Pareuro, BV ⁽²⁾						Dominant	200,100,000
(2) Pareuro, BV Sonae - SGPS, S.A. ⁽⁶⁾							849,533,095
(3) Migracom, SGPS, S.A. Imparfin, SGPS, S.A. ⁽⁵⁾ Sonae - SGPS, S.A. ⁽⁶⁾						Minority	2,464,337
(4) Linhacom, SGPS, S.A. Imparfin, SGPS, S.A. ⁽⁵⁾ Sonae - SGPS, S.A. ⁽⁶⁾						Minority	439,314
(5) Imparfin, SGPS, S.A. Sonae - SGPS, S.A. ⁽⁶⁾							4,105,280
(6) Sonae - SGPS, S.A. Sonaecom, SGPS, S.A. ⁽⁹⁾ Sonae Investments BV ⁽⁷⁾ Sontel BV ⁽⁸⁾						Dominant Dominant Dominant	
(7) Sonae Investments BV Sontel BV ⁽⁸⁾						Dominant	
(8) Sontel BV Sonaecom, SGPS, S.A. ⁽⁹⁾						Dominant	
(9) Sonaecom, SGPS, S.A.							5,571,014
(10) Enxomil - SGPS, SA Sonae - SGPS, S.A. ⁽⁶⁾							2,021,855

Article 448

In accordance with article 448 of the Portuguese Company Law:

	Number of shares as of 30 June 2016
Efanor Investimentos, SGPS, S.A. ⁽¹⁾	
Sonae - SGPS, S.A.	200,100,000
Pareuro, BV	Dominant
Pareuro, BV	
Sonae - SGPS, S.A.	849,533,095
Sonae - SGPS, S.A.	
Sonaecom, SGPS, S.A.	Dominant
Sonae Investments BV	Dominant
Sontel BV	Dominant
Sonae Investments BV	
Sontel BV	Dominant
Sontel BV	
Sonaecom, SGPS, S.A.	Dominant

(1) Belmiro Mendes de Azevedo is, according to article 20 paragraph 1, subparagraph b), and article 21, paragraph 1, both of the Portuguese Securities Code, the ultimate beneficial owner, as it owns Efanor Investimentos, SGPS, SA and the latter indirectly owns Sonae - SGPS S.A. and Sontel BV.

Qualified holdings

In compliance with sub-paragraph c), number 1, of the article of the CMVM Regulation no. 06/2008, we declare the qualifying holdings at 30 June 2016:

Shareholder	Number of shares	% of Share capital	% Share capital and voting rights*	% of exercisable voting rights**
Directly				
Sontel BV	194,063,119	62.33%	62.33%	63.47%
Sonae - SGPS, S.A.	81,022,964	26.02%	26.02%	26.50%
Total attributable ⁽¹⁾	275,086,083	88.36%	88.36%	89.97%

(1) Belmiro Mendes de Azevedo is, according to article 20 paragraph 1, subparagraph b), and article 21, paragraph 1, both of the Portuguese Securities Code, the ultimate beneficial owner, as it owns Efanor Investimentos, SGPS, SA and the latter indirectly owns Sonae - SGPS S.A. and Sontel BV.

* Voting rights calculated based on the Company's share capital with voting rights, as per subparagraph b) of paragraph 3 of article 16 of the Portuguese Securities Code

**Voting rights calculated based on the Company's share capital with voting rights that are not subject to suspension of exercise

7. A Declaration for the purpose of Article 246 of CVM (Portuguese Securities Code)

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of the issuer and that the Management Report faithfully describes the progress of the business and position of the issuer and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

António Bernardo Aranha da Gama Lobo Xavier

8. Financial Information

8.1. Sonaecom consolidated financial statements

Consolidated balance sheets

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

(Amounts expressed in Euro)	Notes	June 2016 (not audited)	June 2015 (not audited)	December 2015
Assets				
Non-current assets				
Tangible assets	1.c, 1.h and 5	3,221,308	3,062,587	2,837,779
Intangible assets	1.d, 1.e and 6	26,114,152	26,224,748	26,048,604
Goodwill	1.f, 1.w and 7	27,236,464	28,977,979	26,893,310
Investments in associated companies and companies jointly controlled	1.b and 8	680,991,991	730,589,402	711,234,593
Financial assets at fair value through profit or loss	1.g, 4 and 9	-	168,153	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	290,280	318,020	283,400
Deferred tax assets	1.p, 1.s and 11	6,077,639	7,593,727	6,098,375
Total non-current assets		744,022,613	797,047,670	773,631,317
Current assets				
Financial assets at fair value through profit or loss	1.g, 4 and 9	-	79,003,905	79,796,807
Inventories	1.i	253,915	339,573	398,911
Trade debtors	1.g, 1.j, 4 and 22	46,549,291	43,058,388	40,114,875
Other current debtors	1.g, 1.j, 4 and 22	12,938,565	10,077,327	7,249,940
Other current assets	1.g, 1.r, 1.x, 4 and 22	13,524,184	18,623,643	10,357,955
Cash and cash equivalents	1.g, 1.k, 4 and 12	240,677,863	176,737,661	181,120,060
Total current assets		313,943,818	327,840,497	319,038,548
Total assets		1,057,966,431	1,124,888,167	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	763,073,105	788,155,305	769,609,304
Consolidated net income/(loss) for the period		3,474,156	33,453,698	34,610,042
		989,251,936	1,044,313,678	1,026,924,021
Non-controlling interests		(1,595,868)	(1,264,064)	(1,706,447)
Total Shareholders' funds		987,656,068	1,043,049,614	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	4,418,011	8,966,736	8,565,175
Other non-current financial liabilities	1.h, 4 and 16	607,911	861,381	798,762
Provisions for other liabilities and charges	1.o, 1.s and 17	3,064,506	3,754,666	4,292,553
Deferred tax liabilities	1.p, 1.s and 11	15,163	-	-
Other non-current liabilities	1.r, 1.x, 4, 22 and 26	1,028,547	1,097,034	1,429,735
Total non-current liabilities		9,134,138	14,679,817	15,086,225
Current liabilities				
Short-term loans and other loans	1.l, 1.m, 4 and 15b	1,126,295	1,523,314	2,169,314
Trade creditors	4 and 22	26,393,387	26,681,596	18,992,038
Other current financial liabilities	1.h, 4 and 18	483,296	398,417	520,461
Other creditors	4 and 22	6,926,659	8,732,096	4,592,073
Other current liabilities	1.r, 1.x, 4, 22 and 26	26,246,588	29,823,313	26,092,180
Total current liabilities		61,176,225	67,158,736	52,366,066
Total Shareholders' funds and liabilities		1,057,966,431	1,124,888,167	1,092,669,865

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

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ángelo 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 June 2016 and 2015 and for the year ended at 31 December 2015

(Amounts expressed in Euro)	Notes	June 2016 (not audited)	April to June 2016 (not audited)	June 2015 (not audited)	April to June 2015 (not audited)	December 2015
Sales	1.r and 22	22,618,156	13,295,731	20,619,520	11,007,047	39,968,292
Services rendered	1.r and 22	44,967,768	24,501,933	46,478,905	24,126,911	89,545,612
Other operating revenues	1.q and 22	696,665	300,383	789,586	311,950	2,371,294
		68,282,589	38,098,047	67,888,011	35,445,908	131,885,198
Cost of sales	1.i	(18,975,208)	(11,479,027)	(16,670,280)	(8,776,087)	(32,184,381)
External supplies and services	1.h, 19 and 22	(24,061,333)	(13,560,466)	(23,440,850)	(12,491,749)	(43,939,316)
Staff expenses	1.x and 26	(24,346,614)	(11,867,097)	(24,784,058)	(12,573,235)	(51,294,337)
Depreciation and amortisation	1.c, 1.d, 1.f, 5, 6 and 7	(4,601,328)	(2,160,438)	(3,627,298)	(1,739,452)	(10,799,317)
Provisions and impairment losses	1.j, 1.o, 1.w and 17	(129,372)	(58,510)	(833,464)	(628,519)	(503,233)
Other operating costs		(279,538)	(190,331)	(118,290)	(71,692)	(321,960)
		(72,393,393)	(39,315,869)	(69,474,240)	(36,280,734)	(139,042,544)
Gains and losses in associated companies and companies jointly controlled	1.b, 8 and 20	10,260,286	5,372,683	10,709,527	5,642,909	17,843,497
Gains and losses on financial assets at fair value through profit or loss	1.g, 9 and 20	(4,593,568)	10,706,472	23,110,927	6,116,513	23,886,616
Other financial expenses	1.h, 1.m, 1.v, 20 and 22	(2,185,589)	(437,983)	(1,269,796)	(793,034)	(853,224)
Other financial income	1.v, 20 and 22	1,737,167	565,944	1,632,354	646,230	1,722,969
Current income / (loss)		1,107,492	14,989,294	32,596,783	10,777,792	35,442,512
Income taxation	1.p, 11 and 21	2,007,852	870,928	(148,234)	962,135	(2,289,494)
Consolidated net income/(loss) for the period of continued operations		3,115,344	15,860,222	32,448,549	11,739,927	33,153,018
Consolidated net income/(loss) for the period of discontinued operations		-	-	-	-	-
Consolidated net income/(loss) for the period		3,115,344	15,860,222	32,448,549	11,739,927	33,153,018
Attributed to:						
Shareholders of parent company	25	3,474,156	15,861,040	33,453,698	12,167,667	34,610,042
Non-controlling interests		(358,812)	(818)	(1,005,149)	(427,740)	(1,457,024)
Earnings per share	25					
Including discontinued operations:						
Basic		0.01	0.05	0.11	0.04	0.11
Diluted		0.01	0.05	0.11	0.04	0.11
Excluding discontinued operations:						
Basic		0.01	0.05	0.11	0.04	0.11
Diluted		0.01	0.05	0.11	0.04	0.11

The notes are an integral part of the consolidated financial statements at 30 June 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 June 2016 and 2015 and for the year ended at 31 December 2015

(Amounts expressed in Euro)	Notes	June 2016 (not audited)	April to June 2016 (not audited)	June 2015 (not audited)	April to June 2015 (not audited)	December 2015
Consolidated net income / (loss) for the period		3,115,344	15,860,222	32,448,549	11,739,927	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	(32,506,710)	(20,055,899)	5,513,144	(1,851,361)	(12,529,597)
Changes in currency translation reserve and other	1.v	9,527,698	9,966,435	425,890	(386,689)	(77,370)
Consolidated comprehensive income for the period		(19,863,668)	5,770,758	38,387,583	9,501,877	20,546,051
Attributed to:						
Shareholders of parent company		(19,504,856)	5,771,576	39,392,732	9,929,617	22,003,075
Non-controlling interests		(358,812)	(818)	(1,005,149)	(427,740)	(1,457,024)

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

(Amounts expressed in Euro)			Reserves							
	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 June 2016	-	-	-	-	-	(22,979,012)	(22,979,012)	-	3,474,156	(19,504,856)
Balance at 30 June 2016	230,391,627	(7,686,952)	775,290,377	15,163,177	7,686,952	(35,067,401)	763,073,105	-	3,474,156	989,251,936
Non-controlling interests										
Balance at 31 December 2015	-	-	-	-	-	-	-	(1,706,447)	-	(1,706,447)
Non-controlling interests in comprehensive income	-	-	-	-	-	-	-	(358,812)	-	(358,812)
Dividend distribution	-	-	-	-	-	-	-	(29,740)	-	(29,740)
Percentage change in subsidiaries	-	-	-	-	-	-	-	474,159	-	474,159
Other changes	-	-	-	-	-	-	-	24,972	-	24,972
Balance at 30 June 2016	-	-	-	-	-	-	-	(1,595,868)	-	(1,595,868)
Total	230,391,627	(7,686,952)	775,290,377	15,163,177	7,686,952	(35,067,401)	763,073,105	(1,595,868)	3,474,156	987,656,068

The notes are an integral part of the consolidated financial statements at 30 June 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 June 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	-	-	-	291,040	-	27,667,189	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 June 2015	-	-	-	-	-	5,939,034	5,939,034	-	33,453,698	39,392,732
Balance at 30 June 2015	230,391,627	(7,686,952)	775,290,377	13,443,724	7,686,952	(8,265,748)	788,155,305	-	33,453,698	1,044,313,678
Non-controlling interests										
Balance at 31 December 2014	-	-	-	-	-	-	-	(632,000)	-	(632,000)
Comprehensive income of non-controlling interests	-	-	-	-	-	-	-	(1,005,149)	-	(1,005,149)
Dividend distribution	-	-	-	-	-	-	-	(37,350)	-	(37,350)
Percentage change in subsidiaries	-	-	-	-	-	-	-	417,936	-	417,936
Other changes	-	-	-	-	-	-	-	(7,501)	-	(7,501)
Balance at 30 June 2015	-	-	-	-	-	-	-	(1,264,064)	-	(1,264,064)
Total	230,391,627	(7,686,952)	775,290,377	13,443,724	7,686,952	(8,265,748)	788,155,305	(1,264,064)	33,453,698	1,043,049,614

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

(Amounts expressed in Euro)	June 2016 (not audited)	June 2015 (not audited)
Operating activities		
Receipts from trade debtors	61,519,738	66,783,550
Payments to trade creditors	(37,495,288)	(37,425,007)
Payments to employees	(31,973,405)	(30,410,960)
Cash flows generated by operations	(7,948,955)	(1,052,417)
Payments / receipts relating to income taxes	(537,649)	(1,313,059)
Other receipts / payments relating to operating activities	133,681	3,669,451
Cash flows from operating activities (1)	(8,352,923)	1,303,975
Investing activities		
Receipts from:		
Financial investments	721	-
Tangible assets	80,972	802
Intangible assets	34,216	-
Dividends	9,762,005	8,857,220
Interest and similar income	719,227	866,619
Disposals of investments at fair value	82,840,847	-
Payments for:		
Financial investments	(346,128)	-
Tangible assets	(523,271)	(648,651)
Intangible assets	(1,380,434)	(621,260)
Cash flows from investing activities (2)	91,188,155	8,454,730 ¹
Financing activities		
Receipts from:		
Capital increases, supplementary capital and share premium	59	-
Loans obtained	92,068	999
Payments for:		
Leasing	(255,278)	(221,047)
Interest and similar expenses	(195,871)	(452,078)
Dividends	(17,734,603)	(13,796,956)
Variation Loans obtained	(378,658)	-
Loans obtained	(4,968,848)	(625,382)
Cash flows from financing activities (3)	(23,441,131)	(15,094,464) ¹
Net cash flows (4)=(1)+(2)+(3)	59,394,101	(5,335,759)
Effect of the foreign exchanges	89,499	(12,961)
Effect of the discontinued operations		
Cash and cash equivalents at the beginning of the period	181,087,977	181,814,513
Cash and cash equivalents at the end of the period	240,571,577	176,465,793

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

1. Details of cash and cash equivalents

	Notes	June 2016 (not audited)	June 2015 (not audited)
Cash in hand	12	28,365	23,486
Cash at bank	12	217,193,459	51,552,174
Treasury applications	12	23,456,039	125,162,001
Overdrafts	12 and 15	(106,286)	(271,868)
Cash and cash equivalents		240,571,577	176,465,793
Overdrafts		106,286	271,868
Cash assets		240,677,863	176,737,661

2. Description of non-monetary financing activities

	Notes	June 2016 (not audited)	June 2015 (not audited)
a) Bank credit obtained and not used	15	1,000,000	2,271,765
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	June 2016 (not audited)	June 2015 (not audited)
Amounts received of dividends			
ZOPT	8	8,000,000	7,315,466
NOS SGPS	22	1,762,005	1,541,754
		9,762,005	8,857,220

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	(2,892,682)	(202,633)	(15,927)	(3,111,242)
Information Systems	(2,761,160)	(1,449,101)	(5,448,242)	(9,658,503)
Holding	61,069,592	29,071,056	(17,876,731)	72,263,917
	55,415,750	27,419,322	(23,340,900)	59,494,172
2015				
Multimedia	(636,907)	(335,963)	(33,832)	(1,006,702)
Information Systems	4,967,536	(638,284)	(1,094,394)	3,234,858
Holding	(3,026,654)	9,428,977	(13,966,238)	(7,563,915)
	1,303,975	8,454,730	(15,094,464)	(5,335,759)

The notes are an integral part of the consolidated financial statements at 30 June 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

8.2. Notes to the consolidated financial statements

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 12 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 June 2016:

Standard / Interpretation	Effective date (annual periods beginning on or after)
Amendments to IAS 1 - Presentation of Financial Statements (Disclosures)	1-Jan-16
The amendment introduces a set of directions and guidelines to improve and simplify the disclosures in the context of current IFRS reporting requirements.	
Annual Improvements to IFRSs 2012-2014 Cycle	1-Jan-16
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.	
IAS 16 and IAS 38 - Amendments (Clarification of Acceptable Methods of Depreciation and Amortisation)	1-Jan-16
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.	
IFRS 11 - Amendments (Accounting for Acquisitions of Interests in Joint Operations)	1-Jan-16
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.	
IAS 27: Amendments (Equity Method in Separate Financial Statements)	1-Jan-16
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.	

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) and subsequent amendments	1-Jan-18
This standard introduces new requirements for classifying and measuring financial assets.	
Amendments to IFRS 10 - "Consolidated Financial Statements", IFRS 12 - "Disclosure of Interests in Other Entities" and IAS 28 - "Investments in Associates and Joint Ventures"	1-Jan-16
The purposed of these amendments is to clarify several issues regarding the application of the requirement for investment entities to measure subsidiaries at fair value instead of consolidating them.	

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 14 (Regulatory Deferral Accounts) Permits an entity which is a first-time adopter of IFRS to continue to account, with some limited changes, for 'regulatory deferral account balances', in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.	1-Jan-16
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

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 June 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 June 2016 are comparable with those used in the preparation of 30 June 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
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 June 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 June 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 June 2016, Sonaecom, SGPS, S.A. have free reserves distributable amounting approximately Euro 43,7 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 June 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 June	Average	30 June	Average
Pounds Sterling	1.2099	1.2844	1.4057	1.3659
Brazilian Real	0.2786	0.2428	0.2882	0.3026
American Dollar	0.9007	0.8964	0.8937	0.8968
Polish Zloti	0.2254	0.2290	0.2386	0.2417
Australian Dollar	0.6698	0.6577	0.6873	0.7012
Mexican Peso	0.0485	0.0496	0.0570	0.0592
Egyptian Pound	0.1018	0.0998	0.1174	0.1179
Malaysian Ringgit	0.2257	0.2188	0.2371	0.2463
Swiss Franc	0.9202	0.9126	0.9603	0.9472
South African Rand	0.0608	0.0582	0.0733	0.0752
Colombian Peso	0.0003	0.0003	0.0003	0.0004

On 30 June 2016, the Group had foreign exchange forwards amount to USD 1,498,000 (USD 298,000 at 30 June 2015), fixing the exchange rate for EUR, which have an average maturity of 2 months (1,5 month on 30 June 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 June 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 June 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, Panama, Singapore 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 June 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 June 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%	-	-
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%
Itrust – Cyber Security Intelligence, S.A. ('Itrust')	Maia	Commercialization of products and management services, implementation and consulting in information systems and technologies areas.	Sonaecom CSI	100%	100%	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%	77.64%
S21 Sec Ciber seguridad (d)	Mexico City	Computer consulting services	S21 Sec Gestion S21 Sec México	50% 50%	100%	-	-
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%	77.65%	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. (i)	Lisbon	Development and commercialization of professional services in consulting, integration, management and operation of information and electronic security systems.	Itrust	100%	100%	-	-
Sonaecom – Cyber Security and Intelligence, SGPS, S.A. ('Sonaecom CSI')	Maia	Management of shareholdings.	Sonae IM	100%	100%	100%	100%
Sonaecom - Serviços Partilhados, S.A. ('Sonaecom SP')	Maia	Support, management consulting and administration, particularly in the areas of accounting, taxation, administrative procedures, logistics, human resources and training.	Sonaecom	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.	Sonaecom	100%	100%	100%	100%
Sonaecom - Sistemas de Información Española, S.L. ('SSI España')	Madrid	Rendering of consultancy services in the area of information systems.	Sonae IM	100%	100%	100%	100%
Sonaecom BV	Amsterdam	Management of shareholdings.	Sonaecom	100%	100%	100%	100%
Sonaetelecom BV	Amsterdam	Management of shareholdings.	Sonaecom	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%
Wedo 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%

* Sonaecom 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 at March 2016

(c) Company liquidated in September 2015

(d) On July 2015 Grupo S21 SEC Gestion 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 aquiree in April 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 June 2016 and 2015, the following changes occurred in the composition of the Group:

a) Constitutions

Purchaser	Subsidiary	Date	% Direct Participation	% Effective Participation
2016				
Sonae IM*	Bright	Mar-16	100%	100%

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

b) Dissolutions

Shareholder	Subsidiary	Date	Share capital
2016			
Cape Technologies	We Do Poland	Mar-16	100%

c) Acquisitions

Shareholder	Subsidiary	Date	Share capital
2016			
Ittrust	Sysvalue	Apr-16	100%

The subsidiary Sysvalue - Consulting, Integration and Security in Information Systems, SA 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 .

Following this acquisition the group made the recognition of a goodwill in the amount of Euro 905,990 (Note 7), which can be detailed as follows:

(Amounts expressed in thousand Euro)	Balance value before acquisition	Fair value
Acquired assets		
Tangible assets	3,578	3,578
Intangible assets	111	111
Deferred tax assets	9	9
Other financial assets	1,581	1,581
Investments available for sale	750	750
Trade debtors	537,053	537,053
Other current debtors	27,588	27,588
Other current assets	107,000	107,000
Cash and cash equivalents	64,312	64,312
	<u>741,982</u>	<u>741,982</u>
Acquired liabilities		
Borrowings	100,000	100,000
Trade creditors	330,797	330,797
Other creditors	72,166	72,166
Other current liabilities	203,369	203,369
	<u>706,332</u>	<u>706,332</u>
Net assets and liabilities	35,650	35,650
Acquisition price	941,640	941,640
Final Goodwill	905,990	905,990

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 mergers and acquisitions, also in the acquisition of Sysvalue there was a part of the acquisition price which was not possible to be allocated to the fair value of some identified assets and liabilities, that was considered as Goodwill. This Goodwill is related to a number of different elements, which cannot be individually quantified and isolated in a viable 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 a result from any changes to allocation made.

The acquisition price includes a deferred amount (Euro 531,200) to be annually paid, over 3 years, depending on revenues of the company.

The contribution of Sysvalue - Consultoria, Integração e Segurança em Sistemas de Informação, S.A. to the consolidated net income attributed to Sonaecom's Shareholders, in the period ended at 30 June 2016, was negative of Euro 39,998.



The detail of the referred contribution is as follows:

(Amounts expressed in Euro)	Contribution at 30 June 2016
Total Revenues	219,489
Costs and losses	
Cost of sales	(79,508)
External supplies and services	(53,423)
Staff expenses	(125,765)
Depreciations and amortisations	(150)
Other operating costs	(221)
	(39,578)
Financial Results	(339)
Income Tax	(81)
Net income for the year before non-controlling interests	(39,998)
Net income attributed to non-controlling interests	-
Net income attributed to shareholders of parent company	(39,998)

The contribution of Sysvalue - Consultoria, Integração e Segurança em Sistemas de Informação, S.A. in the consolidated balance sheet of Sonaecom at 30 June 2016, excluding the goodwill generated as a result the acquisition of the investment in this company is as follows:

(Amounts expressed in Euro)	Contribution at 30 June 2016
Assets	
Tangible Assets	3,483
Intangible Assets	55
Deferred tax assets	9
Trade debtors	249,473
Other current debtors	27,587
Cash and cash equivalents	29,158
Other assets	202,828
Total assets	512,593
Liabilities	
Non-current liabilities	-
Current liabilities	476,804
Total liabilities	476,804
Net assets	35,789

At the period ended at 30 June 2015, the company Sonaecom Cyber Security and Intelligence 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 Cyber Security and Intelligence, SGPS, S.A., and this, from that date, holds 100% of the share capital of its subsidiary.

4. Breakdown of financial instruments

At 30 June 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	290,280	-	-	-	290,280	-	290,280
	290,280	90,779	-	-	381,059	-	381,059
Current assets							
Trade debtors	46,549,291	-	-	-	46,549,291	-	46,549,291
Other current debtors	8,595,091	-	-	-	8,595,091	4,343,474	12,938,565
Other current assets	-	-	-	10,610,054	10,610,054	2,914,130	13,524,184
Cash and cash equivalents (note 12)	240,677,863	-	-	-	240,677,863	-	240,677,863
	295,822,245	-	-	10,610,054	306,432,299	7,257,604	313,689,903

							2015
	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							
Financial assets at fair value through profit or loss (note 9)	-	-	168,153	-	168,153	-	168,153
Investments available for sale (note 10)	-	113,054	-	-	113,054	-	113,054
Other non-current assets	318,020	-	-	-	318,020	-	318,020
	318,020	113,054	168,153	-	599,227	-	599,227
Current assets							
Financial assets at fair value through profit or loss (note 9)	-	-	79,003,905	-	79,003,905	-	79,003,905
Trade debtors	43,058,388	-	-	-	43,058,388	-	43,058,388
Other current debtors	1,846,809	-	-	-	1,846,809	8,230,518	10,077,327
Other current assets	-	-	-	11,573,217	11,573,217	7,050,426	18,623,643
Cash and cash equivalents (note 12)	176,737,661	-	-	-	176,737,661	-	176,737,661
	221,642,858	-	79,003,905	11,573,217	312,219,980	15,280,944	327,500,924

						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)	4,418,011	-	4,418,011	-	4,418,011	
Other non-current financial liabilities (note 16)	-	607,911	607,911	-	607,911	
Other non-current liabilities	-	465,181	465,181	563,366	1,028,547	
	4,418,011	1,073,092	5,491,103	563,366	6,054,469	
Current liabilities						
Short-term loans and other loans (note 15)	1,126,295	-	1,126,295	-	1,126,295	
Trade creditors	-	26,393,387	26,393,387	-	26,393,387	
Other current financial liabilities (note 18)	-	483,296	483,296	-	483,296	
Other creditors	-	613,263	613,263	6,313,396	6,926,659	
Other current liabilities	-	15,348,994	15,348,994	10,897,594	26,246,588	
	1,126,295	42,838,940	43,965,235	17,210,990	61,176,225	



					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)	8,966,736	-	8,966,736	-	8,966,736
Other non-current financial liabilities (note 16)	-	861,381	861,381	-	861,381
Other non-current liabilities	-	75,639	75,639	1,021,395	1,097,034
	<u>8,966,736</u>	<u>937,020</u>	<u>9,903,756</u>	<u>1,021,395</u>	<u>10,925,151</u>
Current liabilities					
Short-term loans and other loans (note 15)	1,523,314	-	1,523,314	-	1,523,314
Trade creditors	-	26,681,596	26,681,596	-	26,681,596
Other current financial liabilities (note 18)	-	398,417	398,417	-	398,417
Other creditors	-	723,848	723,848	8,008,248	8,732,096
Other current liabilities	-	15,554,045	15,554,045	14,269,268	29,823,313
	<u>1,523,314</u>	<u>43,357,906</u>	<u>44,881,220</u>	<u>22,277,516</u>	<u>67,158,736</u>

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 June 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. a))	-	144,506	-	17,958	783	-	163,247
Additions	7,087	9,171	-	213,252	6,199	588,832	824,541
Disposals	-	(24,947)	-	(7,664)	-	-	(32,611)
Transfers and write-offs	366,797	45,782	-	250,136	1,281	(593,918)	70,078
Balance at 30 June 2016	3,792,794	9,930,523	72,116	9,476,527	430,810	13,132	23,715,902
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. a))	-	144,506	-	15,024	234	-	159,764
Depreciation for the period	90,914	54,045	6,573	266,406	5,177	-	423,115
Disposals	-	(11,781)	-	(3,676)	-	-	(15,457)
Transfers and write-offs	44,898	(584)	-	29,944	47	-	74,305
Balance at 30 June 2016	2,309,889	9,693,373	50,879	8,023,738	416,715	-	20,494,594
Net value	1,482,905	237,150	21,237	1,452,789	14,095	13,132	3,221,308

							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	-	442	-	642,031	1,735	158,806	803,014
Disposals	-	-	-	(158,780)	-	-	(158,780)
Transfers and write-offs	(249)	30,663	-	116,352	(55)	(107,852)	38,859
Balance at 30 June 2015	3,528,075	10,287,372	72,116	8,975,450	425,950	80,802	23,369,765
Accumulated depreciation and impairment losses							
Balance at 31 December 2014	2,116,298	9,969,925	31,159	7,552,193	320,668	-	19,990,243
Depreciation for the period	117,291	47,821	6,573	240,527	18,417	-	430,629
Disposals	-	-	-	(158,034)	-	-	(158,034)
Transfers and write-offs	(19,142)	2,060	-	61,442	(20)	-	44,340
Balance at 30 June 2015	2,214,447	10,019,806	37,732	7,696,128	339,065	-	20,307,178
Net value	1,313,628	267,566	34,384	1,279,322	86,885	80,802	3,062,587

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

	2016	2015
	Total	Total
Tangible assets	423,115	430,629
Intangible assets (note 6)	3,843,556	3,196,669
Goodwill (note 7)	334,657	-
	4,601,328	3,627,298

The acquisition cost of 'Tangible assets' and 'Intangible assets' held by the Group under finance lease contracts, amounted to Euro 2,246,693 and Euro 2,443,394 as of 30 June 2016 and 2015, and their net book value as of those dates amounted to Euro 1,099,631 and Euro 1,268,642 respectively.

At 30 June 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.

'Tangible assets in progress' at 30 June 2016 and 2015 were made up as follows:

	2016	2015
Information systems / IT equipment	1,715	12,106
Other projects in progress	11,417	68,696
	13,132	80,802

During the period ended at 30 June 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 June 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	Other intangible assets	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. a))		14,739	9,400	-	24,139
Additions	26,899	669,468	-	3,318,034	4,014,401
Disposals	-	(41,067)	-	-	(41,067)
Transfers and write-offs	(101,221)	1,648,385	-	(1,449,439)	97,725
Balance at 31 March 2016	11,555,900	71,772,347	9,400	8,623,778	91,961,425
Accumulated amortisation and impairment losses					
Balance at 31 December 2015	10,797,665	51,019,958	-	-	61,817,623
New companies (Note 3. a))		14,684	9,400	-	24,084
Amortisation for the period	188,990	3,654,566	-	-	3,843,556
Disposals	-	(3,315)	-	-	(3,315)
Transfers and write-offs	(85,683)	251,008	-	-	165,325
Balance at 31 March 2016	10,900,972	54,936,901	9,400	-	65,847,273
Net value	654,928	16,835,446	-	8,623,778	26,114,152

					2015
	Brands and patents and other rights	Software	Other intangible assets	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	12,636	746,357	-	2,697,782	3,456,775
Transfers and write-offs	465,082	1,741,813	-	(1,469,801)	737,094
Balance at 30 June 2015	11,478,420	58,054,631	-	6,646,847	76,179,898
Accumulated amortisation and impairment losses					
Balance at 31 December 2014	10,344,118	36,059,975	-	-	46,404,093
Amortisation for the period	406,695	2,789,974	-	-	3,196,669
Transfers and write-offs	379,741	(25,353)	-	-	354,388
Balance at 30 June 2015	11,130,554	38,824,596	-	-	49,955,150
Net value	347,866	19,230,035	-	6,646,847	26,224,748

At 30 June 2016, the additions related with intangible assets in progress include about Euro 3 millions of capitalizations of personnel costs related to own work (about Euro 2.6 millions on 30 June 2015), mainly related to IT software, RAID and NetClarus.

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 June 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))	905,990	-
Other movements of the period	(228,179)	258,913
Impairment losses (note 5)	(334,657)	-
Closing balance	27,236,464	28,977,979

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

At the year ended at 31 December 2015 the Goodwill resulting from the purchase of 50% of the S21 SEC Ciberseguridad SA de CV share capital in the amount of 369,402 was recorded in consolidated financial statements of Sonaecom. 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 June 2016, as a result of the revaluation of assets acquired was recorded an impairment for the total amount of goodwill net of the effect of foreign exchange rates of the period (34,745 euros).

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

	Information Systems	Multimedia
2016		
Goodwill	23,706,464	3,530,000

	Information Systems	Multimedia
2015		
Goodwill	22,947,979	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 June 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 June 2016 and 2015, are as follows:

	Head Office	Percentage of ownership				Value in profit and loss statement	
		30 June 2016		30 June 2015		30 June 2016	30 June 2015
		Direct	Total	Direct	Total		
ZOPT (a)	Oporto	50%	50%	50%	50%	10,214,490	10,811,035
Unipress – Centro Gráfico, Lda. ('Unipress')	Vila Nova de Gaia	50%	50%	50%	50%	49,796	2,101
Sociedade Independente de Radiodifusão Sonora, S.A. ('S.I.R.S.' – using the brand name 'Rádio Nova')	Oporto	45%	45%	45%	45%	(3,760)	(12,816)
S21Sec Ciber seguridad SA de CV ('Ciber seguridad') (b)	Mexico City	Full consolidation method		50%	30%	-	(90,584)
Intelligent Big Data, S.L. ('Big Data') (c)	Gipuzcoa	50%	50%	50%	30%	(240)	(209)
Total (note 20)						10,260,286	10,709,527

(a) Includes the results of the subsidiaries, proportionally to capital held.

(b) Company directly owned by S21 Sec México by 50%. On July 2015 Grupo S21 SEC Gestion acquired the remaining 50% of share capital stake on S21 Sec Ciberseguridad SA de CV. Given this change in the percentage of detention by Sonaeom, S.G.P.S. S.A., this subsidiary 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 June 2016 the group only held jointly controlled companies.

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

	30 June 2016			30 June 2015		
	Ownership value	Goodwill	Total investment	Ownership value	Goodwill	Total investment
Investments in associated companies and companies jointly controlled						
Balance at 1 January	623,385,393	87,849,200	711,234,593	633,758,552	87,849,200	721,607,752
Increases	-	-	-	-	-	-
Equity method						
Effect on gains and losses (note 20)	10,264,108	-	10,264,108	10,813,521	-	10,813,521
Effect on reserves	(32,506,710)	-	(32,506,710)	5,513,144	-	5,513,144
Dividends	(8,000,000)	-	(8,000,000)	(7,345,015)	-	(7,345,015)
	593,142,791	87,849,200	680,991,991	642,740,202	87,849,200	730,589,402
Registered in Provisions for other liabilities and charges (note 17)						
Balance at 1 January	(145,784)	-	(145,784)	(168,071)	-	(168,071)
Equity method						
Effect on gains and losses (note 17)	(3,760)	-	(3,760)	(103,993)	-	(103,993)
	(149,544)	-	(149,544)	(272,064)	-	(272,064)
Total investment in associated companies and companies jointly controlled net of impairment losses	592,993,247	87,849,200	680,842,447	642,468,138	87,849,200	730,317,338

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 investments in associated companies and companies jointly controlled, according to IAS 28 - Investments in associates 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 June 2016			30 June 2015		
	Ownership value	Goodwill	Total investment	Ownership value	Goodwill	Total investment
Investments in associated companies and companies jointly controlled						
Zopt	592,630,890	87,527,500	680,158,390	642,301,171	87,849,200	730,150,371
Unipress	512,048	321,700	833,748	438,646	-	438,646
SIRS	(149,482)	-	(149,482)	(150,938)	-	(150,938)
Ciber seguridad	-	-	-	(121,126)	-	(121,126)
Big Data	(209)	-	(209)	385	-	385
Total	592,993,247	87,849,200	680,842,447	642,468,138	87,849,200	730,317,338

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%	4,505,889	2,000,538	2,505,350	743,114	73,289	40,907
Unipress	50%	2,925	1,939	986	1,567	453	111
SIRS	45%	355	688	(332)	479	12	(8)
Big Data	39%	2	4	(2)	-	(0)	(0)

*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 June 2016 the NOS' market capitalization amount to Euro 2,808 million.

During the period ended at 30 June 2016 and 2015, the company received the amount of Euro 8,000,000 and Euro 7,315,500 respectively, related to dividends received from Zopt SGPS.

In this turn, during the period ended at 30 June 2016, the company recognized the amount of Euro 7,315,500 referring to Zopt, S.G.P.S. dividends, under the caption "Other current debtors" (Note 22).

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 8.

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 June 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 June 2016 and 2015 can be resumed as follows:

Condensed consolidated balance sheets


(Amounts expressed in thousands of Euro)	June 2016	June 2015
Assets		
Tangible assets	1,199,177	1,138,114
Intangible assets	2,374,731	1,184,388
Deferred tax assets	132,447	128,705
Other non-current assets	203,407	49,793
Non-current assets	3,909,762	2,501,000
Trade debtors	337,760	357,284
Cash and cash equivalents	24,074	8,903
Other current assets	195,838	148,192
Current assets	557,672	514,379
Total assets	4,467,434	3,015,379
Liabilities		
Medium and long-term loans – net of short-term portion	1,181,890	1,042,675
Provisions for other liabilities and charges	190,345	133,821
Other non-current liabilities	98,217	46,038
Non-current liabilities	1,470,452	1,222,534
Short-term loans and other loans	108,272	172,520
Trade creditors	264,433	342,196
Other current liabilities	282,057	242,724
Current liabilities	654,762	757,440
Total liabilities	2,125,214	1,979,974
Shareholders' funds excluding non-controlling interests	1,198,488	1,025,622
Non-controlling interests	1,143,732	9,783
Total Shareholders' funds	2,342,220	1,035,405
Total Shareholders' funds and liabilities	4,467,434	3,015,379

Condensed consolidated statements of income by nature

(Amounts expressed in thousands of Euro)	June 2016	June 2015
Total revenue	743,114	699,947
Costs and losses		
Direct costs and External supplies and services	(310,056)	(300,978)
Depreciation and amortisation	(204,378)	(178,384)
Other operating costs	(155,391)	(136,143)
	(669,825)	(615,505)
Financial results	(21,790)	(22,616)
Income taxation	(10,592)	(14,660)
Consolidated net income/(loss) for the period	40,907	47,166
Consolidated net income/(loss) for the period attributed to non-controlling interests	20,478	(143)
Attributed to shareholders of parent company	20,429	47,309

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 June,



2016 amounts to approximately Euro 171.9 million, included in the caption "Other non-current assets" above. 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 July 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 160 thousand euros, plus default interest. The judgment of the Supreme Court became final, 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 10.3 million euros, 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 where the evidence of witnesses is to be provided is scheduled for April and May. In the event of action being judged totally unfounded, the court costs, which are the responsibility of NOS, could amount to over 500 thousand euros.
- 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 26 million euros (from August 2011 and May 2014), in the case of NOS Açores, in the amount of 195 thousand euros and NOS Madeira, amounting to 817 thousand euros.
- In 2011, NOS SA brought an action in the Lisbon Judicial Court against MEO (PT), claiming payment of 22.4 million euros, 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, 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 ICP – ANACOM. However, it is impossible to determine the outcome of the action. In the event of action being judged totally unfounded, the court costs, which are the responsibility of NOS could amount to over 1 million euros.

3. Action against NOS SA

In 2014, a NOS SGPS providers of marketing services has brought a civil lawsuit seeking a payment of about 1,243 thousand euros, 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 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, in January 2014 (violation of NOS, SA's right of defence). 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. In September 2014, ANACOM, based on the same facts, fine on 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 had been applied. ANACOM appealed the decision and the process is currently on appeal in Lisbon Court of Appeal.

6. Supplementary Capital

The tax 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), 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 period of 2004, the Court has decided favourable to NOS. As for the years of 2006 and 2007, the Fiscal and Administrative Court of Oporto has already decided unfavourably. The company has contested these decisions 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 related with the 2008 period, where it is considered that the increase, when calculating the taxable profit, of the amount of Euro 100 million, with respect to initial price of future credits transferred to securitization, is inappropriate. Therefore, 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. On the basis of this correction is the understanding that the increase made in 2008 was not accepted due to not complying with Article 18 of the CIRC, so, also in the years following, the deduction corresponding to credits generated in that year, 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 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 unfavourably, 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 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 been 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 requests 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 66.8 million euro, contested decision 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 was 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 47.1 million euro, a decision also contested by NOS. In February 2016, ANACOM issued the settlement notes to the Company in amount of 13 million euro which 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.

Still in 2015, ANACOM deliberated to approve the final results of the CLSU audit by MEO relative to the period 2012 in the amount of 26 million euro. This decision was also contested by NOS.

In the same year, 2015, ANACOM also deliberated to approve the final results of the CLSU audit by MEO, related to the year ended on 2013 in the amount of 20 million euro, which will be contested by NOS.


It is the opinion of the Board of Directors of NOS that these extraordinary contributions to CLSU of service providing by PTC (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 contribution, 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 ICP-ANACOM's decisions in respect of the payment of the Annual Fee (for 2009, 2010, 2011, 2012 and 2013) for carrying on the business of Electronic Communications Services Networks Supplier in the amounts, respectively, of (i) 1,861 thousand euros, 3,808 thousand euros, 6,049 thousand euros, 6,283 thousand euros and 7,270 thousand euros; (ii) 29 thousand euros, 60 thousand euros, 95 thousand euros, 95 thousand euros and 104 thousand euros; (iii) 40 thousand euros, 83 thousand euros, 130 thousand euros, 132 thousand euros and 149 thousand euros, 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: $\frac{1}{3}$ in the first year, $\frac{2}{3}$ 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 ICP - 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 2009, for which the appeal was upheld, with no prior hearing, condemning ICP-ANACOM to pay the costs. ICP-ANACOM appealed and by decision of July 2013 was not upheld.

The remaining proceedings are awaiting trial and decision.

10. Tax Authorities

During the course of the 2003 to 2016, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2014 financial years. Following the successive inspections, NOS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the Group's tax losses, 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 is about 24 million euro. Note that the Group considered that the corrections were unfounded, and contested 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 7.7 million euro. 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. Action 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 decided to appeal against it to the competent judicial authorities. 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.


- 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, supported by lawyers who monitor the process, that, in substance, it is unlikely that NOS SA 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 18 million euro, 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 favourably 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 June 2016, the receivables by NOS SA, NOS Madeira and NOS Açores amount to a total of 106,567 thousand euros. During the semester ended on 30 June 2016 2,282 thousand euros related to 2015 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 June 2016, accounts receivable and accounts payable include 37,139,253 euros and 29,913,608 euros, 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 “Tribunal da Relação” (Court of Appeal), on appeal, rejected the intentions of MEO. However, MEO again appealed to the “Supremo Tribunal de Justiça” (Supreme Court), for final and permanent decision, who upheld the decision of the “Tribunal da Relação” (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, SA concerning with the television rights of home games of the Benfica SAD senior team to the league NOS and transmission and distribution rights of Benfica TV channel. The contract will start in the sports season 2016/2017 and an initial duration of three years and may be renewed by decision of either party to a total of 10 sports seasons, reaching hand global financial amount to 400 million euros, divided into progressive annual amounts.

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

- 1) Television and multimedia rights of home games of the Sporting SAD senior team;
- 2) Right to explore the static and virtual advertising of José Alvalade Stadium;
- 3) Right of Transmission and Distribution Sporting TV channel;
- 4) Right to be its main sponsor.

The contract will last 10 seasons as regards the rights indicated in 1) and 2) above, starting in July 2018, 12 seasons in the case of the rights mentioned in 3) starting in July 2017 and 12 and a half seasons in the case of the rights mentioned in 4) beginning in January 2016, amounting to overall financial contribution to the amount of 446 million euro, divided into progressive annual amounts.

Also in December 2015, the NOS Group signed contracts of assignment of television rights credits of Senior home 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 are all beginning in 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 10 seasons.

The Sonaecom Board of Directors believes that the above processes may result in contingencies that affect the NOS 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

On August 2013, 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 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 June 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	(146,684)	(36,670)	38,877	-
	79,941,284	(64,261,645)	(15,718,516)	38,877	-

*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	-	21,342,287	-	79,003,905
Sonae SGPS	2,303,954	(2,729,817)	226,919	367,097	168,153
	59,965,572	(2,729,817)	21,569,206	367,097	79,172,058
Recorded under the caption non current assets (note 4)					168,153
Recorded under the caption current assets (note 4)					79,003,905

*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 June 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 June 2016 and 2015 respectively.

At 30 June 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 June 2015 is detail as follows:

2015	NOS	Sonae SGPS
Shares	11,012,532	142,866
Level of inputs in the hierarchy of fair value	Level 1**	
Valuation method	Quoted price on the stock exchange	
Quoted price*	7.174	1.177
Fair value	79,003,905	168,153

* Used the share price of 30 June 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 June 2016 and 2015, this caption included investments classified as available-for-sale and was made up as follows:

	%	2016	2015
Lusa – Agência de Notícias de 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 June 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 June 2016 and 2015, amounted to Euro 6,077,639 and Euro 7,593,727, 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 movements in deferred tax assets in the periods ended at 30 June 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 June 2016
Tax losses	3,502,971	990,743	(5,758)	334,658	4,822,614
Tax provisions not accepted and other temporary differences	1,478,049	(283,506)	-	(7,463)	1,187,080
Tax benefits (SIFIDE, RFAI and CFEI)	1,083,280	-	(1,786,447)	768,078	64,911
Effect on results (note 21)	6,064,300	707,237	(1,792,205)	1,095,273	6,074,605
Others	34,075	(31,041)	-	-	3,034
Closing balance	6,098,375	676,196	(1,792,205)	1,095,273	6,077,639

					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 June 2015
Tax losses	2,397,494	275,358	(71,855)	-	2,600,997
Tax provisions not accepted and other temporary differences	1,726,512	(392,818)	-	(36,056)	1,297,638
Tax benefits (SIFIDE, RFAI and CFEI)	1,178,811	-	-	991,595	2,170,406
Differences between the tax and accounting amount of certain fixed assets ar	1,745,300	(126,166)	-	-	1,619,134
Effect on results (note 21)	7,048,117	(243,626)	(71,855)	955,539	7,688,175
Discontinued operations	(169,548)	-	-	-	(169,548)
Others	(41,339)	116,439	-	-	75,100
Closing balance	6,837,230	(127,187)	(71,855)	955,539	7,593,727

At 30 June 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 June 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 June 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 June 2016 was as follows:

												2016
Nature	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	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	-	-	-	-	-	70,835	-	-	-	52,119	122,954	122,954
To be used until 2026	-	-	-	-	-	126,244	-	-	-	-	126,244	126,244
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	-	-	-	1,065,764	-	-	-	-	-	-	1,065,764	1,065,764
To be used until 2036	-	-	-	864,499	-	-	-	-	-	-	864,499	864,499
Unlimited	-	-	-	-	176,538	-	-	-	-	-	176,538	176,538
Tax losses	-	-	-	2,953,474	176,538	433,865	-	866,229	57,850	334,658	4,822,614	4,822,614
Provisions not accepted and other temporary differences	701,585	-	232,757	93,151	-	150,582	9,005	-	-	-	485,495	1,187,080
Tax benefits (SIFIDE, RFAI and CFEI)	-	43,893	-	21,018	-	-	-	-	-	-	64,911	64,911
Others	-	-	(21,408)	75,456	-	(50,729)	(285)	-	-	-	3,034	3,034
Total	701,585	43,893	211,349	3,143,099	176,538	533,718	8,720	866,229	57,850	334,658	5,376,054	6,077,639

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 Sonaecom 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 have integrated the tax group in the year ended at 31 December 2014, not integrated 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 June 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	10,719,792	9,342,106
Temporary differences (provisions not accepted for tax purposes and other temporary differences)	32,935,853	30,289,141
Others	12,429,667	13,248,407
	56,085,312	52,879,654

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

Due date	2016	2015
2015	-	1,199,015
2016	269,298	269,298
2017	123,233	190,721
2018	263,672	288,468
2019	359,625	370,606
2020	142,908	149,315
2021	90,261	94,103
2022	88,077	343,478
2023	2,631,091	94,473
2024	81,930	13,179
2025	316,701	124,088
2026	862,004	538,478
2027	275,739	247,884
2028	80,910	183,642
2029	878,680	1,164,285
2030	769,480	721,920
2031	765,538	89,045
2032	-	54,390
2033	-	26,156
Unlimited	2,720,645	3,179,562
	10,719,792	9,342,106

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

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

	2016	2015
Opening balance	-	-
Temporary differences between accounting and tax result	(15,163)	-
Sub-total effect on results (note 21)	(15,163)	-
Others	-	-
Closing balance	(15,163)	-

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

	2016	2015
Earnings before taxes	1,107,492	32,596,783
Income taxation (21%)	(232,573)	(6,845,324)
Deferred tax assets not recognised in the individual accounts and / or resulting from consolidation adjustments, autonomous taxation, surcharge and other non-deductible accounting adjustments	773,699	5,360,110
Record/(reverse) of deferred tax assets related to previous years and tax benefits	1,095,273	955,539
Use of tax losses and tax benefits without record of deferred tax asset in previous years	35,495	74,927
Temporary differences for the period without record of deferred tax assets	351,121	306,514
Record of deferred tax liabilities	(15,163)	-
Income taxation recorded in the period (note 21)	2,007,852	(148,234)

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 2013 (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 June 2016.

12. Cash and cash equivalents

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

	2016	2015
Cash	28,365	23,486
Bank deposits repayable on demand	217,193,459	51,552,174
Treasury applications	23,456,039	125,162,001
Cash and cash equivalents	240,677,863	176,737,661
Bank overdrafts (note 15)	(106,286)	(271,868)
	240,571,577	176,465,793

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

The above mentioned applications were paid and, during the year ended at 30 June 2016, the interest tax rate in force was 0.764% (0.401% in 2015) being, in the referred date, distributed by six financial institutions.

13. Share capital

At 30 June 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 June 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 June 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
S21GES	Bank loan	1,229,223	Jul-21	Parcel	-	1,229,223
S21GES	Bank loan	600,919	Jul-21	Parcel	-	600,919
S21GES	Bank loan	573,839	Jul-21	Parcel	-	573,839
S21GES	Bank loan	547,000	Jul-21	Parcel	-	547,000
S21GES	Bank loan	309,000	Jul-21	Parcel	-	309,000
S21GES	Bank loan	296,000	Jul-21	Parcel	-	296,000
S21GES	Bank loan	192,000	Jul-21	Parcel	-	192,000
S21 Sec Labs	Repayable subsidies	-	Jun-24	Parcel	1,626,489	2,035,614
S21 Sec Gestion	Repayable subsidies	-	Jun-25	Parcel	2,335,003	1,625,450
Lookwise*	Repayable subsidies	-	Dec-25	Parcel	-	1,159,899
Saphety	Minority Shareholder loans	-	-	-	451,322	451,322
	Costs associated with financing set-up	-	-	-	-	(109,712)
	Interests incurred but not yet due	-	-	-	5,197	56,182
					4,418,011	8,966,736

(*) 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, S21 SEC Gestion made the early repayment of all medium and long term loans in the amount of 3.75 million euros with maturity in July 2021.

The average interest rate at 30 June 2015 was 3.01%.

b) Short-term loans and other loans

						Amount outstanding
Company	Issue denomination	Limit	Maturity	Type of reimbursement	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	-	-	112,287
S21 Sec Gestion	Overdraft facilities	100,000	Jul/16	-	-	100,200
S21 Sec Gestion	Factoring	1,135,000	Jul/16	-	-	121,684
S21 Sec Labs	Reimbursable grants	-	Jun-16	-	377,587	156,318
Lookwise*	Reimbursable grants	-	Jun-16	-	-	188,082
S21 Sec Gestion	Reimbursable grants	-	Jun-16	-	607,507	222,963
Several	Bank overdrafts (note 12)	-	-	-	106,286	271,868
Several	Interests incurred but not yet due	-	-	-	34,915	-
					1,126,295	1,523,314

(*) 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, S21 SEC Gestion made the repayment and cancellation of its overdrafts, whose maximum amounted to 1.3 million euros. At the repayment date the amounts used amounted to 1.1 million euros.

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 June 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	475,854
2017	1,183,543
2018	1,167,174
2019	768,540
2020 and follows	1,351,475
	4,946,586

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

Others

At 30 June 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 S21GES:						
Reimbursements	-	-	185,913	874,779	865,083	1,822,129
Interests	115,902	112,809	131,734	166,717	123,119	116,829
	115,902	112,809	317,647	1,041,496	988,202	1,938,958

Minority Shareholder loans have no maturity defined.

At 30 June 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	
		1,000,000	-	1,000,000		
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	112,287	37,713	x	
S21 Sec Gestion	Overdraft facilities	125,457	-	125,457		x
S21 Sec Gestion	Overdraft facilities	100,000	100,000	-	x	
S21 Sec Gestion	Overdraft facilities	30,191	-	30,191		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	300,000	-	300,000	x	
S21 Sec Gestion	Factoring	400,000	121,684	278,316	x	
Others	Several	-	271,868	-	x	
		6,703,629	4,703,732	2,271,765		

At 30 June 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 June 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 607,911 and Euro 861,381, respectively.

At 30 June 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
2016	276,610	249,981	233,048	207,130
2017	493,307	466,238	440,154	403,611
2018	271,609	262,275	416,401	397,806
2019 onwards	114,657	112,713	258,893	251,251
	1,156,183	1,091,207	1,348,496	1,259,798
Interests	(64,975)	-	(88,701)	-
	1,091,208	1,091,207	1,259,795	1,259,798
Short-term liability (note 18)	-	(483,296)	-	(398,417)
	1,091,208	607,911	1,259,795	861,381

17. Provisions and accumulated impairment losses

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

	Opening balance	Companies included in the consolidation perimeter (Note 3.a))	Increases	Decreases	Utilisations and Transfers	Closing balance
2016						
Accumulated impairment losses on accounts receivables	2,719,864	40,456	2,614	(25,867)	(11,842)	2,725,225
Accumulated impairment losses on inventories	35,000	-	-	-	-	35,000
Provisions for other liabilities and charges	4,292,553	-	601,718	(260,958)	(1,568,807)	3,064,506 ¹
	7,047,417	40,456	604,332	(286,825)	(1,580,649)	5,824,731
2015						
Accumulated impairment losses on accounts receivables	3,814,053	-	195,299	(113,545)	(45,286)	3,850,521
Accumulated impairment losses on inventories	25,000	-	5,000	-	-	30,000
Provisions for other liabilities and charges	2,579,321	-	1,215,149	(24,325)	(15,479)	3,754,666 ¹
	6,418,374	-	1,415,448	(137,870)	(60,765)	7,635,187

Reinforcements and reductions values of the accumulated impairment losses on receivable accounts and provisions for liabilities and charges, at 30 June 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	(25,867)	195,299	(113,545)
Total increases/(decreases) of accumulated impairment losses on accounts receivables	2,614	(25,867)	195,299	(113,545)
Provisions for other liabilities and charges				
Recorded in the income statement, under the caption 'Income Tax' (note 21)	452,174	(47,689)	383,383	(24,325)
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))	876	-	706	-
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)	9,910	(6,150)	103,993	-
Recorded in the income statement 'Staff expenses' related to the provisions for redundancy payments	12,000	(207,119)	88,902	-
Other increases and decreases - recorded in 'Provisions and impairment losses'	126,758	-	638,165	-
Total increases/(decreases) of provisions for other liabilities and charges	601,718	(260,958)	1,215,149	(24,325)
Total recorded in the income statement in 'Provisions and impairment losses' (increases) and in 'Other operating revenue' (decreases)	129,372	(25,867)	833,464	(113,545)

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

	2016	2015
Several contingencies	2,034,878	2,165,310
Legal processes in progress	131,831	120,870
Dismantling	51,067	49,203
Other responsibilities	846,730	1,419,283
	3,064,506	3,754,666

At 30 June 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 264,655 associated with severance payment to occur during 2016.

18. Other financial liabilities

At 30 June 2016, this heading "Other financial liabilities" includes the amount of Euro 483,296 (2015: Euro 398,417) 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 June 2016 and 2015 had the following composition:

	2016	2015
Subcontracts	11,266,409	10,754,569
Specialised works	3,189,454	3,173,189
Rents	2,547,787	2,656,640
Travelling costs	2,575,973	2,495,757
Advertising and promotion	2,038,580	1,704,492
Fees	618,897	638,874
Communications	596,550	599,025
Energy	189,859	173,984
Commissions	111,542	254,231
Maintenance and repairs	73,274	124,901
Others	853,008	865,188
	<u>24,061,333</u>	<u>23,440,850</u>

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

	2016	2015
Minimum payments of operational leases:		
2015	-	2,317,364
2016	2,362,469	2,870,275
2017	2,902,889	2,373,830
2018	1,975,131	1,576,382
2019 onwards	913,569	296,335
Renewable by periods of one year	895,629	1,366,263
	<u>9,049,687</u>	<u>10,800,449</u>

During the periods ended at 30 June 2016, an amount of Euro 2,431,847 (Euro 2,430,976 at 30 June 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 June 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)	10,260,286	10,709,527
	10,260,286	10,709,527
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)	(15,718,516)	21,569,206
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
	(4,593,568)	23,110,927
Financial expenses:		
Interest expenses:		
Bank loans	(259,818)	(296,930)
Leasing	(32,748)	(201,771)
Other interests	(27,799)	(21,667)
	(199,271)	(73,492)
Foreign exchange losses	(1,805,988)	(848,949)
Other financial expenses	(119,783)	(123,917)
	(2,185,589)	(1,269,796)
Financial income:		
Interest income	844,455	401,602
Foreign exchange gains	827,607	865,899
Others financial gains	65,105	364,853
	1,737,167	1,632,354

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

During the period at 30 June 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 June 2016 and 2015 were made up as follows ((costs) / gains):

	2016	2015
Current tax	617,418	(429,234)
Tax provision net of reduction (note 17)	(404,485)	(359,058)
Deferred tax assets (note 11)	1,810,082	640,058
Deferred tax liabilities (note 11)	(15,163)	-
	2,007,852	(148,234)

22. Related parties

During the periods ended at 30 June 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 June 2016 and 2015 were as follows:

	Balances at 30 June 2016		
	Accounts receivable	Accounts payable	Other assets / (liabilities)
Holding company			
Sonae SGPS	(69)	87,680	197,692
Other related companies			
ZOPT SGPS	14,414	-	-
NOS SGPS	-	-	452,604
NOS Comunicações	602,358	41,481	841,715
NOS Technology	4,168,126	(120)	(3,567,283)
NOS Sistemas	94,555	57,883	(20,453)
Modelo Continente Hipermercados, S.A.	259,954	63,727	9,315
Raso Viagens e Turismo	8,081	225,793	283
SC-Sociedade de Consultadoria	213,643	-	(146,187)
Sierra Portugal	375,895	(3,927)	145,759
Sonae Indústria PCDM	257,693	-	6,435
Sonaecenter II	4,596,174	168,578	(1,437,291)
Worten	39,722	-	-
Unipress	129,150	619,560	(17,034)
	10,759,696	1,260,655	(3,534,445)

	Balances at 30 June 2015		
	Accounts receivable	Accounts payable	Other assets / (liabilities)
Holding company			
Sonae SGPS	(871)	-	(19,574)
Other related companies			
ZOPT SGPS	14,369	-	-
NOS Comunicações	423,466	156,176	678,247
NOS Technology	3,305,234	(118)	(4,492,061)
Modelo Continente Hipermercados, S.A.	430,601	384,876	1,755
Raso Viagens e Turismo	139,294	250,545	(99,798)
SC-Sociedade de Consultadoria	521,003	-	(190,433)
Sierra Portugal	219,073	1,968	155,608
Sonae Indústria PCDM	276,015	-	(120,835)
Sonaecenter II	4,378,709	118,368	(3,047,845)
Worten	46,579	(1,485)	-
	9,753,472	910,330	(7,134,936)



	Transactions at 30 June 2016			
	Sales and services rendered	Supplies and services received (note 19)	Interest and similar income / (expense) (note 20)	Supplementary income
Holding company				
Sonae SGPS	2,868	-	796,657	(26)
Other related companies				
ZOPT SGPS	-	-	6,842	-
NOS Comunicações	942,730	338,661	-	-
NOS Technology	5,326,956	-	-	-
NOS Sistemas	119,526	298,941	-	(28,390)
MDS	166,984	3,912	-	-
Modelo Continente Hipermercados, S.A.	345,337	4,948	-	-
Raso Viagens e Turismo	7,221	811,338	-	-
SC-Sociedade de Consultadoria	351,056	-	-	-
Sierra Portugal	994,840	9,102	-	-
Sonae Indústria PCDM	323,469	-	-	-
Sonaecenter II	7,247,147	294,681	-	-
Unipress	-	251,395	-	105,000
Worten	66,599	-	-	-
	15,894,733	2,012,978	803,499	76,584

	Transactions at 30 June 2015			
	Sales and services rendered	Supplies and services received (note 19)	Interest and similar income / (expense) (note 20)	Supplementary income
Holding company				
Sonae SGPS	2	-	213,841	50
Other related companies				
Modelo Continente Hipermercados, S.A.	356,732	(284,427)	-	124,668
Raso Viagens e Turismo	2,648	879,902	-	-
SC-Sociedade de Consultadoria	425,526	-	-	-
Sierra Portugal	719,844	7,947	-	-
Sonae Indústria PCDM	237,809	-	-	-
Sonaecenter II	8,882,089	117,958	-	-
Worten	137,188	3,366	-	-
	10,761,838	724,746	213,841	124,718

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

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 June 2016 and 2015, no imparity 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 June 2016 and 2015 were as follows:

Company	Beneficiary	Description	2016	2015
Sonaecom	Direção de Contribuições e Impostos (Portuguese tax authorities)	VAT Reimbursements	-	1,435,379
We Do, WeDo Egypt, S21 Sec Gestion and Saphety	ETISALAT UAE; Emirates Telecom. Corp.; Empresa de Telecomunicaciones Nuevatel; Oman Telecomunicaciones; Viva Bahrain; Zain Jordan; Administrador de Infraestructuras Ferroviarias; Asiatic Communications; Comunidade Intermunicipal do Médio Tejo; Instituto Nacional de Ciberseguridad; Renfe Operadora; REPSOL and U Mobile	Completion of work to be done	864,350	1,297,515
S21 Sec Gestion and S21 Sec Labs	Centro para Desarrollo Tecnológico Industrial; Ministerio de Industria and Ingeniería de sistemas para la Defensa de España, S.A.; Direccion General del Ministerio, Ingeniería de Sistemas para la Defensa de España and ICT	Grants	1,007,887	1,286,031
We Do and Saphety	IAPMEI	HERMES' project and 'Value4coupons' project - OREN	-	231,803
Sonaecom and Público	Direção de Contribuições e Impostos and Autoridade Tributária e Aduaneira (Portuguese tax authorities)	IRC, IS, IVA, RF - Tax assessment	240,622	240,622
Several	Others		672,940	912,329
			2,785,799	5,403,679

In addition to these guarantees were set up sureties for the current fiscal processes. The Sonaecom 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 565,026.

At 30 June 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 June 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 June 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 June 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	
	June 2016	June 2015	June 2016	June 2015	June 2016	June 2015	June 2016	June 2015	June 2016	June 2015	June 2016	June 2015
Revenues:												
Sales and services rendered	7,249,952	7,732,888	60,622,219	59,490,671	161,336	177,053	68,033,507	67,400,612	(447,583)	(302,187)	67,585,924	67,098,425
Reversal of provisions	-	-	26,654	113,545	-	-	-	113,545	26,654	-	26,654	113,545
Other operating revenues	150,176	156,692	412,856	480,661	104,731	89,849	667,763	727,202	2,248	(51,161)	670,011	676,041
Total revenues	7,400,128	7,889,580	61,061,729	60,084,877	266,067	266,902	68,701,270	68,241,359	(418,681)	(353,348)	68,282,589	67,888,011
Depreciation and amortisation	(347,237)	(275,638)	(3,826,891)	(3,279,943)	(6,817)	(7,654)	(4,180,945)	(3,563,235)	(420,383)	(64,063)	(4,601,328)	(3,627,298)
Provisions and impairment losses	-	(85,136)	(129,372)	(701,838)	-	(46,490)	(129,372)	(833,464)	-	-	(129,372)	(833,464)
Net operating income / (loss) for the segment	(1,390,912)	(1,515,715)	(2,263,932)	675,176	(574,167)	(799,683)	(4,229,011)	(1,640,222)	118,207	53,993	(4,110,804)	(1,586,229)
Interest income	305	59	30,629	38,455	1,220,426	963,147	1,251,360	1,001,661	(406,905)	(600,059)	844,455	401,602
Interest expenses	(121,155)	(205,955)	(500,582)	(629,833)	7,052	(35,490)	(614,685)	(871,278)	382,666	574,349	(232,019)	(296,929)
Gains and losses on financial assets at fair value through profit or loss	-	-	-	-	(4,593,568)	23,110,927	(4,593,568)	23,110,927	-	-	(4,593,568)	23,110,927
Gains and losses in associated companies	46,037	(10,716)	(241)	(90,792)	10,214,490	10,811,035	10,260,286	10,709,527	-	-	10,260,286	10,709,527
Other financial results	(2,014)	(1,921)	(1,133,638)	(31,468)	(3,264,591)	(1,153,187)	(4,400,243)	(1,186,576)	3,339,385	1,444,461	(1,060,858)	257,885
Income taxation	564,014	349,586	1,484,959	(587,235)	(28,493)	93,943	2,020,480	(143,706)	(12,628)	(4,528)	2,007,852	(148,234)
Consolidated net income/(loss) for the period excluding discontinued operations	(903,725)	(1,384,662)	(2,382,805)	(625,697)	2,981,149	32,990,692	(305,380)	30,980,333	3,420,724	1,468,216	3,115,344	32,448,549
Consolidated net income/(loss) for the period of discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to:												
Shareholders of parent company	(903,725)	(1,384,662)	(2,050,588)	369,129	2,981,149	32,990,692	26,836	31,975,159	3,447,320	1,478,539	3,474,156	33,453,698
Non-controlling interests	-	-	(332,216)	(994,826)	-	-	(332,216)	(994,826)	(26,596)	(10,323)	(358,812)	(1,005,149)
Assets:												
Tangible and intangible assets and goodwill	4,827,233	7,535,361	78,991,337	77,894,911	22,459	35,153	83,841,029	85,465,425	(27,269,105)	(27,200,111)	56,571,924	58,265,314
Inventories	164,898	282,581	89,017	56,992	-	-	253,915	339,573	-	-	253,915	339,573
Financial investments	871,483	818,049	8,933	10,705	625,808,646	666,310,231	626,689,062	667,138,985	54,393,708	63,731,624	681,082,770	730,870,609
Other non-current assets	3,570	3,570	6,355,432	7,888,451	158,939,791	167,361,642	165,298,793	175,253,663	(158,930,874)	(167,341,916)	6,367,919	7,911,747
Other current assets of the segment	6,271,552	6,015,194	69,074,704	67,252,143	256,027,313	261,944,893	331,373,569	335,212,230	(17,683,666)	(7,711,306)	313,689,903	327,500,924
Liabilities:												
Liabilities of the segment	14,573,905	16,833,504	94,765,034	88,848,534	1,929,730	4,112,091	111,268,669	109,794,129	(40,958,306)	(27,955,576)	70,310,363	81,838,553
CAPEX	223,739	277,596	5,500,591	3,592,774	391	(1,950)	5,724,721	3,868,420	55,874	391,369	5,780,595	4,259,789



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

	Multimedia	Information Systems	Holding Activities
2016			
Multimedia	-	134,032	-
Information Systems	-	-	161,336
Holding Activities	-	33,401	-
External trade debtors	7,249,952	60,454,786	-
	7,249,952	60,622,219	161,336
2015			
Multimedia	-	51,423	-
Information Systems	-	-	161,186
Holding Activities	488	29,753	-
External trade debtors	7,732,400	59,409,495	15,867
	7,732,888	59,490,671	177,053

During the periods ended at 30 June 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 June 2016, for the Information Systems segment, also the Portuguese market is dominant, accounting for 49.7% of revenue (47.6% in 2015) followed by the Spanish market, representing 10.5% of revenue (3.3% in 2015), respectively.

The consolidated financial statements of NOS at 30 June 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)	June 2016	June 2015
Assets		
Tangible assets	1,149,255	1,138,114
Intangible assets	1,173,770	1,184,388
Deferred tax assets	120,187	128,705
Other non-current assets	14,178	49,793
Non-current assets	2,457,390	2,501,000
Trade debtors	371,161	357,284
Cash and cash equivalents	1,261	8,903
Other current assets	153,386	148,192
Current assets	525,808	514,379
Total assets	2,983,198	3,015,379
Liabilities		
Medium and long-term loans – net of short-term portion	1,141,274	1,042,675
Provisions for other liabilities and charges	145,403	133,821
Other non-current liabilities	59,350	46,038
Non-current liabilities	1,346,027	1,222,534
Short-term loans and other loans	85,313	172,520
Trade creditors	317,743	342,196
Other current liabilities	222,841	242,724
Current liabilities	625,897	757,440
Total liabilities	1,971,924	1,979,974
Shareholders' funds excluding non-controlling interests	1,001,838	1,025,622
Non-controlling interests	9,436	9,783
Total Shareholders' funds	1,011,274	1,035,405
Total Shareholders' funds and liabilities	2,983,198	3,015,379

Condensed consolidated statements of income by nature

(Amounts expressed in thousands of Euro)	June 2016	June 2015
Total revenue	743,114	699,947
Costs and losses		
Direct costs and External supplies and services	(310,096)	(300,978)
Depreciation and amortisation	(193,829)	(178,384)
Other operating costs	(152,494)	(144,026)
	(656,419)	(623,388)
Financial results	(21,887)	(14,733)
Income taxation	(13,899)	(14,660)
Consolidated net income/(loss) for the period	50,909	47,166
Consolidated net income/(loss) for the period attributed to non-controlling interests	13	(143)
Attributed to shareholders of parent company	50,896	47,309

25. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the consolidated net income attributable to the Group (Euro 3,474,156 in 2016 and Euro 33,453,698 in 2015) by the average number of shares outstanding during the year ended 30 June 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 June 2016 are as follows:

	Vesting period			31 June 2016	
	Share price 30.06.2016	Award date	Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares					
2013 Plan	0.705	10-Mar-14	10-Mar-17	176	1,611,270
2014 Plan	0.705	10-Mar-15	10-Mar-18	188	1,522,633
2015 Plan	0.705	10-Mar-16	10-Mar-19	204	1,828,091

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 June 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⁾	(15)	(95,643)
Outstanding at 30 June 2016:		
Unvested	568	4,961,994
Total	568	4,961,994

(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 June 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 June 2016, were as follows:

	Value
Costs recognised in previous years	2,205,631
Costs recognised in the period	36,535
Costs of plans vested in the period	(813,651)
Total cost of the plans	1,428,515
Recorded in 'Other current liabilities	865,148
Recorded in 'Other non-current liabilities	563,366

These financial consolidated presentations have been approved by the Executive Board and authorized to be issued on 27 July 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
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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
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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, Lda 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 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. 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, Urban., SA Centro Vasco da Gama Centro Comercial, SA Chão Verde-Soc. de Gestão Imobiliária, SA Cinclus Imobiliária, SA
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Citic Capital Sierra Limited	Gaiashopping II Centro Comercial, SA
Citic Capital Sierra Prop. Man. Limited	GHP Gmbh
Citorres - Sociedade Imobiliária, SA	GI 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 Termoelect. 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 Imobiliários, SA
Dos Mares Shopping Centre BV	Imoconti - Sociedade Imobiliária, SA
Dos Mares Shopping Centre, SA	Imodivor - Sociedade Imobiliária, SA
Dreamia, Serv. de Televisão, SA	Imoestrutura - Sociedade Imobiliária, SA
Ecociclo - Energia e Ambiente, SA	Imohotel-Emp.Turísticos Imobiliários,SA
Efanor Investimentos, SGPS, S.A.	Imomuro - Sociedade Imobiliária, SA
Efanor Serviços de Apoio à Gestão, S.A.	Imopenínsula - Sociedade Imobiliária, SA
Elergone Energias, Lda	Imoplamac Gestão de Imóveis, SA
Empracine - E. Pro. Act. Cinema, Lda	Imoponte - Sociedade Imobiliária, SA
Empreend.Imob.Quinta da Azenha,SA	Imoresort - Sociedade Imobiliária, SA
Enerlousado-Recursos Energéticos, Lda.	Imoresultado - Sociedade Imobiliária, SA
Estação Viana Centro Comercial, SA	Imosedas - Imobiliária e Seviços, SA
Euroresinas-Indústrias Químicas,SA	Imosistema - Sociedade Imobiliária, SA
Farmácia Selecção, SA	Impaper Europe GmbH
Fashion Division Canárias, SA	Implantação - Imobiliária, S.A.
Fashion Division, S.A.	Infocfield - Informática, SA
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	Isoroy SAS
Freccia Rossa - Shopping Centre, Srl	ITRUST - Cyber Security and Intellig.,SA
Fundo de Invest.Imobiliário Fec. Imosede	Land Retail BV
Fundo Esp.Inv.Imo.Fec. WTC	Larim Corretora de Resseguros, Ltda
Fundo I.I. Parque Dom Pedro Shop. Center	Larissa Develop. of Shopping Centers, SA
Fundo Invest. Imobiliário Imosonae Dois	Lazam MDS Corretora e Adm. Seguros, SA
Fundo Invest.Imob.Shopp. Parque D. Pedro	Le Terrazze - Shopping Centre 1, Srl
Funtobar Spain SL	Libra Serviços, Lda
Gaiashopping I Centro Comercial, SA	Loop 5 Shopping Centre GmbH



Losan Colombia, S.A.S.	NOS Towering-Gestão de Torres Telec., SA
Losan Overseas Textile, S.L.	NOS, SGPS, S.A.
Losan Tekstil Urun.V E Dis Ticaret, L.S.	NOSPUB, Publicidade e Conteúdos, S.A.
Lusomundo Audiovisuais, SA	Novodecor (PTY), LTD
Lusomundo Imobiliária 2, SA	OSB Deustchland Gmbh
Lusomundo Moçambique, Lda	Pantheon Plaza BV
Lusomundo Soc. Inv. Imob. SA	Paracentro - Gestão de Galerias Com., SA
Luz del Tajo BV	Parcelas e Narrativas - Imobiliária
Luz del Tajo Centro Comercial, SA	Pareuro BV
Madeirashopping Centro Comercial, SA	Park Avenue Develop.of Shop. Centers, SA
MaiaShopping Centro Comercial, SA	Parklake Shopping, SA
Maiequipa - Gestão Florestal, SA	Parque Atlântico Shopping-C.Comerc., SA
Marcas MC, zRT	Parque D. Pedro 1 BV
Marina de Tróia S.A.	Parque de Famalicão - Empreend.Imob., SA
Marmagno-Expl.Hoteleira Imob.,SA	Pátio Boavista Shopping, Ltda
Marvero-Expl.Hoteleira Imob.,SA	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 Ocio, 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	Poliface North America
Modelo Continente International Trade,SA	Ponto de Chegada - Soc. Imobiliária, SA
Modelo Hiper Imobiliária, SA	Porturbe-Edifícios e Urbanizações,SA
Modelo.com-Vendas por Correspondência,SA	Praedium - Serviços, SA
Movelpartes-Comp.para Ind.Mobiliária,SA	Praedium II - Imobiliária, SA
MSTAR, SA	Praesidium Services Limited
Münster Arkaden BV	Predicomercial - Promoção Imobiliária,SA
Norte Shop. Retail and Leisure Centre BV	Predilugar - Sociedade Imobiliária, SA
Norteshopping Centro Comercial, SA	Prédios Privados Imobiliária, SA
NOS Açores Comunicações, S.A.	Predisedas - Predial das Sedas, SA
NOS Communications S.à.r.l.	Project Guia, S.A.
NOS Comunicações, S.A.	Project SC 1 BV
NOS Inovação 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
NOS Sistemas España, S.L.	Project Sierra 8 BV
NOS Sistemas S.A.	Project Sierra Cúcuta BV
NOS Technology-C.C. e Gest.Redes Com.,SA	Project Sierra Four Srl



Project Sierra Germany 2 (two)-Sh.C.GmbH	Sierra European R.R.E. Assets Hold. BV
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
Público - Comunicação Social, SA	Sierra Investments Holding BV
QCE-Desenv. e Fabrico de Equipamentos,SA	Sierra Investments SGPS, SA
Racionaliz. y Manufact.Florestales,SA	Sierra Italy, Srl
River Plaza BV	Sierra Management, SGPS, SA
River Plaza Mall, Srl	Sierra Portugal, SA
Ronfegen-Recursos Energéticos, Lda.	Sierra Project Nürnberg BV
RSI Corretora de Seguros, Ltda	Sierra Real Estate Greece BV
S.C. Microcom Doi Srl	Sierra Romania Sh. Centers Services Srl
S21 Sec Brasil, Ltda	Sierra Services Holland 2 BV
S21 Sec Ciber Seguridad, S.A. de CV	Sierra Solingen Holding GmbH
S21 SEC Gestion, S.A.	Sierra Spain Shop. Centers Serv., S.A.U.
S21 Sec Information Security Labs, S.L.	Sierra Turkey Gayrim.Yön.P.Dan.An.Sirket
S21 Sec México, S.A. de CV	Sierra VdG Holding BV
S21 Sec, S.A. de CV	Sierra Zenata Project BV
Saphety - Transacciones Electronicas SAS	SII - Soberana Invest. Imobiliários, SA
Saphety Brasil Transações Eletrônicas Ld	SIRS - Sociedade Independente de Radiofusão Sonora, S.A.
Saphety Level - Trusted Services, SA	SISTAVAC, S.A.
SC Aegean BV	SISTAVAC, SGPS, S.A.
SC Assets, SGPS, SA	SISTAVAC-Sistemas HVAC-R do Brasil, Ltda
SC Finance BV	Soc.Inic.Aproveit.Florest.-Energias,SA
SC For-Serv.Form.e Desenv.R.H.,Unip.,Lda	Société de Tranchage Isoroy SAS.
SC Hospitality, SGPS, S.A.	Socijofra - Sociedade Imobiliária, SA
SC, SGPS, SA	Sociloures - Sociedade Imobiliária, SA
SC-Consultadoria,SA	Soflorin BV
SC-Eng. e promoção imobiliária,SGPS,S.A	Soira-Soc.Imobiliária de Ramalde,SA
SDSR - Sports Division SR, S.A.	Solinca - Health & Fitness, SA
Sellfa-Soc. de Empreend. Imobiliários,SA	Solinca-Investimentos Turísticos,SA
Sempre à Mão - Sociedade Imobiliária, SA	Solinfitness - Club Malaga, S.L.
Sesagest - Proj. Gestão Imobiliária, SA	Solingen Shopping Center GmbH
Sete e Meio Herdades-Inv. Agr. e Tur.,SA	Soltroia-Imob.de Urb.Turismo de Tróia,SA
SFS - Serviços de Gestão e Marketing, SA	Somit Imobiliária, SA
Shopping Centre Colombo Holding BV	Sonae Arauco France SAS
Shopping Centre Parque Principado BV	Sonae Capital Brasil, Lda
SIAL Participações, Lda	Sonae Capital, SGPS, SA
Sierra Asia Limited	Sonae Center Serviços II, SA
Sierra Berlin Holding BV	Sonae Financial Services, S.A.
Sierra Brazil 1 BV	Sonae Ind., Prod. e Com.Deriv.Madeira,SA
Sierra Cevital Shopping Center, Spa	Sonae Industria (UK),Ltd
Sierra Core Assets Holdings, B.V.	Sonae Industria de Revestimentos,SA
Sierra Corporate Services Holland BV	Sonae Indústria-SGPS,SA
Sierra Developments Holding BV	Sonae Investimentos, SGPS, SA
Sierra Developments, SGPS, SA	Sonae Investment Management-S.T.,SGPS,SA



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

8.3. Sonaecom individual financial statements

Balance sheets

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

Assets				
Non-current assets				
Tangible assets	1.a, 1.f and 2	19,197	30,160	24,977
Intangible assets	1.b and 3	3,262	4,993	3,907
Investments in Group companies	1.c and 5	55,821,587	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	-	168,153	144,477
Other non-current assets	1.d, 1.n, 4, 8 and 20	158,939,791	161,999,237	165,849,237
Total non-current assets		812,450,781	811,716,629	813,036,684
Current assets				
Financial assets at fair value through profit or loss	1.e, 4 and 7	-	79,003,905	79,796,807
Other current debtors	1.e, 1.g, 4, 10 and 20	3,822,917	4,806,474	3,005,261
Other current assets	1.e, 1.n, 4, and 20	666,014	296,870	378,552
Cash and cash equivalents	1.e, 1.h, 4, 11 and 20	250,705,645	174,898,494	179,448,314
Total current assets		255,194,576	259,005,743	262,628,934
Total assets		1,067,645,357	1,070,722,372	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		10,172,080	29,545,160	34,389,062
Total Shareholders' funds		1,066,358,122	1,069,076,743	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	63,762	232,362	222,526
Total non-current liabilities		354,082	583,663	464,337
Current liabilities				
Other creditors	4, 16 and 20	352,764	386,191	200,693
Other current liabilities	1.n, 1.t, 4, 20 and 23	580,389	675,775	1,079,943
Total current liabilities		933,153	1,061,966	1,280,636
Total Shareholders' funds and liabilities		1,067,645,357	1,070,722,372	1,075,665,618

The notes are an integral part of the financial statements at 30 June 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 June 2016 and 2015 and for the year ended at 31 December 2015

(Amounts expressed in Euro)	Notes	June 2016 (not audited)	April to June 2016 (not audited)	June 2015 (not audited)	April to June 2015 (not audited)	December 2015
Services rendered	20	161,336	90,236	177,053	80,593	338,240
Other operating revenues	20	104,729	815	89,846	42,964	241,085
		266,065	91,051	266,899	123,557	579,325
External supplies and services	1.f, 17 and 20	(386,992)	(178,499)	(383,380)	(184,515)	(723,241)
Staff expenses	1.t and 23	(246,624)	51,033	(563,942)	(352,782)	(1,155,774)
Depreciation and amortisation	1.a, 1.b, 2 and 3	(6,817)	(3,417)	(7,654)	(3,828)	(15,084)
Provisions and impairment losses	1.l and 15	(48,509)	(48,509)	(46,490)	-	-
Other operating costs		(110,558)	(94,690)	(17,292)	(10,225)	(63,231)
		(799,500)	(274,082)	(1,018,758)	(551,350)	(1,957,330)
Gains and losses on Group companies	5, 8 and 18	4,660,000	7,570,000	5,870,500	(7,835,500)	9,450,500
Gains and losses on financial assets at fair value through profit or loss	7 and 18	4,808,250	20,088,852	23,110,926	(8,137,194)	23,886,615
Other financial expenses	1.c, 1.i, 1.j, 1.r, 1.s and 18	(39,769)	(44,725)	(86,156)	(18,957)	(135,054)
Other financial income	1.r and 18	1,305,527	757,461	1,307,806	22,493,606	2,113,424
Current income / (loss)		10,200,573	28,188,557	29,451,217	6,074,162	33,937,480
Income taxation	1.m, 9 and 19	(28,493)	(27,884)	93,943	157,136	451,582
Net income / (loss) for the period		10,172,080	28,160,673	29,545,160	6,231,298	34,389,062
Earnings per share	22					
Including discontinued operations:						
Basic		0.03	0.09	0.10	0.02	0.11
Diluted		0.03	0.09	0.10	0.02	0.11
Excluding discontinued operations:						
Basic		0.03	0.09	0.10	0.02	0.11
Diluted		0.03	0.09	0.10	0.02	0.11

The notes are an integral part of the financial statements at 30 June 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 June 2016 and 2015 and for the year ended at 31 December 2015

(Amounts expressed in Euro)	Notes	June 2016 (not audited)	April to June 2016 (not audited)	June 2015 (not audited)	April to June 2015 (not audited)	December 2015
Net income / (loss) for the period		10,172,080	28,160,673	29,545,160	6,231,298	34,389,062
Components of other comprehensive income, net of tax		-	-	-	-	-
Comprehensive income for the period		10,172,080	28,160,673	29,545,160	6,231,298	34,389,062

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

The Chief Accountant

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Movements in Shareholders' funds

For the periods ended at 30 June 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 June 2016	-	-	-	-	-	-	-	10,172,080	10,172,080
Balance at 30 June 2016	230,391,627	(8,441,804)	775,290,377	15,163,177	8,441,804	35,340,861	834,236,219	10,172,080	1,066,358,122
	-	-	-	-	-	-	-	-	-
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	-	-	-	291,040	-	5,529,760	5,820,800	(5,820,800)	-
Transfer to legal reserves and other reserves	-	-	-	-	-	(13,759,606)	(13,759,606)	-	(13,759,606)
Dividend Distribution	-	-	-	-	-	-	-	-	-
Comprehensive income for the year period at 30 June 2015	-	-	-	-	-	-	-	29,545,160	29,545,160
Balance at 30 June 2015	230,391,627	(8,441,804)	775,290,377	13,443,724	8,441,804	20,405,855	817,581,760	29,545,160	1,069,076,743

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

(Amounts expressed in Euro)	June 2016 (not audited)	June 2015 (not audited)
Operating activities		
Payments to employees	(832,890)	(1,540,702)
Cash flows from operating activities	(832,890)	(1,540,702)
Payments / receipts relating to income taxes, net	729,152	126,816
Other payments / receipts relating to operating activities, net	(1,678,976)	(277,542)
Cash flows from operating activities (1)	(1,782,714)	(1,691,428)
Investing activities		
Receipts from:		
Financial Investments	-	2,187,000
Interest and similar income	1,141,281	1,891,982
Loans granted	-	965,000
Dividends	9,762,005	8,857,220
Disposals of investments at fair value	82,840,847	-
Payments for:		
Tangible assets	-	-
Loans granted	(2,905,000)	-
Cash flows from investing activities (2)	90,839,133	13,901,202
Financing activities		
Payments for:		
Interest and similar expenses	(64,485)	(351,710)
Dividends	(17,734,603)	(13,759,606)
Cash flows from financing activities (3)	(17,799,088)	(14,111,316)
Net cash flows (4)=(1)+(2)+(3)	71,257,331	(1,901,542)
Cash and cash equivalents at the beginning of the period	179,448,314	176,800,036
Cash and cash equivalents at period end	250,705,645	174,898,494

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

	June 2016 (not audited)	June 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.	-	2,187,000
Loan repayment from PCJ - Público, Comunicação e Jornalismo, S.A.	(375,000)	-
	(375,000)	2,187,000
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.*	1,762,005	1,541,754
ZOPT, SGPS, S.A.	8,000,000	7,315,500
	9,762,005	8,857,254
	June 2016 (not audited)	June 2015 (not audited)
2. Details of cash and cash equivalents		
Cash in hand	654	597
Cash at bank	213,164,991	46,802,897
Treasury applications	37,540,000	128,095,000
Cash and cash equivalents	250,705,645	174,898,494
Cash assets	250,705,645	174,898,494
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 June 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

8.4. 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 June 2016:

Standard / Interpretation	Effective date (annual periods beginning on or after)
IAS 19 - Amendments (Defined Benefit Plans: Employee Contributions) The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service.	1-Feb-15
Annual Improvements to IFRSs 2010–2012 Cycle Annual Improvements to IFRSs 2010–2012 Cycle is a collection of amendments to IFRSs in response to eight issues addressed during the 2010–2012 cycle for annual improvements to IFRSs.	1-Feb-15
Amendments to IAS 1 - Presentation of Financial Statements (Disclosures) 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

Standard / Interpretation	Effective date (annual periods beginning on or after)
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

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) and subsequent amendments This standard introduces new requirements for classifying and measuring financial assets.	1-Jan-18
Amendments to IFRS 10 - "Consolidated Financial Statements", IFRS 12 - "Disclosure of Interests in Other Entities" and IAS 28 - "Investments in Associates and Joint Ventures" The purposed of these amendments is to clarify several issues regarding the application of the requirement for investment entities to measure subsidiaries at fair value instead of consolidating them.	1-Jan-16
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

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRS 14 (Regulatory Deferral Accounts) Permits an entity which is a first-time adopter of IFRS to continue to account, with some limited changes, for 'regulatory deferral account balances', in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.	1-Jan-16
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

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 June 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 June 2016 are comparable with those used in the preparation of 30 June 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 (three to six 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 fulfill 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 June 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 1.1)).

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 June 2016, Sonaecom, SGPS, S.A., had free distributable reserves amounting to approximately EUR 44 million. 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 June 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 June	Average	30 June	Average
Pounds Sterling	1.2099	1.2844	1.3908	1.3615
Swiss franc	0.9202	0.9126	0.9670	0.9452
Swedish krona	0.1061	0.1075	0.1072	0.1069
American Dollar	0.9007	0.8964	0.9116	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:

- (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 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 June 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 June 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 June 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:

- (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;
- (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 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 June 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 June 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	2,106	36	2,758	-	880	-	-	5,780
Balance at 30 June 2016	336,128	43,823	16,086	171	241,588	104	-	637,900
Net value	11,080	35	5,974	-	2,108	-	-	19,197
								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
Disposals	-	-	-	-	-	-	(1,600)	(1,600)
Balance at 30 June 2015	347,208	43,858	22,060	171	242,718	104	-	656,119
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	2,106	36	2,758	-	2,012	-	-	6,912
Balance at 30 June 2015	331,915	43,751	10,571	171	239,447	104	-	625,959
Net value	15,293	107	11,489	-	3,271	-	-	30,160

3. Intangible assets

The movement in intangible assets and in the corresponding accumulated amortisation and impairment losses in the periods ended at 30 June 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	-	168	-	168
Disposals	-	-	224	224
Transfers	-	407	(407)	-
Balance at 30 June 2016	9,719	193,127	-	202,846
Accumulated amortisation and impairment losses				
Balance at 31 December 2015	9,719	188,828	-	198,547
Amortisation for the period	-	1,037	-	1,037
Balance at 30 June 2016	9,719	189,865	-	199,584
Net value	-	3,262	-	3,262

				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 June 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	-	742	-	742
Balance at 30 June 2015	9,719	187,559	-	197,278
Net value	-	4,993	-	4,993

4. Breakdown of financial instruments

At 30 June 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)	158,939,791	-	-	158,939,791	-	158,939,791 ¹
	158,939,791	-	-	158,939,791	-	158,939,791
Current assets						
Other trade debtors (note 10)	3,699,424	-	-	3,699,424	123,493	3,822,917
Other current assets	-	-	613,663	613,663	52,351	666,014
Cash and cash equivalents (note 11)	250,705,645	-	-	250,705,645	-	250,705,645 ¹
	254,405,069	-	613,663	255,018,732	175,844	255,194,576
						2015
	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						
Financial assets at fair value through profit or loss (note 7)	-	168,153	-	168,153	-	168,153 ¹
Other non-current assets (note 8)	161,999,237	-	-	161,999,237	-	161,999,237 ¹
	161,999,237	168,153	-	162,167,390	-	162,167,390
Current assets						
Financial assets at fair value through profit or loss (note 7)	-	79,003,905	-	79,003,905	-	79,003,905 ¹
Other trade debtors (note 10)	2,743,563	-	-	2,743,563	2,062,911	4,806,474 ¹
Other current assets	-	-	296,870	296,870	-	296,870 ¹
Cash and cash equivalents (note 11)	174,898,494	-	-	174,898,494	-	174,898,494 ¹
	177,642,057	79,003,905	296,870	256,942,832	2,062,911	259,005,743 ¹
						2016
		Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total	
Non-current liabilities						
Other non-current liabilities	-	-	-	63,762	63,762 ¹	
	-	-	-	63,762	63,762	
Current liabilities						
Other creditors (note 16)		95,168	95,168	257,596	352,764	
Other current liabilities		413,430	413,430	166,959	580,389 ¹	
		508,598	508,598	424,555	933,153	
					2015	
		Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total	
Non-current liabilities						
Other non-current liabilities	-	-	-	232,362	232,362 ¹	
	-	-	-	232,362	232,362	
Current liabilities						
Other creditors (note 16)		339,554	339,554	46,637	386,191 ¹	
Other current liabilities		327,875	327,875	347,900	675,775 ¹	
		667,429	667,429	394,537	1,061,966	

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 June 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)	(115,025,618)	(106,283,215)
Total investments in Group companies	55,821,587	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 June 2016 and 2015 were as follows:

Company	Balance at 31 December 2015	Additions	Disposals	Transfers and write-offs	Balance at 30 June 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)	(430,000)	-	(6,012,405)	(115,025,618)
	49,347,142	12,486,850	-	(6,012,405)	55,821,587

*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 June 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 June 2016, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which presents total consolidated assets of Euro 1,067,823,144 total consolidated liabilities of Euro 70,310,363 consolidated operational revenues of Euro 68,282,589 and consolidated Shareholders' funds of Euro 997,492,781 including a consolidated net loss (attributable to the Shareholders of the parent company – Sonaecom, SGPS, S.A.) for the period ended at 30 June 2016 of Euro 2,259,101.

At 30 June 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):

Company	Head office	2016			2015		
		% holding	Shareholders' funds	Net profit / (loss)	% holding	Shareholders' funds	Net profit / (loss)
ZOPT (a) (note 6)	Matosinhos	50%	1,295,875,244	41,176,769	50%	1,287,675,319	35,896,733
Sonae IM*	Maia	100%	80,680,308	(259,317)	100%	81,853,171	298,025
Sonaecom BV	Amsterdam	100%	84,118	(25,111)	100%	329,305	(27,973)
PCJ	Maia	100%	225,808	199,215	100%	1,635,350	131,342
Sonaetelecom BV	Amsterdam	100%	(12,772)	(17,367)	100%	24,487	(22,029)
Sonaecom SP	Maia	100%	208,668	82,350	100%	75,256	(8,737)
Público	Maia	100%	(1,068,060)	(1,102,940)	100%	(1,253,482)	(1,521,746)

(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 June 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 June 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 June 2016 and 2015 were as follows:

Company	Balance at 31 December 2015	Additions	Disposals	Transfers and write-offs	Balance at 30 June 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 June 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 June 2016 ZOPT held 52.15% (50.01% at 30 June 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	10.5%
Growth rate in perpetuity	1.0%

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 June 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	(146,684)	(36,670)	38,877	-
	79,941,284	(64,261,645)	(15,718,516)	38,877	-

*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	-	21,342,287	-	79,003,905
Sonae SGPS	2,303,954	(2,729,817)	226,919	367,097	168,153
	59,965,572	(2,729,817)	21,569,206	367,097	79,172,058
Recorded under the caption non current assets (note 4)					168,153
Recorded under the caption current assets (note 4)					79,003,905

*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 June 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 June 2016 and 2015, respectively.

At 30 June 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	142,866
Level of inputs in the hierarchy of fair value	Level 1**	
Valuation method	Quoted price on the stock exchange	
Quoted price*	7.174	1.177
Fair value	79,003,905	168,153

* Used the share price of 30 June 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 June 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	3,315,000	4,135,000
Público	165,000	2,415,000
Sonaecom SP	160,000	420,000
	<u>22,235,000</u>	<u>18,455,000</u>
Supplementary capital:		
Zopt	115,000,000	115,000,000
Sonae IM*	29,519,791	30,289,791
Público	-	5,362,405
PCJ	-	1,189,445
	<u>144,519,791</u>	<u>151,841,642</u>
	<u>166,754,791</u>	<u>170,296,642</u>
Accumulated impairment losses (note 15)	<u>(7,815,000)</u>	<u>(8,297,405)</u>
	<u>158,939,791</u>	<u>161,999,237</u>

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

During the periods ended at 30 June 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	-	(375,000)	3,315,000
Público	165,000	-	-	165,000
Soanecom SP	160,000	-	-	160,000
	<u>19,330,000</u>	<u>3,280,000</u>	<u>(375,000)</u>	<u>22,235,000</u>
				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
	<u>19,420,000</u>	<u>4,005,000</u>	<u>(4,970,000)</u>	<u>18,455,000</u>

*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 June 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	(2,187,000)	30,289,792
Público	5,362,405	-	5,362,405
PCJ	1,189,445	-	1,189,445
	154,028,642	(2,187,000)	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 June 2016 and 2015, the loans granted to Group companies and joint ventures earned interest at market rates with an average interest rate of 2.54% and 3.08%, 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 June 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	2,044,150	2,172,229
Provisions not acceptable for tax purposes, impairment losses and others	120,683,314	115,185,229
CFEI	-	151
Total	122,727,464	117,357,609
Deferred tax assets	27,583,017	117,357,609

At 30 June 2016 and 2015, the deferred tax assets relating to tax losses carried forward have the following origin dates:

Year of origin	2016	2015
2014	429,272	456,168
	429,272	456,168

For the periods ended at 30 June 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 June 2016 and 2015 is as follows:

	2016	2015
Earnings before tax	10,200,573	29,451,217
Income taxation (21% in 2016 and 2015)	(2,142,120)	(6,184,756)
Correction of the tax of the previous year and other related taxes	(8,010)	(5,053)
Temporary differences from the exercise without record deferred tax assets	(611,295)	(104,275)
Adjustments of results not tax deductible	2,685,138	6,388,027
Use of losses carried forward, which deferred taxes were not recorded	47,794	-
Income taxation recorded in the period (note 19)	(28,493)	93,943

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 2013 (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 June 2016.

10. Other current debtors

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

	2016	2015
State and other public entities	123,493	2,062,911
Trade debtors	3,699,424	2,743,563
	3,822,917	4,806,474

At 30 June 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 June 2016 includes Recoverable VAT and at 30 June 2015 includes the special advanced payment, retentions and taxes to be recovered.

11. Cash and cash equivalents

At 30 June 2016 and 2015, the breakdown of cash and cash equivalents was as follows:

	2016	2015
Cash	654	597
Bank deposits repayable on demand	213,164,991	46,802,897
Treasury applications	37,540,000	128,095,000
	250,705,645	174,898,494

At 30 June 2016 and 2015, the caption 'Treasury applications' had the following breakdown:

	2016	2015
Bank applications	22,872,756	123,950,000
Sonae IM*	9,000,000	2,190,000
Público	4,310,000	1,665,000
Sonaecom SP	1,205,000	265,000
Sonae SGPS	127,244	-
Soanecom BV	-	20,000
PCJ	25,000	5,000
	37,540,000	128,095,000

*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 June 2016, the above mentioned treasury applications bear interests at an average rate of 0.8% (0.43% in 2015).

12. Share capital

At 30 June 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%

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 object of the offer and were, until the end of the respective period, subject to valid acceptance by the recipients of the offer.

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. During the year 2014 Sonaecom reduced its capital by Euro 136 million as a result of the extinction of the own

shares acquired (54,906,831 shares) and reduction of the nominal value of the remaining shares of capital stock of the Sonaecom Euro 1 to Euro 0.74 per share. Following this result, the Euronext announced the exclusion of Sonaecom PSI-20 from 24 February 2014.

As a return for the own shares acquired in this General Public Offer and Voluntary process Sonaecom delivered 26,476,792 shares representing the share capital of NOS which were recorded in the balance sheet by EUR 141,650,837 (note 7) and the amount of Euro 19,632 in cash, so as a result of this General Public and Voluntary Offer, assets and equity Sonaecom decreased by EUR 141,670,470.

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 June 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 June 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 June 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 June 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 June 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	430,000	6,012,405	115,025,618
Accumulated impairment losses on other non-current assets (notes 8 and 18)	10,917,405	2,910,000	(6,012,405)	7,815,000
Provisions for other liabilities and charges	241,811	48,509	-	290,320
	119,742,429	3,388,509	-	123,130,938
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	520,000	(20,000)	8,297,405
Provisions for other liabilities and charges	304,811	46,490	-	351,301
	113,440,431	1,491,490	-	114,931,921

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 June 2016, the increase of "Impairment losses on other non-current assets" mainly includes amounts related to impairment and financial investment adjustments.

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

	2016	2015
Other creditors	95,168	339,554
State and other public entities	257,596	46,637
	352,764	386,191

17. External supplies and services

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

	2016	2015
Specialised work	265,024	286,106
Travel and accommodation	43,173	27,923
Insurance	22,514	23,172
Rents	9,178	1,480
Communications	22,593	9,739
Other external supplies and services	24,510	34,960
	386,992	383,380

18. Financial results

Net financial results for the periods ended 30 June 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)	(3,340,000)	(1,445,000)
Dividends obtained (note 10)	8,000,000	7,315,500
	4,660,000	5,870,500
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)	(15,679,641)	21,569,206
Dividends obtained	1,762,005	1,541,720
Gains on disposals of financial assets at fair value through profit or loss	18,725,886	-
	4,808,250	23,110,926
Other financial expenses		
Interest expenses:		
Other loans	(345)	(2,510)
	(345)	(2,510)
Other financial expenses	(39,424)	(83,646)
	(39,769)	(86,156)
Other financial income		
Interest income	1,227,268	963,699
Foreign currency exchange gains	-	748
Other financial income	78,259	343,359
	1,305,527	1,307,806

In the period ended at 30 June 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'.

19. Income Taxation

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

	2016	2015
Current tax	(28,493)	93,943
Closing balance	(28,493)	93,943

20. Related parties

The most significant balances and transactions with related parties (which are detailed in the appendix) at 30 June 2016 and 2015 were as follows:

					Balances at 30 June 2016
	Accounts receivable (note 10)	Accounts payable (note 16)	Treasury applications (note 11)	Other assets / (liabilities)	Loans granted / (obtained) (note 8)
Parent Company					
Sonae SGPS	154,045	-	-	197,692	-
Subsidiaries					
PCJ	30,629	-	25,000	10,007	3,315,000
Público	1,945	-	4,310,000	9,172	165,000
Sonae IM*	79,060	5,317	9,000,000	6,783	18,595,000
Sonaecom BV	-	-	-	-	-
Sonae Telecom BV	-	-	-	-	-
Sonaecom SP	2,962	81,156	1,205,000	(129,607)	160,000
Others related parties					
Zopt SGPS	14,369	-	-	-	-
Digitmarket	54,628	44,025	-	(38,195)	-
Saphety	35,793	12,799	-	(335,344)	-
Sonaecenter II	29,286	-	-	-	-
Wedo	3,201,423	168,431	-	-	-
iTrust	-	-	-	(62,039)	-
NOS SGPS	-	-	-	452,604	-
NOS Comunicações	-	142	-	168,034	-
NOS Sistemas	-	103,242	-	5,272	-
Others	5,951	9,237	-	20,936	-
	3,610,091	424,349	14,540,000	305,315	22,235,000

*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.

					Balances at 30 June 2015
	Accounts receivable (note 10)	Accounts payable (note 16)	Treasury applications (note 11)	Other assets / (liabilities)	Loans granted / (obtained) (note 8)
Parent Company					
Sonae SGPS	(872)	-	-	(19,574)	-
Subsidiaries					
PCJ	152,052	-	5,000	19,186	4,135,000
Público	34,246	972,760	1,665,000	10,504	2,415,000
Sonae IM*	181,255	76,021	2,190,000	68,410	11,485,000
Sonaecom BV	275	118,477	20,000	276	-
Sonaecom SP	65,317	207,148	265,000	(71,390)	420,000
Others related parties					
Zopt SGPS	14,369	-	-	-	-
Digitmarket	85,306	1,505	-	(10,274)	-
Saphety	169,820	5,439	-	(248,751)	-
Sonaecenter II	37,333	-	-	-	-
Wedo	3,184,176	-	-	-	-
Mainroad	-	107,511	-	-	-
Others	11,635	24,786	-	(35,924)	-
	3,934,912	1,513,647	4,145,000	(287,537)	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 June 2016
	Sales and services rendered	Supplies and services received (note 17)	Interest and similar income / (expense) (note 18)	Supplementary income
Parent Company				
Sonae SGPS	-	-	796,657	(26)
Subsidiaries				
PCJ	-	-	62,099	-
Público	-	120	58,226	1,545
Sonae IM*	-	32,291	269,184	-
Sonaecom BV	-	-	-	-
Sonaetelecom BV	-	-	-	-
Sonaecom SP	-	130,259	17,396	-
Wedo	97,985	-	-	-
Others related parties				
Digitmarket	31,676	-	-	-
Saphety	31,676	1,024	-	-
Sonaecenter II	-	19,702	-	-
NOS Comunicações	-	22,795	(39,774)	-
Others	-	31,542	(6,842)	-
	161,337	237,733	1,156,946	1,519

*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 June 2015
	Sales and services rendered	Supplies and services received (note 17)	Interest and similar income / (expense) (note 18)	Supplementary income
Parent Company				
Sonae SGPS	-	-	213,841	56,831
Subsidiaries				
PCJ	-	-	117,766	-
Público	-	(36)	86,286	1,588
Sonae IM*	-	21,463	376,378	-
Sonaecom BV	-	-	551	-
Sonaetelecom BV	-	-	11	-
Sonaecom SP	-	168,363	19,639	-
Wedo	99,532	(800)	-	-
Others related parties				
Digitmarket	30,827	-	-	-
Saphety	30,827	1,030	-	-
Sonaecenter II	15,867	30,513	-	-
Raso - Viagens e turismo	-	20,933	-	-
Others	-	32,330	-	31,427
	177,053	273,796	814,472	89,846

*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 June 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 June 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 565,026.

At 30 June 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 10,172,080 negative in 2016 and Euro 29,545,160 in 2015) by the average number of shares outstanding during the periods ended at 30 June 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 June 2016 are as follows:

		Vesting period		30 June 2016	
	Share price 30.06.2016	Award date	Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares					
2013 Plan	0.705	10-Mar-14	10-Mar-17	2	303,888
2014 Plan	0.705	10-Mar-15	10-Mar-18	2	167,408
2015 Plan	0.705	10-Mar-16	10-Mar-19	2	227,525

During the period ended at 30 June 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 June 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 June 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 June 2016, were as follows:

	Value
Costs recognised in previous years	744,407
Costs recognised in the period	(3,012)
Costs of plans vested in the period	(510,673)
Total cost of the plans	230,721
Recorded in 'Other current liabilities	166,959
Recorded in 'Other non-current liabilities	63,762

These financial statements were approved by the Board of Directors on 27 July 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 June 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. Cape Technologies Limited Digitmarket-Sistemas de Informação,SA ITRUST - Cyber Security and Intellig.,SA 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 Saphety - Transacciones Electronicas SAS Saphety Brasil Transações Eletrônicas Ld Saphety Level - Trusted Services, SA SIRS - Sociedade Independente de Radiofusão Sonora, S.A. 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 Sysvalue Cons,Int e Seg SI,SA 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 B.V. - Sucursal Malaysia 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	Capwatt III - Heat Power, S.A.
ACCIVE Insurance Cons. e Franchising, Lda	Capwatt Maia - Heat Power, S.A.
Accive Insurance-Corretor de Seguros, SA	Capwatt Martim Longo - Solar Power, S.A.
ADD Avaliações Eng. Avale Perícias, Ltda	Capwatt Vale do Caima - Heat Power, S.A.
Adlands BV	Capwatt Vale do Tejo - Heat Power, S.A.
Aduanas Caspe, S.L.U.	CAPWATT, SGPS, S.A.
Aegean Park, SA	Carvemagere-Manut.e Energias Renov., Lda
Agepan Eiweiler Management GmbH	Casa da Ribeira-Sociedade Imobiliária, SA
Agloma Inmobiliaria y Servicios. S.L.	Cascaishopping Centro Comercial, SA
Agloma Investimentos, Sgps, S.A.	Cascaishopping Holding I, SGPS, SA
ALEXA Administration GmbH	CCCB Caldas da Rainha-Centro Comerc., SA
ALEXA Holding GmbH	Centro Colombo Centro Comercial, SA
ALEXA Shopping Centre GmbH	Centro Residencial da Maia, Urban., SA
Algarveshopping - Centro Comercial, SA	Centro Vasco da Gama Centro Comercial, SA
Aqualuz - Turismo e Lazer, Lda	Chão Verde-Soc. de Gestão Imobiliária, SA
Aqualuz Tróia-Expl.Hoteleira e Imob., SA	Cinclus Imobiliária, SA
Arat Inmuebles, S.A.	Citic Capital Sierra Limited
ARP Alverca Retail Park, SA	Citic Capital Sierra Prop. Man. Limited
Arrábidasshopping - Centro Comercial, SA	Citorres - Sociedade Imobiliária, SA
Aserraderos de Cuellar, SA	Coimbrashopping Centro Comercial, SA
Atelgen-Produção Energia, ACE	Colombo Towers Holding BV
Atlantic Ferries-Tráf. Loc. Flu. e Marít, SA	Comercial Losan Polonia SP. Z.O.O.
Avenida M-40 BV	Comercial Losan, S.L.U.
Azulino Imobiliária, S.A.	Comp. Pesca Comércio Cosal, SARL
BA Business Angels, SGPS, SA	Companhia Térmica do Serrado, ACE
BA Capital, SGPS	Companhia Térmica Tagol, Lda.
BB Food Service, SA	Contacto Concessões, SGPS, S.A.
Beeskow Holzwerkstoffe	Contibomba-Comérc.Distr.Combustíveis, SA
Beralands BV	Contimobe - Imobiliária Castelo Paiva, SA
Bertimóvel - Sociedade Imobiliária, S.A.	Continente Hipermercados, SA
BIG Picture 2 Films	Country Club da Maia-Imobiliária, SA
Bloco Q-Sociedade Imobiliária, SA	CTE-Central Termoeléc. do Estuário, Lda
Bom Momento - Restauração, S.A.	Cumulativa - Sociedade Imobiliária, S.A.
Canal 20 TV, SA	Discovery Sports, SA
Canasta-Empreendimentos Imobiliários, SA	DOC Malaga Holdings, S.L.
Candotal Spain, S.L.	DOC Malaga SITECO, S.L.U.
CAPWATT - Brainpower, S.A.	Dortmund Tower GmbH
Capwatt ACE, S.A.	Dos Mares Shopping Centre BV
Capwatt Colombo - Heat Power, S.A.	Dos Mares Shopping Centre, SA
Capwatt Engenho Novo - Heat Power, S.A.	Dreamia, Serv. de Televisão, SA
Capwatt Hectare - Heat Power, ACE	Ecociclo - Energia e Ambiente, SA
Capwatt II - Heat Power, S.A.	Efanor Investimentos, SGPS, S.A.

Sonae/Efanor/NOS Group Companies

Efanor Serviços de Apoio à Gestão, S.A.	Imobeauty, SA
Elergone Energias, Lda	Imoclub-Serviços Imobiliários, SA
Empracine - E. Pro. Act. Cinema, Lda	Imoconti - Sociedade Imobiliária, SA
Empreend.Imob.Quinta da Azenha,SA	Imodivor - Sociedade Imobiliária, SA
Enerlousado-Recursos Energéticos, Lda.	Imoestrutura - Sociedade Imobiliária, SA
Estação Viana Centro Comercial, SA	Imohotel-Emp.Turísticos Imobiliários,SA
Euroresinas-Indústrias Químicas,SA	Imomuro - Sociedade Imobiliária, SA
Farmácia Seleção, SA	Imopeninsula - Sociedade Imobiliária, SA
Fashion Division Canárias, SA	Imoplamac Gestão de Imóveis, SA
Fashion Division, S.A.	Imoponte - Sociedade Imobiliária, SA
Filmes Mundáfrica, SARL	Imoresort - Sociedade Imobiliária, SA
FINSTAR - Socied. Investim. Part. S.A.	Imoresultado - Sociedade Imobiliária, SA
Fozimo - Sociedade Imobiliária, SA	Imosedas - Imobiliária e Serviços, SA
Frases e Frações Imobiliária e Serv., SA	Imosistema - Sociedade Imobiliária, SA
Freccia Rossa - Shopping Centre, Srl	Impaper Europe GmbH
Fundo de Invest.Imobiliário Fec. Imosede	Implantação - Imobiliária, S.A.
Fundo Esp.Inv.Imo.Fec. WTC	Infofield - Informática, SA
Fundo I.I. Parque Dom Pedro Shop. Center	Inparvi SGPS, SA
Fundo Invest. Imobiliário Imosonae Dois	Interlog-SGPS, SA
Fundo Invest.Imob.Shopp. Parque D. Pedro	Ioannina Develop.of Shopping Centres, SA
Funtobar Spain SL	Isoroy SAS
Gaiashopping I Centro Comercial, SA	Land Retail BV
Gaiashopping II Centro Comercial, SA	Larim Corretora de Resseguros, Ltda
GHP GmbH	Larissa Develop. of Shopping Centers, SA
Gli Orsi Shopping Centre 1, Srl	Lazam MDS Corretora e Adm. Seguros, SA
Global Usebti, S.L.	Le Terrazze - Shopping Centre 1, Srl
Glunz AG	Libra Serviços, Lda
Glunz Service GmbH	Loop 5 Shopping Centre GmbH
Glunz UK Holdings Ltd	Losan Colombia, S.A.S.
Glunz Uka GmbH	Losan Overseas Textile, S.L.
Golf Time-Golfe e Invest. Turísticos, SA	Losan Tekstil Urun.V E Dis Ticaret, L.S.
Guimarãesshopping Centro Comercial, SA	Lusomundo Audiovisuais, SA
Harvey Dos Iberica, SL	Lusomundo Imobiliária 2, SA
Herco Consult.Risco Corret.Seguros, Ltda	Lusomundo Moçambique, Lda
Herco Consultoria de Risco, S.A.	Lusomundo Soc. Inv. Imob. SA
HighDome PCC Limited	Luz del Tajo BV
HighDome PCC Limited (Cell Europe)	Luz del Tajo Centro Comercial, SA
Iberia Shop.C. Venture Coöperatief U.A.	Madeirashopping Centro Comercial, SA
Iberian Assets, SA	Maiashopping Centro Comercial, SA
Iberosegur-Soc. Ibérica Med. Seguros,Lda	Maiequipa - Gestão Florestal, SA
Igimo - Sociedade Imobiliária, SA	Marcas MC, zRT
Iginha - Sociedade Imobiliária, SA	Marina de Tróia S.A.

Sonae/Efanor/NOS Group Companies

Marmagno-Expl.Hoteleira Imob.,SA	Parcelas e Narrativas - Imobiliária SA
Marvero-Expl.Hoteleira Imob.,SA	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 Ócio 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	Poliface North America
Norte Shop. Retail and Leisure Centre BV	Ponto de Chegada - Soc. Imobiliária, SA
Norteshopping Centro Comercial, SA	Porturbe-Edifícios e Urbanizações,SA
NOS Açores Comunicações, S.A.	Praedium - Serviços, SA
NOS Communications S.à.r.l.	Praedium II - Imobiliária, SA
NOS Comunicações, S.A.	Predicomercial - Promoção Imobiliária,SA
NOS Inovação 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 Deustchland GmbH	Project Sierra Four Srl
Pantheon Plaza BV	Project Sierra Germany 2 (two)-Sh.C.GmbH
Paracentro - Gestão de Galerias Com., SA	Project Sierra Germany 4 (four)-S.C.GmbH

Sonae/Efanor/NOS Group Companies

Project Sierra Spain 1 BV	Sierra Investments (Holland) 1 BV
Project Sierra Spain 2 - C.Comercial, SA	Sierra Investments (Holland) 2 BV
Project Sierra Two Srl	Sierra Investments Holding BV
Promessa Sociedade Imobiliária, S.A.	Sierra Investments SGPS, SA
Proyecto Cúcuta S.A.S.	Sierra Italy, Srl
QCE-Desenv. e Fabrico de Equipamentos,SA	Sierra Management, SGPS, SA
Racionaliz. y Manufact.Florestales,SA	Sierra Portugal, SA
River Plaza BV	Sierra Project Nürnberg BV
River Plaza Mall, Srl	Sierra Real Estate Greece BV
Ronfegen-Recursos Energéticos, Lda.	Sierra Romania Sh. Centers Services Srl
RSI Corretora de Seguros, Ltda	Sierra Services Holland 2 BV
S.C. Microcom Doi Srl	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.Forme.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.	Soc.Inic.Aproveit.Florest.-Energias,SA
Selfa-Soc. de Empreend. Imobiliários,SA	Société de Tranchage Isoroy SAS.
Sempre à Mão - Sociedade Imobiliária, SA	Socijofra - Sociedade Imobiliária, SA
Sesagest - Proj. Gestão Imobiliária, SA	Sociloures - Sociedade Imobiliária, SA
Sete e Meio Herdades-Inv. Agr. e Tur.,SA	Soflorin BV
SFS - Serviços de Gestão e Marketing, SA	Soira-Soc.Imobiliária de Ramalde,SA
Shopping Centre Colombo Holding BV	Solinca - Health & Fitness, SA
Shopping Centre Parque Principado BV	Solinca-Investimentos Turisticos,SA
SIAL Participações, Lda	Solinfitness - Club Malaga, S.L.
Sierra Asia Limited	Solingen Shopping Center GmbH
Sierra Berlin Holding BV	Soltroia-Imob.de Urb.Turismo de Tróia,SA
Sierra Brazil 1 BV	Somit Imobiliária, SA
Sierra Cevital Shopping Center, Spa	Sonae Arauco France SAS
Sierra Core Assets Holdings, B.V.	Sonae Capital Brasil, Lda
Sierra Corporate Services Holland BV	Sonae Capital, SGPS, SA
Sierra Developments Holding BV	Sonae Center Serviços II, SA
Sierra Developments, SGPS, SA	Sonae Financial Services, S.A.
Sierra European R.R.E. Assets Hold. BV	Sonae Ind., Prod. e Com.Deriv.Madeira,SA
Sierra Germany GmbH	Sonae Industria (UK),Ltd
Sierra GP, Limited	Sonae Industria de Revestimentos,SA
Sierra Greece, SA	Sonae Indústria-SGPS,SA
Sierra Investimentos Brasil Ltda	Sonae Investimentos, SGPS, SA

Sonae/Efanor/NOS Group Companies

Sonae Investments BV	Tafisa UK,Ltd
Sonae MC - Modelo Continente, SGPS, SA	Tafisa-Tableros de Fibras, SA
Sonae Novobord (PTY) Ltd	Taiber,Tableros Aglomerados Ibéricos,SL
Sonae RE, S.A.	Teconologias del Medio Ambiente,SA
Sonae Retalho España-Serv.Generales, SA	Teliz Holding B.V.
Sonae SGPS, SA	Têxtil do Marco, SA
Sonae Sierra Brasil, SA	The Artist Porto Hot.&Bistrô-Act.Hot.,SA
Sonae Sierra Brazil, BV / SARL	The House Ribeira Hotel - Expl. Hot., SA
Sonae Sierra, SGPS, SA	Tlantic BV
Sonae Specialized Retail, SGPS, SA	Tlantic Portugal - Sist.de Informação,SA
Sonae SR Malta Holding Limited	Tlantic Sistemas de Informação, Ltda
Sonae Tafibra Benelux, BV	Tool Gmbh
Sonaecenter Serviços, SA	Troia Market-Supermercados, S.A.
Sonaegeest-Soc.Gest.Fundos Investimentos	Troia Natura, S.A.
Sonaerp - Retail Properties, SA	Troiareport, SGPS, S.A.
SONAESR - Serviços e logística, SA	Troiareport-Investimentos Turísticos, SA
Sondis Imobiliária, SA	Tulipamar-Expl.Hoteleira Imob.,SA
Sontaria-Empreend.Imobiliários,SA	Turismo da Samba (Tusal), SARL
Sontel BV	UNIPRESS - Centro Gráfico, Lda.
Sonvecap BV	Unishopping Consultoria Imobiliária,Ltda
Sopair, S.A.	UP INVEST, SGPS, S.A.
Sótaqua - Soc. de Empreendimentos Turist	Upstar Comunicações SA
Soternix-Produção de Energia, ACE	Urbisedas-Imobiliária das Sedas,SA
Spanboard Products,Ltd	Usebti Textile México S.A. de C.V.
SPF - Sierra Portugal	Valor N, SA
Spinarq Moçambique, Lda	Via Catarina Centro Comercial, SA
Spinarq-Engenharia,Energia e Ambiente,SA	Vistas do Freixo-Emp.Tur.Imobiliários,SA
Spinveste - Promoção Imobiliária, SA	Vuelta Omega, S.L.
Spinveste-Gestão Imobiliária SGII,SA	Weierstadt Shopping BV
Sport TV Portugal, SA	Worten - Equipamento para o Lar, SA
Sport Zone Canárias, SL	Worten Canárias, SL
Sport Zone España-Com.Art.de Deporte,SA	Worten España Distribución, SL
Sport Zone spor malz.per.satis ith.ve ti	ZAP Cinemas, S.A.
Spred, SGPS, SA	ZAP Media S.A.
Tableros Tradema,S.L.	ZAP Publishing, S.A.
Tafiber,Tableros de Fibras Ibéricas,SL	Zippy - Comércio e Distribuição, SA
Tafibra South Africa (PTY) Ltd.	Zippy - Comercio y Distribución, SA
Tafibra Suisse, SA	Zippy cocuk malz.dag.ith.ve tic.ltd.sti
Tafisa Canadá Societé en Commandite	ZOPT, SGPS, S.A.
Tafisa France, SA	ZYEvolution-Invest.Desenv.,SA

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

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