

MANAGEMENT REPORT AND ACCOUNTS

1Q16



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.



1. Main Highlights

Consolidated turnover of 29.8 million euros, in line with the 4Q15

At NOS, continued acceleration in y.o.y financial trends led by strong operational momentum in the core telco business

Turnover of 26.6 million euros at the Technology area with international markets weighting 53%

Net income of negative 12.4 million euros explained by NOS direct stake fair value adjustment (or positive 2.4 million euros, excluding this impact)

2. Sonaecom Consolidated Results

Telecommunications area, which includes a 50% stake in ZOPT - consolidated through the equity method - which owns 50.01% stake in NOS, continues with a strong performance. However, net income was negatively impacted by NOS direct stake fair value adjustment. In the Technology area, portfolio expansion initiatives continued to be deployed. The creation of Bright Pixel, already launched in April, positioned as a company builder studio, represents a significant reinforcement targeting early stage investment opportunities.

Turnover

Consolidated turnover in 1Q16 reached 29.8 million euros, decreasing 6.8% when compared to 1Q15. This reduction was driven by a 8.4% decrease in service revenues and a 3.0% decrease in sales.

Operating costs

Operating costs amounted to 30.6 million euros, 2.1% below 1Q15. Personnel costs grew 2.2% driven by the increase in the average number of employees. Commercial costs decreased 4.7% to 8.3 million euros, driven by the decrease in cost of goods sold of Technology area, aligned with the lower 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 4.5 million euros, 28.2% below 1Q15, essentially on the back of underlying EBITDA decrease. The equity results, which are mostly impacted by ZOPT contribution, which in turn depends on NOS net income evolution, also decreased by 3.5%.

Net results

Sonaecom's EBIT decreased 53.3% to 2.0 million euros, explained by the lower level of EBITDA and higher level of depreciations.

Net financial results reached negative 15.9 million euros in 1Q16, negatively impacted by NOS direct stake fair value adjustment at market price, amounting to 15.3 million euros. In 1Q15, the fair value adjustment was positive by 16.6 million euros.

Sonaecom's earnings before tax (EBT) decreased to negative 13.9 million euros, mainly driven by the lower net financial results.

Net results group share stood at negative 12.4 million euros, which compares with positive 21.3 million euros in 1Q15.

Operating CAPEX

Sonaecom's operating CAPEX increased to 1.8 million euros, reaching 6.2% of turnover, 0.6 p.p. above 1Q15.

Capital structure

The cash position decreased 2.7 million euros since March 2015 reaching 166.0 million euros.

2.1 Telecommunications

NOS operating revenues were 370.3 million euros in 1Q16, growing 7.6% y.o.y.

EBITDA reached 137.9 million euros, increasing 7.8% when compared to 1Q15 and representing a 37.2% EBITDA margin.

Recurrent CAPEX amounted to 69.4 million euros in 1Q16, an increase of 1.9% y.o.y. As a consequence of EBITDA and CAPEX evolution, EBITDA-Recurrent CAPEX increased 14.4%.

Net Financial Debt to EBITDA stood at 1.9x at the end of 1Q16 and the average maturity of the company's net financial debt reached 3.3 years.

NOS published its 1Q16 results on 26th April, 2016, which are available at www.nos.pt.

During 1Q16, the NOS share price decreased 19.1% from €7.246 to €5.86, whilst PSI20 decreased by 5.5%.

Operational Indicators

Operational Indicators ('000)	1Q15	1Q16	Δ 16/15	4Q15	q.o.q.
Total RGUs	7,790.4	8,595.0	10.3%	8,464.8	1.5%
Convergent RGUs	2,194.5	2,988.6	36.2%	2,853.7	4.7%
IRIS subscribers	742.6	899.6	21.1%	865.0	4.0%
3,4 and 5P subscribers	878.1	995.4	13.4%	968.4	2.8%

Financial indicators

Million euros					
NOS HIGHLIGHTS	1Q15	1Q16	Δ 16/15	4Q15	q.o.q.
Operating Revenues	344.1	370.3	7.6%	376.4	-1.6%
EBITDA	127.9	137.9	7.8%	123.3	11.9%
EBITDA margin (%)	37.2%	37.2%	+0.1pp	32.7%	+4.5pp
Net Income	23.2	24.4	5.0%	9.2	165.7%
CAPEX	94.3	95.1	0.8%	113.7	-16.3%
EBITDA-CAPEX	33.6	42.8	27.4%	9.6	-
RECURRENT CAPEX	68.2	69.4	1.9%	79.7	-12.8%
EBITDA-RECURRENT CAPEX	59.7	68.5	14.4%	43.5	57.4%



2.2 Technology

The Technology area continued to pursue its active portfolio strategy, aiming at strengthening its position as a technological reference at an international scale, in selected IT areas, through organic and non-organic growth.

This area currently comprises five companies in the IT/IS sector that generated circa 53.0% of its revenues outside the Portuguese market with 44% out of the total 926 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 from the retail, energy and finance industries, as well as 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.

During the quarter, WeDo also obtained the renewal of ISO 27001 certification and it should also be highlighted that the company has won four new telecom customers (1 in Europe, 1 in Asia Pacific, 1 in North America and 1 in Africa), continuing to enlarge its customer base around the world. The number of Software installations under active Software Maintenance contracts has also increased from 150 (end of 2015) to 157. Almost all are related to RAID Revenue Assurance and Fraud Management software but also to its Broker Family (Incentives Broker).

At the end of 1Q16, 75.1% of its turnover was generated in the international market and more than 9% in non-telecom industries.

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

It should also be highlighted an increase in revenues, when compared to 1Q15, 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 quarter has been marked by a significant improvement on orders and profitability, coupled with a good commercial activity with some important new contracts including Validoo Sweeden, ADIF Spain, *Serviços Partilhados do Ministério da Saúde* and Brisa. **Saphety's customer** base has now over 8,500 customers and 129,000 users in about 26 countries. Importantly, in this period, international revenues increased more than 50% when compared to the same period of 2015 and represented more than 45% of total revenues. Also relevant, the profitability (EDITDA) grew 22% when compared to 1Q15.

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

In 1Q16 Bizdirect turnover decreased 4%, despite the positive performance of IT investments in Software and Solutions area. Nearshore business model supported by Bizdirect Competence Center in Viseu already counts with 15 international customers from 10 countries and has tripled 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 7.1% 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 will be 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 will promote a close relationship with its partners' technology and business needs in themes such as retail, media, cyber-security and telecommunications.

Financial indicators

Million euros

TECHNOLOGY AREA	1Q15	1Q16	Δ 16/15	4Q15	q.o.q.
Turnover	28.3	26.6	-6.2%	26.2	1.3%
Service Revenues	20.9	19.3	-7.9%	20.4	-5.7%
Sales	7.4	7.3	-1.6%	5.8	26.0%
Other Revenues	0.4	0.3	-34.9%	1.0	-74.3%
Operating Costs	26.6	26.3	-1.3%	23.7	11.1%
Personnel Costs	9.7	10.0	3.5%	9.4	6.4%
Commercial Costs ⁽¹⁾	7.7	7.3	-4.5%	5.6	29.7%
Other Operating Costs ⁽²⁾	9.2	8.9	-3.6%	8.6	4.0%
EBITDA	2.1	0.5	-74.1%	3.5	-84.8%
Underlying EBITDA ⁽³⁾	2.1	0.5	-74.4%	3.5	-84.8%
Underlying EBITDA Margin (%)	7.4%	2.0%	-5.4pp	13.5%	-11.5pp
Operating CAPEX ⁽⁴⁾	1.6	1.8	7.9%	2.3	-24.1%
Operating CAPEX as % of Turnover	5.8%	6.7%	0.9pp	8.9%	-2.2pp
Underlying EBITDA - Operating CAPEX	0.5	-1.2	-	1.2	-
Total CAPEX	1.6	1.8	7.9%	2.3	-24.1%

(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 decreased 6.2% y.o.y., to 26.6 million euros, although showing a slight increase when compared to 4Q15. Service Revenues decreased 7.9% to 19.3 million euros while Sales decreased by 1.6% to 7.3 million euros.

Operating costs

Operating costs decreased 1.3%, reaching 26.3 million euros, impacted by lower commercial costs and lower other operational costs, despite higher staff costs. Staff costs increased 3.5% driven by the growth in the number of employees (from 863 to 926). Commercial costs decreased 4.5% when compared to 1Q15, to 7.3 million euros, backed by a lower cost of goods sold, consistent with the lower level of sales. Other operating costs decreased 3.6%.

EBITDA

Total EBITDA declined 74.1%, which is explained by the decrease of underlying EBITDA.

Underlying EBITDA reached 0.5 million euros, falling 74.4% y.o.y., and reaching a margin of 2.0%.

Underlying EBITDA-operating CAPEX

Underlying EBITDA-operating CAPEX stood at negative 1.2 million euros, decreasing when compared to 1Q15, explained by the lower level of underlying EBITDA and the higher level of CAPEX.

2.3 Media

During the 1Q16, 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.

The positive performance of online revenues (both in advertising and subscriptions) coupled with the increasing cost reduction, resulting from the restructuring initiatives implemented at the end of 2015, mitigated the negative evolution of offline revenues, resulting in a still negative EBITDA of 0.7 million euros.

3. Subsequent events

On 29 April 2016, at the company's Annual General Meeting, Sonaecom's shareholders decided the following:

1. To approve the Company's Annual Report and the Individual and Consolidated Accounts for the year ended 31 December 2015;
2. To approve the Board of Directors proposal to allocate the net income of Sonaecom Individual accounts, in the amount of 34,389,062.32 euros as follows:
 - a. 1,719,453.12 euros to legal reserves;
 - b. 18,057,722.15 euros is paid to shareholders;
 - c. Transfer of the remaining 14,611,887.05 euros to "Other reserves";

Considering that it will not be possible to determine precisely the number of own shares that will be held by the company on the date of the abovementioned payment, without limiting the company's capacity for intervention, it was highlighted the following:

- To each share issued will be paid the gross amount of 0.058 euros;
 - The amount corresponding to the shares that belong to the Company itself on the day of the payment of the abovementioned amount (calculated on said unit amount of 0.058 euros per issued share) will not be paid to shareholders, but will instead be maintained in other reserves;
3. To approve a vote of appreciation and confidence in the work performed by the Board of Directors, Statutory Audit Board and Statutory External Auditor of Sonaecom, SGPS, S.A., during the year ended 31 December 2015;
 4. To elect the members to the Board of the Shareholders' General Meeting, Board of Directors, Statutory Audit Board and Shareholders' Remuneration Committee for the new four-year mandate 2016 to 2019;
 5. To elect the Company's Statutory External Auditor for the new four-year mandate 2016 to 2019;
 6. To approve the Remuneration Policy adopted for the members of the Statutory Governing Bodies and for Persons Discharging Managerial Responsibilities ("Dirigentes"), as well as Sonaecom's shares attribution plan, and respective Regulations to be applied by the Remuneration Committee, under the proposal previously disclosed;
 7. To approve the remuneration of the members of the Shareholders' Remuneration Committee;
 8. To authorise the Board of Directors, over the next 18 months, to purchase and sale of own shares up to the legal limit of 10% as per the terms of the proposal presented by that body and previously disclosed;
 9. To authorise the Board of Directors, over the next 18 months, and under the terms of Paragraph 2 of Article 325-B of Portuguese Company Law, the purchase and holding of shares of the Company by its controlled companies, as per the terms of the proposal presented by that body and previously disclosed.

4. Appendix

Consolidated income statement

Million euros

CONSOLIDATED INCOME STATEMENT	1Q15	1Q16	Δ 16/15	4Q15	q.o.q.
Turnover	32.0	29.8	-6.8%	29.8	-0.2%
Service Revenues	22.4	20.5	-8.4%	21.9	-6.5%
Product Sales	9.6	9.3	-3.0%	7.9	17.3%
Other Revenues	0.5	0.4	-13.0%	1.1	-61.5%
Operating Costs	31.3	30.6	-2.1%	30.8	-0.4%
Personnel Costs	12.2	12.5	2.2%	14.0	-11.0%
Commercial Costs ⁽¹⁾	8.7	8.3	-4.7%	6.8	21.7%
Other Operating Costs ⁽²⁾	10.4	9.9	-5.1%	9.9	-0.5%
EBITDA	6.2	4.5	-28.2%	1.7	168.0%
Underlying EBITDA ⁽³⁾	1.1	-0.4	-	1.9	-
Non recurrent itens	0.0	0.0	-	-1.8	100.0%
Equity method ⁽⁴⁾	5.1	4.9	-3.5%	1.5	-
Underlying EBITDA Margin (%)	3.6%	-1.5%	-5.0pp	6.4%	-7.9pp
Depreciation & Amortization	1.9	2.4	29.3%	5.2	-53.5%
EBIT	4.3	2.0	-53.3%	-3.6	-
Net Financial Results	17.5	-15.9	-	-0.5	-
Financial Income	18.0	1.2	-93.5%	-2.0	-
Financial Expenses	0.5	17.1	-	-1.5	-
EBT	21.8	-13.9	-	-4.1	-
Tax results	-1.1	1.1	-	-1.8	-
Net Results	20.7	-12.7	-	-5.8	-118.4%
Group Share	21.3	-12.4	-	-5.7	-118.0%
Attributable to Non-Controlling Interests	-0.6	-0.4	38.0%	-0.2	-133.5%

(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	1Q15	1Q16	Δ 16/15	4Q15	q.o.q.
Total Net Assets	1,120.3	1,060.4	-5.3%	1,092.7	-3.0%
Non Current Assets	792.8	766.1	-3.4%	773.6	-1.0%
Tangible and Intangible Assets	28.9	28.4	-1.7%	28.9	-1.8%
Goodwill	29.1	26.3	-9.4%	26.9	-2.1%
Investments	728.0	703.9	-3.3%	711.5	-1.1%
Deferred Tax Assets	6.6	7.2	9.2%	6.1	18.3%
Others	0.3	0.3	-9.2%	0.3	1.6%
Current Assets	327.5	294.3	-10.1%	319.0	-7.8%
Trade Debtors	40.6	37.5	-7.4%	40.1	-6.4%
Liquidity	180.2	172.7	-4.2%	181.1	-4.7%
Others	106.7	84.1	-21.2%	97.8	-14.0%
Shareholders' Funds	1,047.3	999.6	-4.6%	1,025.2	-2.5%
Group Share	1,048.6	1,001.6	-4.5%	1,026.9	-2.5%
Non-Controlling Interests	-1.3	-2.1	-62.1%	-1.7	-21.6%
Total Liabilities	73.0	60.8	-16.7%	67.5	-9.9%
Non Current Liabilities	13.7	8.8	-35.3%	15.0	-41.2%
Bank Loans	9.4	4.5	-51.9%	8.6	-47.0%
Provisions for Other Liabilities and Charges	2.8	3.0	6.6%	4.2	-28.9%
Others	1.4	1.3	-8.5%	2.2	-42.1%
Current Liabilities	59.3	52.0	-12.4%	52.4	-0.9%
Loans	1.3	1.0	-23.4%	2.2	-52.4%
Trade Creditors	23.7	18.5	-21.8%	19.0	-2.3%
Others	34.3	32.4	-5.5%	31.3	3.6%
Operating CAPEX ⁽¹⁾	1.8	1.8	2.5%	2.5	-25.4%
Operating CAPEX as % of Turnover	5.6%	6.2%	0.6pp	8.3%	-2.1pp
Total CAPEX	1.8	1.8	2.5%	2.5	-25.4%
Underlying EBITDA - Operating CAPEX	-0.7	-2.3	-	-0.5	-
Gross Debt	11.5	6.8	-40.8%	12.1	-43.4%
Net Debt	-168.7	-166.0	1.6%	-169.1	1.8%

(1) Operating CAPEX excludes Financial Investments.

Consolidated levered FCF

Million euros

LEVERED FREE CASH FLOW	1Q15	1Q16	Δ 16/15	4Q15	q.o.q.
Underlying EBITDA-Operating CAPEX	-0.7	-2.3	-	-0.5	-
Change in WC	-1.0	0.7	-	0.9	-29.3%
Non Cash Items & Other	-1.5	0.0	97.2%	-0.7	94.3%
Operating Cash Flow	-3.1	-1.6	46.9%	-0.3	-
Investments	0.0	0.0	-	0.0	-
Dividends	0.0	0.0	-	0.0	-
Financial results	2.1	-1.2	-	0.9	-
Income taxes	-0.7	-0.2	77.4%	-0.9	82.1%
FCF ⁽¹⁾	-1.7	-3.0	-80.9%	-0.2	-

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

5. Financial Information

5.1. Sonaecom consolidated financial statements

Consolidated balance sheets

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

(Amounts expressed in Euro)	Notes	March 2016 (not audited)	March 2015 (not audited and restated)	December 2015
Assets				
Non-current assets				
Tangible assets	1.c, 1.h and 5	2,702,661	2,610,841	2,837,779
Intangible assets	1.d, 1.e and 6	25,665,314	26,242,051	26,048,604
Goodwill	1.f, 1.w and 7	26,329,694	29,062,368	26,893,310
Investments in associated companies and companies jointly controlled	1.b and 8	703,677,256	726,755,418	711,234,593
Financial assets at fair value through profit or loss	1.g, 4 and 9	-	1,069,775	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	287,674	318,270	283,400
Deferred tax assets	1.p, 1.s and 11	7,213,478	6,604,112	6,098,375
Total non-current assets		765,966,856	792,775,889	773,631,317
Current assets				
Financial assets at fair value through profit or loss	1.g, 4 and 9	64,533,438	75,894,216	79,796,807
Inventories	1.i	400,111	1,657,788	398,911
Trade debtors	1.g, 1.j, 4 and 22	37,549,416	40,566,692	40,114,875
Other current debtors	1.g, 1.j, 4 and 22	7,530,620	16,727,772	7,249,940
Other current assets	1.g, 1.r, 1.x, 4 and 22	11,732,437	12,075,927	10,357,955
Cash and cash equivalents	1.g, 1.k, 4 and 12	172,682,128	180,181,809	181,120,060
Total current assets		294,428,150	327,104,204	319,038,548
Total assets		1,060,395,006	1,119,880,093	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	791,329,798	804,570,897	769,609,304
Consolidated net income/(loss) for the year		(12,386,884)	21,286,031	34,610,042
		1,001,647,589	1,048,561,603	1,026,924,021
Non-controlling interests		(2,074,628)	(1,279,737)	(1,706,447)
Total Shareholders' funds		999,572,961	1,047,281,866	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	4,539,154	9,042,380	8,565,175
Other non-current financial liabilities	1.h, 4 and 16	666,555	491,436	798,762
Provisions for other liabilities and charges	1.o, 1.s and 17	3,019,794	2,820,823	4,292,553
Other non-current liabilities	1.r, 1.x, 4, 22 and 26	624,185	919,490	1,429,735
Total non-current liabilities		8,849,688	13,274,129	15,086,225
Current liabilities				
Short-term loans and other loans	1.l, 1.m, 4 and 15.b	1,031,187	1,308,396	2,169,314
Trade creditors	4 and 22	18,547,037	23,714,139	18,992,038
Other current financial liabilities	1.h, 4 and 18	486,743	294,080	520,461
Other creditors	4 and 22	4,855,525	7,336,890	4,592,073
Other current liabilities	1.r, 1.x, 4, 22 and 26	27,051,865	26,670,593	26,092,180
Total current liabilities		51,972,357	59,324,098	52,366,066
Total Shareholders' funds and liabilities		1,060,395,006	1,119,880,093	1,092,669,865

The notes are an integral part of the consolidated financial statements at 31 March 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo Xavier

Maria Cláudia Teixeira de Azevedo

Consolidated profit and loss account by nature

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

(Amounts expressed in Euro)	Notes	March 2016 (not audited)	March 2015 (not audited)	December 2015
Sales	1.r and 22	9,322,425	9,612,473	39,968,292
Services rendered	1.r and 22	20,465,835	22,351,994	89,545,612
Other operating revenues	1.q and 22	396,282	477,636	2,371,294
		30,184,542	32,442,103	131,885,198
Cost of sales	1.i	(7,496,181)	(7,894,193)	(32,184,381)
External supplies and services	1.h, 19 and 22	(10,500,867)	(10,949,101)	(43,939,316)
Staff expenses	1.x and 26	(12,479,517)	(12,210,823)	(51,294,337)
Depreciation and amortisation	1.c, 1.d, 1.f, 5, 6 and 7	(2,440,890)	(1,887,846)	(10,799,317)
Provisions and impairment losses	1.j, 1.o, 1.w and 17	(70,862)	(204,945)	(503,233)
Other operating costs		(89,207)	(46,598)	(321,960)
		(33,077,524)	(33,193,506)	(139,042,544)
Gains and losses in associated companies and companies jointly controlled	1.b, 8 and 20	4,887,603	5,066,618	17,843,497
Gains and losses on financial assets at fair value through profit or loss	1.g, 9 and 20	(15,300,040)	16,994,414	23,886,616
Other financial expenses	1.h, 1.m, 1.v, 1.w, 20 and 22	(1,747,606)	(476,762)	(853,224)
Other financial income	1.v, 20 and 22	1,171,223	986,124	1,722,969
Current income / (loss)		(13,881,802)	21,818,991	35,442,512
Income taxation	1.p, 11 and 21	1,136,924	(1,110,369)	(2,289,494)
Consolidated net income/(loss) for the period of continued operations		(12,744,878)	20,708,622	33,153,018
Consolidated net income/(loss) for the period		(12,744,878)	20,708,622	33,153,018
Attributed to:				
Shareholders of parent company	25	(12,386,884)	21,286,031	34,610,042
Non-controlling interests		(357,994)	(577,409)	(1,457,024)
Earnings per share	25			
Including discontinued operations:				
Basic		(0.04)	0.07	0.11
Diluted		(0.04)	0.07	0.11
Excluding discontinued operations:				
Basic		(0.04)	0.07	0.11
Diluted		(0.04)	0.07	0.11

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

(Amounts expressed in Euro)	Notes	March 2016 (not audited)	March 2015 (not audited)	December 2015
Consolidated net income / (loss) for the period		(12,744,878)	20,708,622	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	(12,450,811)	7,364,505	(12,529,597)
Changes in currency translation reserve and other	1.v	(438,737)	812,579	(77,370)
Consolidated comprehensive income for the period		(25,634,426)	28,885,706	20,546,051
Attributed to:				
Shareholders of parent company		(25,276,432)	29,463,115	22,003,075
Non-controlling interests		(357,994)	(577,409)	(1,457,024)

The notes are an integral part of the consolidated financial statements at 31 March 2016 and 2015.

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Consolidated movements in shareholders' funds

For the periods ended at 31 March 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)	-
Consolidated comprehensive income for the period ended at 31 March 2016	-	-	-	-	-	(12,889,548)	(12,889,548)	-	(12,386,884)	(25,276,432)
Balance at 31 March 2016	230,391,627	(7,686,952)	775,290,377	15,163,177	7,686,952	(6,810,708)	791,329,798	-	(12,386,884)	1,001,647,589
Non-controlling interests										
Balance at 31 December 2015	-	-	-	-	-	-	-	(1,706,447)	-	(1,706,447)
Non-controlling interests in comprehensive income	-	-	-	-	-	-	-	(357,994)	-	(357,994)
Dividend distribution	-	-	-	-	-	-	-	(29,740)	-	(29,740)
Percentage change in subsidiaries	-	-	-	-	-	-	-	5,934	-	5,934
Other changes	-	-	-	-	-	-	-	13,619	-	13,619
Balance at 31 March 2016	-	-	-	-	-	-	-	(2,074,628)	-	(2,074,628)
Total	230,391,627	(7,686,952)	775,290,377	15,163,177	7,686,952	(6,810,708)	791,329,798	(2,074,628)	(12,386,884)	999,572,961

The notes are an integral part of the consolidated financial statements at 31 March 2016 and 2015.

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Consolidated movements in shareholders' funds (continued)

For the periods ended at 31 March 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)	-
Consolidated comprehensive income for the period ended at 31 March 2015	-	-	-	-	-	8,177,084	8,177,084	-	21,286,031	29,463,115
Balance at 31 March 2015	230,391,627	(7,686,952)	775,290,377	13,443,724	7,686,952	8,149,844	804,570,897	-	21,286,031	1,048,561,603
Non-controlling interests										
Balance at 31 December 2014	-	-	-	-	-	-	-	(632,000)	-	(632,000)
Comprehensive income of non-controlling interests	-	-	-	-	-	-	-	(577,409)	-	(577,409)
Dividend distribution	-	-	-	-	-	-	-	(37,350)	-	(37,350)
Other changes	-	-	-	-	-	-	-	(32,978)	-	(32,978)
Balance at 31 March 2015	-	-	-	-	-	-	-	(1,279,737)	-	(1,279,737)
Total	230,391,627	(7,686,952)	775,290,377	13,443,724	7,686,952	8,149,844	804,570,897	(1,279,737)	21,286,031	1,047,281,866

The notes are an integral part of the consolidated financial statements at 31 March 2016 and 2015.

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Consolidated cash flow statements

For the periods ended at 31 March 2016 and 2015

(Amounts expressed in Euro)	March 2016	March 2015
Operating activities		
Receipts from trade debtors	31,701,653	32,468,319
Payments to trade creditors	(18,565,170)	(15,741,403)
Payments to employees	(14,370,486)	(15,814,963)
Cash flows generated by operations	(1,234,003)	911,953
Payments / receipts relating to income taxes, net	(446,824)	(543,558)
Other receipts / payments relating to operating activities, net	(1,238,295)	(1,172,462)
Cash flows from operating activities (1)	(2,919,122)	(804,067)
Investing activities		
Receipts from:		
Tangible assets	4,420	(19)
Intangible assets	3,375	-
Interest and similar income	464,521	179,672
Payments for:		
Tangible assets	(226,986)	(363,127)
Intangible assets	(410,883)	(340,985)
Cash flows from investing activities (2)	(165,553)	(524,459) ¹
Financing activities		
Receipts from:		
Loans obtained	92,068	-
Payments for:		
Leasing	(78,114)	(69,770)
Interest and similar expenses	(339,314)	(193,931)
Loans obtained	(5,002,634)	(209,010)
Cash flows from financing activities (3)	(5,327,994)	(472,711) ¹
Net cash flows (4)=(1)+(2)+(3)	(8,412,669)	(1,801,237)
Effect of the foreign exchanges	(24,247)	70,145
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	172,651,062	180,083,421

The notes are an integral part of the consolidated financial statements at 31 March 2016 and 2015.

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Notes to the consolidated cash flow statements

For the periods ended at 31 March 2016 and 2015

1. Details of cash and cash equivalents

	Notes	March 2016	March 2015
Cash in hand	12	26,904	26,205
Cash at bank	12	79,588,449	11,854,995
Treasury applications	12	93,066,774	168,300,609
Overdrafts	12 and 15	(31,065)	(98,388)
Cash and cash equivalents		172,651,062	180,083,421
Overdrafts		31,065	98,388
Cash assets		172,682,128	180,181,809

2. Description of non-monetary financing activities

	Notes	March 2016	March 2015
a) Bank credit obtained and not used	15	1,000,000	1,193,449
b) Purchase of company through the issue of shares		Not applicable	Not applicable
c) Conversion of loans into shares		Not applicable	Not applicable

3. 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	(2,442,889)	(78,984)	(1,458)	(2,523,331)
Information Systems	1,485,466	(438,670)	(5,259,393)	(4,212,597)
Holding	(1,961,699)	352,101	(67,143)	(1,676,741)
	(2,919,122)	(165,553)	(5,327,994)	(8,412,669)

Activity	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Net cash flows
2015				
Multimedia	(507,146)	(118,287)	(14,960)	(640,393)
Information Systems	766,232	(300,919)	(378,370)	86,943
Holding	(1,063,153)	(105,253)	(79,381)	(1,247,787)
	(804,067)	(524,459)	(472,711)	(1,801,237)

The notes are an integral part of the consolidated financial statements at 31 March 2016 and 2015.

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5.2. 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 31 March 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
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 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 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*
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

Standard / Interpretation	Effective date (annual periods beginning on or after)
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
Clarifications to IFRS 15 Revenue from Contracts with Customers The objective of clarifications to IFRS 15 Revenue from Contracts with Customers was to clarify the principles for recognising revenue from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts.	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 31 March 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 31 March 2016 are comparable with those used in the preparation of 31 March 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 (five 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 31 March 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 31 March 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 31 March 2016, Sonaecom, SGPS, S.A. have free reserves distributable amounting approximately Euro 15 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 31 March 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	
	31 March	Average	31 March	Average
Pounds Sterling	1.2633	1.2978	1.3750	1.3453
Brazilian Real	0.2429	0.2326	0.2861	0.3110
American Dollar	0.8784	0.9071	0.9295	0.8880
Polish Zloti	0.2349	0.2291	0.2448	0.2385
Australian Dollar	0.6754	0.6543	0.7065	0.6986
Mexican Peso	0.0511	0.0503	0.0606	0.0594
Egyptian Pound	0.0993	0.1164	0.1222	0.1161
Malaysian Ringgit	0.2269	0.2164	0.2508	0.2452
Swiss Franc	0.9148	0.9124	0.9558	0.9335
South African Rand	0.0596	0.0573	0.0762	0.0756
Colombian Peso	0.0003	0.0003	0.0004	0.0004

On 31 March 2016, the Group had foreign exchange forwards amount to USD 66,000 (USD 558,000 at 31 March 2015),

fixing the exchange rate for EUR, which have an average maturity of 2 months (1 month on 31 March 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.

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. One Sonae SGPS share plans covered by a hedging contract.

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 31 March 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 31 March 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 31 March 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 31 March 2016 and 2015, are as follows:

Company (Commercial brand)	Head office	Main activity	Shareholder	Percentage of share capital held			
				2016		2015	
				Direct	Effective*	Direct	Effective*
Parent company							
SONAECON, S.G.P.S., S.A. ('Sonaecom')	Maia	Management of shareholdings.	-	-	-	-	-
Subsidiaries							
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%
Ittrust - Cyber Security Intelligence, S.A. ('Ittrust')	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%	60%
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%	60%
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%	77.80%	99.99%	59.99%
S21 Sec Ciberseguridad (d)	Mexico City	Computer consulting services	S21 Sec Gestion S21 Sec México	50% 50%	77.80%	50% 50%	78%
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%	60%
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	77.80%	77.80%	60%	60%
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%	60%
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%	77.80%	100%	60%

Company (Commercial brand)	Head office	Main activity	Shareholder	Percentage of share capital held			
				2016		2015	
				Direct	Effective*	Direct	Effective*
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%	60%
S21 Sec México, S.A. de CV ('S21 Sec México')	Mexico City	Computer consulting services	S21 Sec Gestion	99.87%	77.80%	99.87%	60%
S21 Sec, S.A. de CV ('S21 Sec, S.A. de CV')	Mexico City	Computer consulting services	S21 Sec Gestion	99.99%	77.80%	99.99%	60%
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%	60%
Sonaecon - Cyber Security and Intelligence, SGPS, S.A. ('Sonaecon CSI')	Maia	Management of shareholdings.	Sonae IM	100%	100%	100%	100%
Sonaecon - Serviços Partilhados, S.A. ('Sonaecon SP')	Maia	Support, management consulting and administration, particularly in the areas of accounting, taxation, administrative procedures, logistics, human resources and training.	Sonaecon	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.	Sonaecon	100%	100%	100%	100%
Sonaecon - 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%
Sonaecon BV	Amsterdam	Management of shareholdings.	Sonaecon	100%	100%	100%	100%
Sonaecon BV	Amsterdam	Management of shareholdings.	Sonaecon	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%
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%

Company (Commercial brand)	Head office	Main activity	Shareholder	Percentage of share capital held			
				2016		2015	
				Direct	Effective*	Direct	Effective*
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 Malásia')	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%	100%
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%	-	-

* Sonaecom effective participation

(a) Company acquired in July 2014. In 2015 Sonaecom Cyber Security and Intelligence purchased additional 17,65% of the capital of the Group S21SEC Gestion, S.A.

(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

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 31 March 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 its 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%

4. Breakdown of financial instruments

At 31 March 2016 and 2015, the breakdown of financial instruments was as follows:

					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)	4,539,154	-	4,539,154	-	4,539,154
Other non-current financial liabilities (note 16)	-	666,555	666,555	-	666,555
Other non-current liabilities	-	48,898	48,898	575,287	624,185
	4,539,154	715,453	5,254,607	575,287	5,829,894
Current liabilities					
Short-term loans and other loans (note 15)	1,031,187	-	1,031,187	-	1,031,187
Trade creditors	-	18,547,037	18,547,037	-	18,547,037
Other current financial liabilities (note 18)	-	486,743	486,743	-	486,743
Other creditors	-	387,649	387,649	4,467,876	4,855,525
Other current liabilities	-	16,695,172	16,695,172	10,356,693	27,051,865
	1,031,187	36,116,601	37,147,788	14,824,569	51,972,357
	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	2015 Total
Non-current liabilities					
Medium and long-term loans net of short-term portion (note 15)	9,042,380	-	9,042,380	-	9,042,380
Other non-current financial liabilities (note 16)	-	491,436	491,436	-	491,436
Other non-current liabilities	-	39,628	39,628	879,862	919,490
	9,042,380	531,064	9,573,444	879,862	10,453,306
Current liabilities					
Short-term loans and other loans (note 15)	1,308,396	-	1,308,396	-	1,308,396
Trade creditors	-	23,714,139	23,714,139	-	23,714,139
Other current financial liabilities (note 18)	-	294,080	294,080	-	294,080
Other creditors	-	1,277,948	1,277,948	6,058,942	7,336,890
Other current liabilities	-	15,464,621	15,464,621	11,205,972	26,670,593
	1,308,396	40,750,788	42,059,184	17,264,914	59,324,098



					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)	4,539,154	-	4,539,154		4,539,154
Other non-current financial liabilities (note 16)	-	666,555	666,555		666,555
Other non-current liabilities	-	48,898	48,898	575,287	624,185
	4,539,154	715,453	5,254,607	575,287	5,829,894
Current liabilities					
Short-term loans and other loans (note 15)	1,031,187	-	1,031,187	-	1,031,187
Trade creditors	-	18,547,037	18,547,037	-	18,547,037
Other current financial liabilities (note 18)	-	486,743	486,743	-	486,743
Other creditors	-	387,649	387,649	4,467,876	4,855,525
Other current liabilities	-	16,695,172	16,695,172	10,356,693	27,051,865
	1,031,187	36,116,601	37,147,788	14,824,569	51,972,357
					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)	9,042,380	-	9,042,380	-	9,042,380
Other non-current financial liabilities (note 16)	-	491,436	491,436	-	491,436
Other non-current liabilities	-	39,628	39,628	879,862	919,490
	9,042,380	531,064	9,573,444	879,862	10,453,306
Current liabilities					
Short-term loans and other loans (note 15)	1,308,396	-	1,308,396	-	1,308,396
Trade creditors	-	23,714,139	23,714,139	-	23,714,139
Other current financial liabilities (note 18)	-	294,080	294,080	-	294,080
Other creditors	-	1,277,948	1,277,948	6,058,942	7,336,890
Other current liabilities	-	15,464,621	15,464,621	11,205,972	26,670,593
	1,308,396	40,750,788	42,059,184	17,264,914	59,324,098

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 31 March 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
Additions	642	799	-	20,507	240	62,012	84,200
Disposals	-	(25,245)	-	(7,675)	-	-	(32,920)
Transfers and write-offs	8,800	(1,834)	-	(22,048)	27	(26,860)	(41,915)
Balance at 31 March 2016	3,428,352	9,729,731	72,116	8,993,629	422,814	53,370	22,700,012
Accumulated depreciation and impairment losses							
Balance at 31 December 2015	2,174,077	9,507,187	44,306	7,785,240	342,058	-	19,852,868
Depreciation for the period	43,773	28,547	3,287	121,147	2,825	-	199,579
Disposals	-	(11,921)	-	(3,676)	-	-	(15,597)
Transfers and write-offs	9,896	(3,351)	-	(46,059)	15	-	(39,499)
Balance at 31 March 2016	2,227,746	9,520,462	47,593	7,856,652	344,898	-	19,997,351
Net value	1,200,606	209,269	24,523	1,136,977	77,916	53,370	2,702,661

							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	-	363	-	60,726	1,735	48,837	111,661
Disposals	-	-	-	(15,511)	-	-	(15,511)
Transfers and write-offs	(1,266)	16,474	-	162,780	(60)	(66,632)	111,296
Balance at 31 March 2015	3,527,058	10,273,104	72,116	8,583,842	425,945	12,053	22,894,118
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	64,737	26,952	3,362	102,238	11,548	-	208,837
Disposals	-	-	-	(15,368)	-	-	(15,368)
Transfers and write-offs	(19,251)	5,704	-	113,132	(20)	-	99,565
Balance at 31 March 2015	2,161,784	10,002,581	34,521	7,752,195	332,196	-	20,283,277
Net value	1,365,274	270,523	37,595	831,647	93,749	12,053	2,610,841

Depreciation and amortization for the periods ended at 31 March 2016 and 2015 can be detailed as follows:

	2016	2015
	Total	Total
Tangible assets	199,579	208,837
Intangible assets (note 6)	1,906,654	1,679,009
Goodwill (note 7)	334,657	-
	2,440,890	1,887,846

The acquisition cost of 'Tangible assets' and 'Intangible assets' held by the Group under finance lease contracts, amounted to Euro 2,152,649 and Euro 2,180,572 as of 31 March 2016 and 2015, and their net book value as of those dates amounted to Euro 1.137.473 and Euro 951.847 respectively.

At 31 March 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 31 March 2016 and 2015 were made up as follows:

	2016	2015
Information systems / IT equipment	3,200	2,703
Other projects in progress	50,170	9,350
	53,370	12,053

During the period ended at 31 March 2016 and 2015, there are no commitments to third parties relating to investments to be made.

6. Intangible assets

In the periods ended at 31 March 2016 and 2015, the movement occurred in intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:

				2016
	Brands and patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2015	11,630,222	69,480,822	6,755,183	87,866,227
Additions	4,103	265,782	1,485,716	1,755,601
Disposals	-	(11,739)	-	(11,739)
Transfers and write-offs	(265,593)	996,791	(1,232,882)	(501,684)
Balance at 31 March 2016	11,368,732	70,731,656	7,008,017	89,108,405
Accumulated amortisation and impairment losses				
Balance at 31 December 2015	10,797,665	51,019,958	-	61,817,623
Amortisation for the period	91,291	1,815,363	-	1,906,654
Disposals	-	(1,573)	-	(1,573)
Transfers and write-offs	(234,684)	(44,929)	-	(279,613)
Balance at 31 March 2016	10,654,272	52,788,819	-	63,443,091
Net value	714,460	17,942,837	7,008,017	25,665,314

				2015
	Brands and patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2014	11,000,702	55,566,461	5,418,866	71,986,029
Additions	10,477	409,944	1,263,570	1,683,991
Transfers and write-offs	696,961	1,779,304	(1,210,713)	1,265,552
Balance at 31 March 2015	11,708,140	57,755,709	5,471,723	74,935,572
Accumulated amortisation and impairment losses				
Balance at 31 December 2014	10,344,118	36,059,975	-	46,404,093
Amortisation for the period	298,787	1,380,222	-	1,679,009
Transfers and write-offs	578,457	31,962	-	610,419
Balance at 31 March 2015	11,221,362	37,472,159	-	48,693,521
Net value	486,778	20,283,550	5,471,723	26,242,051

At 31 March 2016, the additions related with intangible assets in progress include about Euro 1.26 million of capitalizations of personnel costs related to own work (about Euro 1.3 million on 31 March 2015), mainly related to IT software, RAID, NetClarus and Lookwise development projects.

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 31 March 2016 and 2015, the movements occurred in Goodwill were as follows:

	2016	2015
Opening balance	26,893,310	28,719,066
Other movements of the year	(228,959)	343,302
Impairment losses (note 5)	(334,657)	-
Closing balance	26,329,694	29,062,368

For the periods ended at 31 March 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 31 March 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 31 March 2016 and 2015, Goodwill was made up as follows:

	Information Systems	Multimedia
2016		
Goodwill	22,799,694	3,530,000
2015		
Goodwill	23,032,368	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 31 March 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 31 Março 2016 and 2015, are as follows:

		Percentage of ownership				Value in profit and loss statement	
		31 March 2016		31 March 2015		31 March 2016	31 March 2015
	Head Office	Direct	Total	Direct	Total		
ZOPT (a)	Oporto	50%	50%	50%	50%	4,863,490	5,096,605
Unipress – Centro Gráfico, Lda. ('Unipress')	Vila Nova de Gaia	50%	50%	50%	50%	29,975	1,469
Sociedade Independente de Radiodifusão Sonora, S.A. ('S.I.R.S.' - using the brand name 'Rádio Nova')	Oporto	45%	45%	45%	45%	(5,808)	(5,790)
S21Sec Ciber seguridad SA de CV ('Ciber seguridad') (b)	Mexico City	Full consolidation method		50%	30%	-	(25,661)
Intelligent Big Data, S.L. ('Big Data') (c)	Gipuzcoa	50%	39%	50%	30%	(54)	(5)
Total (note 20)						4,887,603	5,066,618

(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 this company came to be owned by 77.80% by Sonaecom, S.G.P.S. S.A. (effective percentage) and became included in the consolidation through full consolidation method (note 2).

(c) Company directly owned by S21 Sec Gestion

The associated companies and companies jointly controlled have been consolidated by the equity method. In accordance with the IFRS 11, the classification of investments in joint ventures is determined based on the existence of an agreement that clearly demonstrate and regulate the joint control. Thus, in accordance with the requirements of this standard, at 31 March 2016 the group only held jointly controlled companies.

During the periods ended at 31 March 2016 and 2015, the movement occurred in investments in associated companies and companies jointly controlled, were as follows:

	31 March 2016			31 March 2015		
	Ownership value	Goodwill	Total investment	Ownership value	Goodwill	Total investment
Investments in associated companies and companies jointly controlled						
Balance at 1 January	623,385,403	87,849,200	711,234,603	633,758,551	87,849,200	721,607,751
Increases	-	-	-	-	-	-
Equity method						
Effect on gains and losses (note 20)	4,893,464	-	4,893,464	5,098,662	-	5,098,662
Effect on reserves	(12,450,811)	-	(12,450,811)	7,364,505	-	7,364,505
Dividends	-	-	-	(7,315,500)	-	(7,315,500)
	615,828,056	87,849,200	703,677,256	638,906,218	87,849,200	726,755,418
Registered in Provisions for other liabilities and charges						
Balance at 1 January	(145,784)	-	(145,784)	(168,071)	-	(168,071)
Equity method						
Effect on gains and losses (note 17)	(5,861)	-	(5,861)	(32,043)	-	(32,043)
Utilization	-	-	-	-	-	-
	(151,645)	-	(151,645)	(200,114)	-	(200,114)
Total investment in associated companies and companies jointly controlled net of impairment losses	615,676,411	87,849,200	703,525,611	638,706,104	87,849,200	726,555,304

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

	31 March 2016			31 March 2015		
	Ownership value	Goodwill	Total investment	Ownership value	Goodwill	Total investment
Investments in associated companies and companies jointly controlled						
Zopt	615,335,789	87,527,500	702,863,289	638,438,101	87,527,500	725,965,601
Unipress	492,226	321,700	813,926	467,529	321,700	789,229
SIRS	(151,594)	-	(151,594)	(143,912)	-	(143,912)
Ciber seguridad	-	-	-	(56,203)	-	(56,203)
Big Data	(10)	-	(10)	589	-	589
Total	615,676,411	87,849,200	703,525,611	638,706,104	87,849,200	726,555,304

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%	4,461,859	1,985,761	2,476,097	370,303	27,084	19,482
Unipress	50%	2,999	2,015	984	769	242	72
SIRS	45%	364	700	(337)	233	(2)	(12)
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 31 March 2016 the NOS' market capitalization amount to Euro 3,019 million.

During the period ended at 31 March 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 31 March 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 31 March 2016 and 2015 can be resumed as follows:

Condensed consolidated balance sheets

(Amounts expressed in thousands of Euro)	March 2016	March 2015
Assets		
Tangible assets	1,192,582	1,199,858
Intangible assets	2,384,620	2,397,571
Deferred tax assets	132,938	151,180
Other non-current assets	210,156	351,436
Non-current assets	3,920,296	4,100,045
Trade debtors	349,564	331,657
Cash and cash equivalents	13,288	19,392
Other current assets	178,711	148,772
Current assets	541,563	499,821
Total assets	4,461,859	4,599,865
Liabilities		
Medium and long-term loans – net of short-term portion	982,856	787,391
Provisions for other liabilities and charges	185,527	183,802
Other non-current liabilities	81,431	94,115
Non-current liabilities	1,249,814	1,065,308
Short-term loans and other loans	159,549	341,491
Trade creditors	304,615	327,312
Other current liabilities	271,784	283,080
Current liabilities	735,948	951,883
Total liabilities	1,985,762	2,017,191
Shareholders' funds excluding non-controlling interests	1,243,716	1,287,443
Non-controlling interests	1,232,381	1,295,230
Total Shareholders' funds	2,476,097	2,582,673
Total Shareholders' funds and liabilities	4,461,859	4,599,865

Condensed consolidated statements of income by nature

(Amounts expressed in thousands of Euro)	March 2016	March 2015
Total revenue	370,303	344,075
Costs and losses		
Direct costs and External supplies and services	(153,477)	(147,018)
Depreciation and amortisation	(100,568)	(92,969)
Other operating costs	(89,174)	(67,807)
	(343,219)	(307,794)
Financial results	(5,288)	(10,902)
Income taxation	(2,314)	(5,043)
Consolidated net income/(loss) for the period	19,482	20,336
Consolidated net income/(loss) for the period attributed to non-controlling interests	9,755	10,143
Attributed to shareholders of parent company	9,727	10,193

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 31 March, 2016 amounts to approximately Euro 181,7 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.
- In 2011, MEO 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.

- PT made three court notices to NOS SA (April 2013, July 2015 and March 2016), two to NOS Açores (March and June 2013) and two to NOS Madeira (March and June 2013), 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 PT, claiming payment of 22.4 million euros, for damages suffered by NOS SA, arising from violations of the Portability Regulation by MEO, in particular, the large number of unjustified refusals of portability requests by PT 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 provider's 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. As for the year 2007, the Fiscal and Administrative Court of Oporto has already decided unfavourably. The company has contested this decision.

7. Future credits transferred

For the year ended at 31 December 2010, the subsidiary NOS SA was notified of the Report of Tax Inspection, where it is considered that the increase, when calculating the taxable profit for the year 2008, of the amount of Euro 100 million, with respect to initial price of future credits transferred to securitization, is inappropriate. Given the principle of periodisation of taxable income, NOS SA was subsequently notified of the improper deduction of the amount of Euro 20 million in the calculation of taxable income between 2009 and 2012 (tax inspection report received in January 2015). Given that the increase made in 2008 was not accepted due to not complying with Article 18 of the CIRC, also in the years following, the deduction corresponding to credits generated in that 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. 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, PT Comunicações, SA (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 3M € for illegally designating Portugal Telecom. In accordance with Article 18 of the abovementioned Law 35/2012, the net costs incurred by the operator responsible for providing the universal service, approved by IPC-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 PTC has been requesting the payment of CLSU to the compensation fund of the several periods during which it was responsible for providing the services. 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 ICP-ANACOM, following an audit to their preliminary calculation and support documents, which are provided by the universal service provider, and (ii) the universal service provider requester the Government compensation for the net costs approved under the terms previously mentioned.

In 2013, ANACOM deliberated to approve the final results of the CLSU audit presented by PTC, relative to the period from 2007 to 2009, in a total amount of 66.8 million euro, contested decision by the Company. In January ANACOM issued the settlement notes in the amount of 18.6 million euro related to NOS which a bail was presented by NOS SGPS to avoid Tax Execution Proceedings.

In 2014, ANACOM deliberated to approve the final results of the CLSU audit by PTC, relative to the period from 2010 to 2011, in a total amount of 47 million euro, a decision also contested by NOS. In February 2016 were emitted the settlement notes to the Company in amount of 13 million euro which will be contested by NOS.

In 2015, ANACOM deliberated to approve the final results of the CLSU audit by PTC relative to the period 2012 in the amount of 20 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 PTC, relative to the period 2013 in the same amount of 20 million euro, which will be contested by NOS.

It is expected that the PTC will submit to ANACOM the CLSU incurred calculations in the period between January and June 2014.



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 contributions, once the Board of Directors is convinced it will be successful in all challenges, both future and already undertaken.

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

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

9. Legal actions with regulators

NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of 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 2015, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2013 financial years. Following these 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 21.8 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 in the amount of 3.5 million euro.

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, waiting for trial.

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 favourable outcome, not estimating impacts in the accounts, in addition to those already registered.

12. Contractual penalties

The general conditions that affect the agreement and termination of this contract between NOS and its clients, establish that if the products and services provided by the client can no longer be used prior to the end of the binding period, the client is obliged to immediately pay damages. Until 31 December 2014, revenue from penalties, due to inherent uncertainties was recorded only at the moment when it was received, so at 31 March 2016, the receivables by NOS SA, NOS Madeira and NOS Açores amount to a total of 108,246 thousand euros. During the quarter ended on 31 March 2016 1.253 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 31 March 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 of 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 31 March 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	-	(15,263,369)	-	64,533,438
Sonae SGPS	144,477	(146,683)	(36,671)	38,877	-
	79,941,284	(146,683)	(15,300,040)	38,877	64,533,438
Recorded under the caption current assets (note 4)					64,533,438

*Incentive medium-term plans

						2015
Financial assets at fair value through profit or loss	Opening balance	Increases	Decreases	Fair value adjustments (note 20)	Increase and decrease in fair value of shares intended to cover MTIP*	Closing balance
NOS	57,661,618	-	-	16,573,860	-	74,235,478
Sonae SGPS	2,303,954	-	(450,640)	420,554	454,645	2,728,513
	59,965,572	-	(450,640)	16,994,414	454,645	76,963,991
Recorded under the caption non current assets (note 4)						1,069,775
Recorded under the caption current assets (note 4)						75,894,216

*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 31 March 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 31 March 2016 and 2015 respectively.

The evaluation of fair value of the investment is detail as follows:

2016	NOS	Sonae SGPS
Shares	11,012,532	-
Level of inputs in the hierarchy of fair value	Level 1**	
Valuation method	Quoted price on the stock exchange	
Quoted price*	5.860	1.059
Fair value	64,533,438	-

* Used the share price of 31 March 2016 in the determination of the fair value.

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

2015	NOS	Sonae SGPS
Shares	11,012,532	1,926,916
Level of inputs in the hierarchy of fair value	Level 1**	
Valuation method	Quoted price on the stock exchange	
Quoted price*	6.741	1.416
Fair value	74,235,478	2,728,513

* Used the share price of 31 March 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 31 March 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	197,344
VISAPRESS - Gestão de Conteúdos dos Média, CRL	10.00%	5,000	5,000
Others		10,710	10,710
Impairment losses		(122,275)	(100,000)
		90,779	113,054

At 31 March 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 31 March 2016 and 2015, amounted to Euro 7,213,478 and Euro 6,604,112, 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 31 March 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 31 March 2016
Tax losses	3,502,971	458,854	(6,066)	334,657	4,290,416
Tax provisions not accepted and other temporary differences	1,478,049	(187,890)	-	(10,962)	1,279,197
Tax benefits (SIFIDE, RFAI and CFEI)	1,083,280	211,171	-	427,460	1,721,911
Effect on results (note 21)	6,064,300	482,135	(6,066)	751,155	7,291,524
Others	34,075	(112,121)	-	-	(78,046)
Closing balance	6,098,375	370,014	(6,066)	751,155	7,213,478

					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 31 March 2015
Tax losses	2,397,494	61,226	(105,360)	-	2,353,360
Tax provisions not accepted and other temporary differences	1,726,512	(70,056)	-	(39,572)	1,616,884
Tax benefits (SIFIDE, RFAI and CFEI)	1,178,811	-	-	(216,620)	962,191
Differences between the tax and accounting amount of certain fixed assets and others	1,745,300	(63,083)	-	-	1,682,217
Effect on results (note 21)	7,048,117	(71,913)	(105,360)	(256,192)	6,614,652
Discontinued operations	(169,548)	-	-	-	(169,548)
Others	(41,339)	200,347	-	-	159,008
Closing balance	6,837,230	128,434	(105,360)	(256,192)	6,604,112

At 31 March 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 31 March 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 March 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 31 March 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	-	-	-	204,702	231,219	231,219
To be used until 2023	-	-	-	-	-	183,770	-	-	-	75,051	258,821	258,821
To be used until 2025	-	-	-	-	-	70,527	-	-	-	54,904	125,431	125,431
To be used until 2026	-	-	-	-	-	40,973	-	-	-	-	40,973	40,973
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	-	-	-	417,881	-	-	-	-	-	-	417,881	417,881
Unlimited	-	-	-	-	176,538	-	-	-	-	-	176,538	176,538
Tax losses	-	-	-	2,506,856	176,538	348,286	-	866,229	57,850	334,657	4,290,416	4,290,416
Provisions not accepted and other temporary differences	683,182	106	212,259	199,812	-	176,681	7,157	-	-	-	596,015	1,279,197
Tax benefits (SIFIDE, RFAI and CFEI)	1,653,392	47,502	-	21,017	-	-	-	-	-	-	68,519	1,721,911
Others	-	-	(61,956)	14,369	-	(28,961)	(1,498)	-	-	-	(78,046)	(78,046)
Total	2,336,574	47,608	150,303	2,742,054	176,538	496,006	5,659	866,229	57,850	334,657	4,876,904	7,213,478

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

In this way, Sonaecom is under the special regime for the taxation of groups of companies, from which Sonae, SGPS is the dominant company since 1 January 2015. Sonaecom records the income tax on their individual accounts and the tax calculated is record under the caption of group companies. The special regime for the taxation of groups of companies covers all direct or indirect subsidiaries, and even through companies resident in another Member State of the European Union or the European Economic Area, only if, in the last case, there is an obligation of administrative cooperation, on which the Group holds at least 75% of their share capital, where such participation confers more than 50% of voting rights, if meet certain requirements. Although the subsidiaries Digitmarket and Saphety 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 31 March 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	7,850,576	8,743,145
Temporary differences (provisions not accepted for tax purposes and other temporary differences)	32,133,027	30,435,191
Others	12,525,184	677,935
	52,508,787	39,856,271

At 31 March 2016 and 2015, tax losses for which deferred tax assets were not recognised have the following due dates:

Due date	2016	2015
2015	-	1,206,773
2016	269,298	269,298
2017	150,913	183,243
2018	274,441	252,091
2019	361,147	372,923
2020	144,714	141,011
2021	91,422	86,539
2022	107,999	361,200
2023	10,424	99,785
2024	82,974	6,280
2025	293,511	123,915
2026	825,581	332,746
2027	284,227	229,243
2028	63,421	183,642
2029	878,680	1,154,359
2030	769,480	452,037
2031	409,692	89,045
2032	-	54,390
Unlimited	2,832,652	3,134,516
	7,850,576	8,743,145

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.

At 31 March 2016 and 2015 there are no deferred tax liabilities recorded.

The reconciliation between the earnings before taxes and the taxes recorded for the periods ended at 31 March 2016 and 2015 is as follows:

	2016	2015
Earnings before taxes	(13,881,802)	21,818,991
Income taxation (21%)	2,915,178	(4,581,988)
Deferred tax assets not recognised in the individual accounts and / or resulting from consolidation adjustments, autonomous taxation, surcharge and other non-deductible accounting adjustments	(2,668,525)	3,723,333
Record/(reverse) of deferred tax assets related to previous years and tax benefits	751,155	256,192
Use of tax losses and tax benefits without record of deferred tax asset in previous years	20,359	205,675
Temporary differences for the period without record of deferred tax assets	118,757	(713,581)
Income taxation recorded in the period (note 21)	1,136,924	(1,110,369)

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 31 March 2016.

12. Cash and cash equivalents

At 31 March 2016 and 2015, this caption was made up as follows:

	2016	2015
Cash	26,905	26,205
Bank deposits repayable on demand	79,588,449	11,854,995
Treasury applications	93,066,774	168,300,609
Cash and cash equivalents	172,682,128	180,181,809
Bank overdrafts (note 15)	(31,065)	(98,388)
	172,651,063	180,083,421

At 31 March 2016 and 2015, the caption "Treasury Applications" matched only bank applications.

The above mentioned applications were paid and, during the year ended at 31 March 2016, the interest tax rate in force was 0.812% (0.27% in 2015) being, in the referred date, distributed by six financial institutions.

13. Share capital

At 31 March 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 31 March 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 31 March 2016 and 2015, the caption Loans had the following breakdown:

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

						Amount outstanding
Company	Issue denomination	Limit	Maturity	Type of reimbursement	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	1,698,470	2,046,893
S21 Sec Gestion	Repayable subsidies	-	Jun-25	Parcel	2,384,090	1,701,292
Lookwise*	Repayable subsidies	-	Dec-25	Parcel	-	1,215,945
Saphety	Minority Shareholder loans	-	-	-	451,322	451,322
	Costs associated with financing set-up	-	-	-	-	(152,924)
	Interests incurred but not yet due	-	-	-	5,272	31,871
					4,539,154	9,042,380
					4,539,154	9,042,380

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

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	-	-	100,000
S21 Sec Gestion	Overdraft facilities	500,000	Jul/16	-	-	-
S21 Sec Gestion	Factoring	1,135,000	Jul/16	-	-	151,390
S21 Sec Labs	Reimbursable grants	-	Jun-16	-	378,473	160,838
Lookwise*	Reimbursable grants	-	Jun-16	-	-	179,164
S21 Sec Gestion	Reimbursable grants	-	Jun-16	-	604,576	156,417
Several	Bank overdrafts (note 12)	-	-	-	31,065	98,388
Several	Interests incurred but not yet due	-	-	-	17,073	-
					1,031,187	1,308,396
					1,031,187	1,308,396

(*) 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 31 March 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	629,958
2017	1,174,795
2018	1,158,696
2019	762,697
2020 and follows	1,339,463
	5,065,609

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

Others

At 31 March 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	132,095	121,809	154,703	145,670	102,314	72,712
	132,095	121,809	340,616	1,020,449	967,397	1,894,841

Minority Shareholder loans have no maturity defined.

At 31 March 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
Others	Several	-	151,390	-	x	
		5,503,629	4,461,570	1,193,449		

At 31 March 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 31 March 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 666,555 and Euro 491,436, respectively.

At 31 March 2016 and 2015, the payment of these amounts was due as follows:

	2016		2015	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
2015	-	-	252,154	223,741
2016	427,961	375,571	300,274	277,974
2017	461,549	436,876	275,355	266,687
2018	241,167	232,821	16,970	17,114
2019 onwards	109,946	108,030	-	-
	1,240,623	1,153,298	844,753	785,516
Interests	(87,325)	-	(59,717)	-
	1,153,298	1,153,298	785,036	785,516
Short-term liability (note 18)	-	(486,743)	-	(294,080)
	1,153,298	666,555	785,036	491,436

17. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the periods ended at 31 March 2016 and 2015 were as follows:

	Opening balance	Increases	Decreases	Utilisations and Transfers	Closing balance
2016					
Accumulated impairment losses on accounts receivables	2,719,864	2,614	-	(10,401)	2,712,077
Accumulated impairment losses on inventories	35,000	-	-	-	35,000
Provisions for other liabilities and charges	4,292,553	364,474	(66,770)	(1,570,463)	3,019,794
	7,047,417	367,088	(66,770)	(1,580,864)	5,766,871
2015					
Accumulated impairment losses on accounts receivables	3,814,053	98,844	(99,265)	(45,286)	3,768,346
Accumulated impairment losses on inventories	25,000	-	-	-	25,000
Provisions for other liabilities and charges	2,579,321	267,984	(23,900)	(2,582)	2,820,823
	6,418,374	366,828	(123,165)	(47,868)	6,614,169

Reinforcements and reductions values of the accumulated impairment losses on receivable accounts and provisions for liabilities and charges, at 31 March 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	-	98,844	(99,265)
Total increases/(decreases) of accumulated impairment losses on accounts receivables	2,614	-	98,844	(99,265)
Provisions for other liabilities and charges				
Recorded in the income statement, under the caption 'Income Tax' (note 21)	276,211	(46,934)	129,416	(23,900)
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))	439	-	424	-
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)	7,576	(1,715)	32,043	-
Recorded in reserves related to the registration of the provision resulting from the application of the equity method	-	-	-	-
Recorded in the income statement 'Staff expenses' related to the provisions for redundancy payments	12,000	(18,121)	-	-
Other increases and decreases - recorded in 'Provisions and impairment losses'	68,248	-	106,101	-
Total increases/(decreases) of provisions for other liabilities and charges	364,474	(66,770)	267,984	(23,900)
Total recorded in the income statement in 'Provisions and impairment losses' (increases) and in 'Other operating revenue' (decreases)	70,862	-	204,945	(99,265)

At 31 March 2016 and 2015, the breakdown of the provisions for other liabilities and charges is as follows:

	2016	2015
Several contingencies	1,865,473	1,923,808
Legal processes in progress	120,552	120,197
Dismantling	50,629	48,920
Other responsibilities	983,140	727,898
	3,019,794	2,820,823

At 31 March 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 463,540 associated with severance payment to occur during 2016.

18. Other financial liabilities

At 31 March 2016, this heading "Other financial liabilities" includes the amount of Euro 486,743 (2015: Euro 294,080) 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 31 March 2016 and 2015 had the following composition:

	2016	2015
Subcontracts	4,738,622	4,792,084
Specialised works	1,429,502	1,544,273
Rents	1,251,653	1,326,371
Travelling costs	1,133,492	1,215,111
Advertising and promotion	757,315	605,749
Fees	318,406	309,322
Communications	291,432	318,866
Energy	92,047	93,185
Commissions	46,520	207,676
Maintenance and repairs	36,678	83,956
Others	405,200	452,508
	10,500,867	10,949,101

The commitments assumed by the Group at 31 March 2016 and 2015 related to operational leases are as follows:

	2016	2015
Minimum payments of operational leases:		
2015	-	3,370,005
2016	3,061,377	3,061,377
2017	2,357,858	2,357,858
2018	1,867,792	1,867,792
2019 onwards	1,240,921	1,240,921
Renewable by periods of one year	957,982	957,394
	9,485,930	12,855,347

During the periods ended at 31 March 2016, an amount of Euro 1,165,941 (Euro 1,165,798 at 31 March 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 31 March 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)	4.887.603	5.066.618
	4.887.603	5.066.618
Gains and losses on financial assets at fair value through profit or loss		
Gains on financial assets at fair value through profit or loss (note 9)	(15.300.040)	16.994.414
	(15.300.040)	16.994.414
Financial expenses:		
Interest expenses:	48.907	(155.102)
Bank loans	(66.336)	(126.543)
Leasing	(13.316)	(12.658)
Other interests	128.559	(15.901)
Foreign exchange losses	(1.501.337)	(262.857)
Other financial expenses	(295.176)	(58.803)
	(1.747.606)	(476.762)
Financial income:		
Interest income	308.539	124.352
Foreign exchange gains	797.580	861.772
Others financial gains	65.104	-
	1.171.223	986.124

During the periods ended at 31 March 2016 and 2015, the caption 'Financial income: Interest income' includes, mainly, interests earned on treasury applications.

21. Income taxation

Income taxes recognised during the periods ended at 31 March 2016 and 2015 were made up as follows ((costs) / gains):

	2016	2015
Current tax	138,977	(571,388)
Tax provision net of reduction (note 17)	(229,277)	(105,516)
Deferred tax assets (note 11)	1,227,224	(433,465)
Deferred tax liabilities (note 11)	-	-
	1,136,924	(1,110,369)

22. Related parties

During the periods ended at 31 March 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 31 December 2015 and 2014 were as follows:

	Balances at 31 March 2016		
	Accounts receivable	Accounts payable	Other assets / (liabilities)
Holding company			
Sonae SGPS	360,379	-	(34,513)
Other related companies			
Zopt SGPS	13,869	-	-
NOS SGPS	-	-	452,604
NOS Comunicações	363,648	108,420	846,133
NOS Technology *	1,886,386	(116)	(3,544,090)
NOS Sistemas	8,644	228,120	21,808
Modelo Continente Hipermercados	315,250	108,356	9,675
Raso Viagens e Turismo	10,247	235,287	23,623
SC-Sociedade de Consultadoria	113,937	-	(137,617)
Sierra Portugal	69,288	(509)	160,511
Sonae Indústria PCDM	23,135	-	-
Sonaecenter II	682,568	272,337	(1,554,682)
Worten	29,634	-	-
Unipress	46,125	530,965	(16,541)
	3,923,110	1,482,860	(3,773,089)

* This company changed its corporate name from Be Artis to NOS Technology in 2015.

	Balances at 31 March 2015		
	Accounts receivable	Accounts payable	Other assets / (liabilities)
Holding company			
Sonae SGPS	(871)	58,025	(10,456)
Other related companies			
Zopt SGPS	7,315,500	-	-
NOS Technology *	-	6,396	(398,196)
Modelo Continente Hipermercados, S.A.	369,854	370,923	1,755
NOS Comunicações	-	-	(78,387)
Raso Viagens	7,644	320,380	4,687
SC-Sociedade de Consultadoria	373,715	-	(139,895)
Sonae Indústria PCDM	164,485	-	-
Sonaecenter II	2,080,475	181,425	(1,025,170)
Worten	41,117	(1,485)	-
NOS SGPS	25,177	106,433	-
	10,377,096	1,042,097	(1,645,662)

* This company changed its corporate name from Be Artis to NOS Technology in 2015.



	Transactions at 31 March 2016			
	Sales and services rendered	Supplies and services received (note 19)	Interest and similar income / (expense) (note 20)	Supplementary income
Holding company				
Sonae SGPS	2,187	-	269,115	(26)
Other related companies				
ZOPT	-	-	6,842	-
NOS Comunicações	450,007	190,713	-	-
NOS Technology *	1,762,078	-	-	-
NOS Sistemas S.A.	42,762	141,774	-	-
MDS	520	2,934	-	-
Modelo Continente Hipermercados, S.A.	209,480	4,228	-	-
Raso Viagens	5,953	402,490	-	-
SC-Sociedade de Consultadoria	175,370	-	-	-
Sierra Portugal	402,666	4,152	-	-
Sonae Indústria PCDM	12,010	-	-	-
Sonaecenter II	1,492,588	217,564	-	-
Unipress	-	121,400	-	37,500
Worten	34,423	-	-	-
	4,590,044	1,085,255	275,957	37,474

* This company changed its corporate name from Be Artis to NOS Technology in 2015.

	Transactions at 31 March 2015			
	Sales and services rendered	Supplies and services received (note 19)	Interest and similar income / (expense) (note 20)	Supplementary income
Holding company				
Sonae SGPS	1	-	6	-
Other related companies				
Unipress	-	129,909	-	37,500
NOS Technology *	1,765,740	-	-	-
MDS	-	1,815	-	-
Modelo Continente Hipermercados, S.A.	203,764	(284,787)	-	124,668
NOS Comunicações	365,377	140,733	-	16,825
Raso Viagens	1,780	369,263	-	-
SC-Sociedade de Consultadoria	256,867	-	-	-
Sonae Indústria PCDM	132,310	-	-	-
Sonaecenter II	4,198,307	92,178	-	-
	6,924,146	449,111	6	178,993

* This company changed its corporate name from Be Artis to NOS Technology in 2015.

During the period ended 31 March, 2015, the company recognized the amount of Euro 7,315,500 related to income to receive from Zopt SGPS (note 8).

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 31 March 2016 and 2015, no impairment losses have been recognized on the income to be made by other entities.

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

23. Guarantees provided to third parties

Guarantees provided to third parties at 31 March 2016 and 2015 were as follows:

Company	Beneficiary	Description	2016	2015
WeDo, WeDo Egypt, S21 Sec Gestion and Saphety	Emirates Telecom. Corp.; Viva Bahrain; Zain Jordan; TT dotCom Snd Bhd; Empresa de Telecomunicaciones; Sociedad Estatal de Correos y Telegrafos; Oman Telecommunications; Etisalat; Etisalat UAE; Renfe Operadora; Instituto Nacional de Ciberseguridad; Etihad Etisalat Company; Tunisie Telecom; Asiacell Communications; Omani Qatari Telecommun; Comunidade Intermunicipal do Médio Tejo and Administrador de Infraestruturas Ferroviarias	Completion of work to be done	869,587	1,479,550
Sonaecom	Direção de Contribuições e Impostos (Portuguese tax authorities)	VAT Reimbursements	-	1,435,379
S21 Sec Gestion and S21 Sec Labs	Centro para Desarrollo Tecnolo; Ministerio de Industria; Ingeniería de sistemas para la Defensa de España, S.A. and ICT	Grants	1,007,887	1,311,276
WeDo and Saphety	IAPMEI	QREN projects	-	334,299
Sonaecom and Público	Direção de Contribuições e Impostos and Autoridade Tributária e Aduaneira (Portuguese tax authorities)	IRC, IS, IVA – Tax assessment	240,622	240,622
Several	Others		733,309	560,253
Several			2,851,405	5,361,379

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 24,499,393 and Sonaecom SGPS consisted of Público for the amount of Euro 565,026.

At 31 March 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 31 March 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 31 March 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 31 March 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	
	March 2016	March 2015	March 2016	March 2015	March 2016	March 2015	March 2016	March 2015	March 2016	March 2015	March 2016	March 2015
Revenues:												
Sales and services rendered	3,291,864	3,699,831	26,558,608	28,328,320	71,100	96,460	29,921,572	32,124,611	(133,312)	(160,144)	29,788,260	31,964,467
Reversal of provisions	-	421	-	-	-	-	-	421	-	-	-	421
Other operating revenues	58,288	74,571	250,612	385,015	103,915	46,884	412,815	506,470	(16,533)	(28,834)	396,282	477,636
Total revenues	3,350,152	3,774,823	26,809,220	28,713,335	175,015	143,344	30,334,387	32,631,502	(149,845)	(188,978)	30,184,542	32,442,524
Depreciation and amortisation	(175,232)	(133,754)	(1,885,578)	(1,730,384)	(3,400)	(3,826)	(2,064,210)	(1,867,964)	(376,680)	(19,882)	(2,440,890)	(1,887,846)
Provisions and impairment losses	-	-	(70,862)	(158,876)	-	(46,490)	(70,862)	(205,366)	-	-	(70,862)	(205,366)
Net operating income / (loss) for the segment	(908,257)	(820,778)	(1,683,216)	367,726	(370,442)	(345,598)	(2,961,915)	(798,650)	68,933	47,247	(2,892,982)	(751,403)
Interest income	57	54	23,175	18,108	469,791	382,341	493,023	400,503	(184,484)	(276,152)	308,539	124,351
Interest expenses	(55,037)	(98,220)	(321,484)	(290,408)	7,052	(33,664)	(369,469)	(422,292)	174,574	267,190	(194,895)	(155,102)
Gains and losses on financial assets at fair value through profit or loss	-	-	-	-	(15,300,040)	16,994,414	(15,300,040)	16,994,414	-	-	(15,300,040)	16,994,414
Gains and losses in associated companies	24,166	(4,320)	(53)	(25,666)	4,863,490	5,096,605	4,887,603	5,066,619	-	(1)	4,887,603	5,066,618
Other financial results	(1,138)	(316)	(823,558)	573,858	(2,815,123)	(958,180)	(3,639,819)	(384,638)	2,949,792	924,751	(690,027)	540,113
Income taxation	194,962	182,044	962,781	(1,225,581)	(609)	(63,193)	1,157,134	(1,106,730)	(20,210)	(3,639)	1,136,924	(1,110,369)
Consolidated net income/(loss) for the period excluding discontinued operations	(745,247)	(741,536)	(1,842,355)	(581,963)	(13,145,883)	21,072,725	(15,733,485)	19,749,226	2,988,607	959,396	(12,744,878)	20,708,622
Consolidated net income/(loss) for the period of discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to:												
Shareholders of parent company	(745,247)	(741,536)	(1,495,600)	(9,891)	(13,145,883)	21,072,725	(15,386,730)	20,321,298	2,999,846	964,733	(12,386,884)	21,286,031
Non-controlling interests	-	-	(346,755)	(572,072)	-	-	(346,755)	(572,072)	(11,239)	(5,337)	(357,994)	(577,409)
Assets:												
Tangible and intangible assets and goodwill	4,844,015	7,517,828	77,104,838	77,863,498	25,708	38,981	81,974,561	85,420,307	(27,276,892)	(27,505,047)	54,697,669	57,915,260
Inventories	204,361	269,783	195,750	1,388,005	-	-	400,111	1,657,788	-	-	400,111	1,657,788
Financial investments	851,661	923,794	7,885	10,908	636,803,940	663,348,783	637,663,486	664,283,485	66,104,549	63,654,762	703,768,035	727,938,247
Other non-current assets	3,570	3,570	7,508,238	6,894,634	171,256,642	167,991,642	178,768,450	174,889,846	(171,267,298)	(167,967,464)	7,501,152	6,922,382
Other current assets of the segment	5,425,909	5,654,654	54,251,868	56,633,567	245,081,467	269,834,877	304,759,244	332,123,098	(10,731,205)	(6,676,682)	294,028,039	325,446,416
Liabilities:												
Liabilities of the segment	14,573,905	15,628,056	79,403,289	78,130,999	1,998,749	5,981,456	95,975,943	99,740,511	(35,153,898)	(27,142,284)	60,822,045	72,598,227
CAPEX	68,516	118,178	1,766,677	1,637,173	224	-2	1,835,417	1,755,349	6,735,471	40,303	8,570,888	1,795,652

During the periods ended at 31 March 2016 and 2015, the inter-segments sales and services were as follows:

	Multimedia	Information Systems	Holding Activities
2016			
Multimedia	-	26,610	-
Information Systems	-	-	71,100
Holding Activities	-	15,515	-
External trade debtors	3,291,864	26,516,483	-
	3,291,864	26,558,608	71,100
2015 (restated - note 1)			
Multimedia	-	36,493	-
Information Systems	-	-	80,593
Holding Activities	-	14,189	-
External trade debtors	3,699,831	28,277,638	15,867
	3,699,831	28,328,320	96,460

During the periods ended at 31 March 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 31 March 2016, for the Information Systems segment, also the Portuguese market is dominant, accounting for 47% of revenue (37.8% in 2015) followed by the Spanish market, representing 11% of revenue (17.9% in 2015), respectively.

The consolidated financial statements of NOS at 31 March 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)	March 2016	March 2015
Assets		
Tangible assets	1,142,009	1,143,425
Intangible assets	1,179,726	1,168,467
Deferred tax assets	120,652	136,660
Other non-current assets	17,281	48,227
Non-current assets	2,459,668	2,496,779
Trade debtors	349,564	331,663
Cash and cash equivalents	1,796	10,802
Other current assets	169,667	141,004
Current assets	521,027	483,469
Total assets	2,980,695	2,980,248
Liabilities		
Medium and long-term loans – net of short-term portion	982,919	782,860
Provisions for other liabilities and charges	140,585	131,845
Other non-current liabilities	41,050	48,555
Non-current liabilities	1,164,554	963,260
Short-term loans and other loans	159,297	339,250
Trade creditors	304,613	327,253
Other current liabilities	271,402	267,377
Current liabilities	735,312	933,880
Total liabilities	1,899,866	1,897,140
Shareholders' funds excluding non-controlling interests	1,071,370	1,073,325
Non-controlling interests	9,459	9,783
Total Shareholders' funds	1,080,829	1,083,108
Total Shareholders' funds and liabilities	2,980,695	2,980,248

Condensed consolidated statements of income by nature

(Amounts expressed in thousands of Euro)	March 2016	March 2015
Total revenue	370,303	344,075
Costs and losses		
Direct costs and External supplies and services	(153,498)	(147,038)
Depreciation and amortisation	(95,293)	(87,694)
Other operating costs	(87,726)	(67,868)
	(336,517)	(302,600)
Financial results	(5,364)	(11,800)
Income taxation	(3,968)	(6,455)
Consolidated net income/(loss) for the period	24,454	23,220
Consolidated net income/(loss) for the period attributed to non-controlling interests	38	(23)
Attributed to shareholders of parent company	24,416	23,243

25. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the consolidated net income attributable to the Group (Euro 12,386,884 negative in 2016 and Euro 21,286,031 in 2015) by the average number of shares outstanding during the year ended 31 March 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 31 March 2016 are as follows:

	Vesting period			31 March 2016	
	Share price 31.03.2016	Award date	Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares					
2013 Plan	1.059	10-Mar-14	10-Mar-17	179	1,652,090
2014 Plan	1.059	10-Apr-15	10-Apr-18	191	1,555,808
2015 Plan	1.059	10-Mar-16	10-Mar-19	191	1,555,808

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 31 March 2016, the movements that occurred in the plans can be summarised as follows:

	Sonae SGPS shares	
	Aggregate number of participations	Number of shares
Outstanding at 31 December 2015:		
Unvested	402	4,042,703
Total	402	4,042,703
Movements in the period:		
Award	191	1,555,808
Vested	(23)	(813,157)
Cancelled / elapsed / corrected / transfers ⁽¹⁾	(9)	(21,648)
Outstanding at 31 March 2016:		
Unvested	561	4,763,706
Total	561	4,763,706

(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 31 March 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 in March 2016, were as follows:

	Value
Costs recognised in previous years	2,139,617
Costs recognised in the period	403,547
Costs of plans vested in the period	(813,651)
Total cost of the plans	1,729,513
Recorded in 'Other current liabilities	1,154,226
Recorded in 'Other non-current liabilities	575,287

These financial consolidated presentations have been approved by the Executive Board and authorized to be issued on 06 May 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

Ângelo Gabriel Ribeirinho dos Santos Paupério António Bernardo Aranha da Gama Lobo Xavier Marcelo Faria de Lima Christine Cross	Duarte Paulo Teixeira de Azevedo José Manuel Neves Adelino Tsega Gebreyes Andrew Eustace Clavering Campbell
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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. Avale Perícias, Ltda Adlands BV Aduanas Caspe, S.L.U. Aegean Park, SA Agepan Eiweiler Management GmbH 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. Bloco Q-Sociedade Imobiliária, SA	Bom Momento - Restauração, S.A. Canasta-Empreendimentos Imobiliários, SA 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 Citic Capital Sierra Limited Citic Capital Sierra Prop. Man. Limited Citorres - Sociedade Imobiliária, SA Coimbrashopping Centro Comercial, SA Colombo Towers Holding BV
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Comercial Losan Polonia SP. Z.O.O.	Harvey Dos Iberica, SL
Comercial Losan, S.L.U.	Herco Consult.Risco Corret.Seguros, Ltda
Companhia Térmica do Serrado, ACE	Herco Consultoria de Risco, S.A.
Companhia Térmica Tagol, Lda.	HighDome PCC Limited
Contacto Concessões, SGPS, S.A.	HighDome PCC Limited (Cell Europe)
Contibomba -Comérc.Distr.Combustíveis,SA	Iberian Assets, SA
Contimobe - Imobiliária Castelo Paiva,SA	Igimo - Sociedade Imobiliária, SA
Continente Hipermercados, SA	Iginha - Sociedade Imobiliária, SA
Country Club da Maia-Imobiliária,SA	Imoarea - Invest. Turísticos, SGPS, SA
CTE-Central Termoeléct. do Estuário, Lda	Imobeaury, SA
Cumulativa - Sociedade Imobiliária, S.A.	Imoclub-Serviços Imobiliários, SA
Digitmarket-Sistemas de Informação,SA	Imoconti - Sociedade Imobiliária, SA
Discovery Sports, SA	Imodivor - Sociedade Imobiliária, SA
DOC Malaga Holdings, S.L.	Imoestrutura - Sociedade Imobiliária, SA
DOC Malaga SITECO, S.L.U.	Imohotel-Emp.Turísticos Imobiliários,SA
Dortmund Tower GmbH	Imomuro - Sociedade Imobiliária, SA
Dos Mares Shopping Centre BV	Imopeninsula - Sociedade Imobiliária, SA
Dos Mares Shopping Centre, SA	Imoplamac Gestão de Imóveis, SA
Ecociclo - Energia e Ambiente, SA	Imoponte - Sociedade Imobiliária, SA
Efanor Investimentos, SGPS, S.A.	Imoresort - Sociedade Imobiliária, SA
Efanor Serviços de Apoio à Gestão, S.A.	Imoresultado - Sociedade Imobiliária, SA
Elergone Energias, Lda	Imosedas - Imobiliária e Serviços, SA
Empracine - Empresa Promotora de Atividades Cinematográficas, Lda.	Imosistema - Sociedade Imobiliária, SA
Empreend.Imob.Quinta da Azenha,SA	Impaper Europe GmbH
Enerlousado-Recursos Energéticos, Lda.	Implantação - Imobiliária, S.A.
Equador & Mendes-Ag. Viagens e Tur.,Lda	Infocfield - Informática, SA
Estação Viana Centro Comercial, SA	Inparvi SGPS, SA
Euroresinas-Indústrias Químicas,SA	Interlog-SGPS, SA
Farmácia Selecção, SA	Ioannina Develop.of Shopping Centres, SA
Fashion Division Canárias, SA	Isoroy SAS
Fashion Division, S.A.	ITRUST - Cyber Security and Intellig.,SA
Fozimo - Sociedade Imobiliária, SA	Land Retail BV
Frases e Frações Imobiliária e Serv., SA	Larim Corretora de Resseguros, Ltda
Freccia Rossa - Shopping Centre, Srl	Larissa Develop. of Shopping Centers, SA
Fundo de Invest.Imobiliário Fec. Imosede	Lazam MDS Corretora e Adm. Seguros, SA
Fundo Esp.Inv.Imo.Fec. WTC	Le Terrazze - Shopping Centre 1, Srl
Fundo I.I. Parque Dom Pedro Shop. Center	Libra Serviços, Lda
Fundo Invest. Imobiliário Imosonae Dois	Loop 5 Shopping Centre GmbH
Fundo Invest.Imob.Shopp. Parque D. Pedro	Losan Colombia, S.A.S.
Gaiashopping I Centro Comercial, SA	Losan Overseas Textile, S.L.
Gaiashopping II Centro Comercial, SA	Losan Tekstil Urun.V E Dis Ticaret, L.S.
GHP GmbH	Lusomundo - Sociedade de investimentos imobiliários SGPS, SA
Gli Orsi Shopping Centre 1, Srl	Lusomundo Imobiliária 2, S.A.
Global Usebti, S.L.	Lusomundo Moçambique, Lda.
Glunz AG	Luz del Tajo BV
Glunz Service GmbH	Luz del Tajo Centro Comercial, SA
Glunz UK Holdings Ltd	Madeirashopping Centro Comercial, SA
Glunz Uka GmbH	Maiashopping Centro Comercial, SA
Golf Time-Golfe e Invest. Turísticos, SA	Malequipa - Gestão Florestal, SA
Guimarãesshopping Centro Comercial, SA	Marcas MC, zRT



Marina de Tróia S.A.	Parklake Shopping, SA
Marmagno-Expl.Hoteleira Imob.,SA	Parque Atlântico Shopping-C.Comerc., SA
Martimope-Empreendimentos Turísticos, SA	Parque D. Pedro 1 BV
Marvero-Expl.Hoteleira Imob.,SA	Parque de Famalicão - Empreend.Imob., SA
MDS - Corretor de Seguros, SA	Pátio Boavista Shopping, Ltda
MDS Affinity-Sociedade de Mediação Lda	Pátio Campinas Shopping, Ltda
MDS Africa SGPS, SA	Pátio Goiânia Shopping, Ltda
MDS Auto - Mediação de Seguros, SA	Pátio Londrina Empreend.e Particip.,Ltda
Mds Knowledge Centre, Unipessoal, Lda	Pátio São Bernardo Shopping Ltda
MDS Malta Holding Limited	Pátio Sertório Shopping Ltda
MDS RE - Mediador de resseguros	Pátio Uberlândia Shopping Ltda
MDS, SGPS, SA	PCJ-Público, Comunicação e Jornalismo,SA
Megantic BV	Per-Mar - Sociedade de Construções, S.A.
MBJ-Design, Lda	Pharmaconcept - Actividades em Saúde, SA
MJLF - Empreendimentos Imobiliários, SA	Pharmacontinente - Saúde e Higiene, SA
Modalfa - Comércio e Serviços, SA	Plaza Eboli - Centro Comercial, SA
Modalloop - Vestuário e Calçado, SA	Plaza Mayor Parque de Ócio BV
Modelo - Dist.de Mat. de Construção,S.A.	Plaza Mayor Parque de Ocio, SA
Modelo Continente Hipermercados, SA	Plaza Mayor Shopping BV
Modelo Continente International Trade,SA	Plaza Mayor Shopping, SA
Modelo Hiper Imobiliária, SA	Poliface North America
Modelo.com-Vendas por Correspondência,SA	Ponto de Chegada - Soc. Imobiliária, SA
Movelpartes-Comp.para Ind.Mobiliária,SA	Porturbe-Edifícios e Urbanizações,SA
Movimento Viagens-Viag.e Turismo S.U.Lda	Praedium - Serviços, SA
MOVVO, S.A.	Praedium II - Imobiliária, SA
Münster Arkaden BV	Praedium SGPS, SA
Norte Shop. Retail and Leisure Centre BV	Praesidium Services Limited
Norteshopping Centro Comercial, SA	Predicomercial - Promoção Imobiliária,SA
NOS Açores Comunicações, S.A.	Predilugar - Sociedade Imobiliária, SA
NOS Communications S.à r.l	Prédios Privados Imobiliária, SA
NOS Comunicações, S.A.	Predisedas - Predial das Sedas, SA
NOS Inovação, S.A.	Project SC 1 BV
NOS Lusomundo Audiovisuais, S.A.	Project Sierra 10 BV
NOS Lusomundo Cinemas , S.A.	Project Sierra 11 BV
NOS Lusomundo TV, Lda.	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 - Conceção, Construção e Gestão de Redes de Comu	Project Sierra Four Srl
NOS Towering - Gestão de Torres de Telecomunicações, S.A.	Project Sierra Germany 2 (two)-Sh.C.GmbH
NOS, SGPS, S.A.	Project Sierra Germany 4 (four)-S.C.GmbH
NOSPUB, Publicidade e Conteúdos, S.A.	Project Sierra Spain 1 BV
Nova Equador Internacional,Ag.Viag.T,Lda	Project Sierra Spain 2 - C.Comercial, SA
Nova Equador P.C.O. e Eventos, S.U., Lda	Project Sierra Two Srl
Novodecor (PTY), LTD	Promessa Sociedade Imobiliária, S.A.
OSB Deustchland Gmbh	Proyecto Cúcuta S.A.S.
Pantheon Plaza BV	Público - Comunicação Social, SA
Paracentro - Gestão de Galerias Com., SA	Racionaliz. y Manufact.Florestales,SA
Pareuro BV	Raso - Viagens e Turismo, SA
Park Avenue Develop.of Shop. Centers, SA	RASO II-Viagens e Turismo,Unipessoal Lda



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



Sonae Tfibra Benelux, BV	Teliz Holding B.V.
Sonae Turismo, SGPS, S.A.	Têxtil do Marco, SA
Sonaecenter Serviços, SA	The Artist Porto Hot.&Bistrô-Act.Hot.,SA
Sonaecom - Serviços Partilhados, S.A	The Artist Ribeira - Act. Hoteleiras, SA
Sonaecom BV	Tlantic BV
Sonaecom, SGPS, SA	Tlantic Portugal - Sist.de Informação,SA
Sonaecom-Cyber Security and Int.,SGPS,SA	Tlantic Sistemas de Informação, Ltda
Sonaecom-Sistemas Información España SL	Tool Gmbh
Sonaegest-Soc.Gest.Fundos Investimentos	Torre Ocidente Imobiliária, SA
Sonaerp - Retail Properties, SA	Torre São Gabriel Imobiliária, SA
SONAESR - Serviços e logística, SA	Troia Market-Supermercados, S.A.
Sonaetelecom BV	Troia Natura, S.A.
Sondis Imobiliária, SA	Troiareort-Investimentos Turísticos, SA
Sontária - Empreendimentos Imobiliários, S.A.	Tulipamar-Expl.Hoteleira Imob.,SA
Sontel BV	UNIPRESS - Centro Gráfico, Lda.
Sontur BV	Unishopping Consultoria Imobiliária,Ltda
Sonvecap BV	Urbisedas-Imobiliária das Sedas,SA
Sopair, S.A.	Usebti Textile México S.A. de C.V.
Sótaqua - Soc. de Empreendimentos Turist	Valor N, SA
Soternix-Produção de Energia, ACE	Via Catarina Centro Comercial, SA
Spanboard Products,Ltd	Viajens y Turismo de Geotur España, S.L.
SPF - Sierra Portugal	Vistas do Freixo-Emp.Tur.Imobiliários,SA
Spinarq Moçambique, Lda	Vuelta Omega, S.L.
Spinarq-Engenharia,Energia e Ambiente,SA	We Do Consulting-Sist. de Informação, SA
Spinveste - Promoção Imobiliária, SA	We Do Poland Sp.Z.o.o.
Spinveste-Gestão Imobiliária SGII,SA	We Do Technologies (UK) Limited
Sport Zone Canárias, SL	We Do Technologies Americas, Inc
Sport Zone España-Com.Art.de Deporte,SA	We Do Technologies Australia PTY Limited
Sport Zone spor malz.per.satis ith.ve ti	We Do Technologies BV
Spred, SGPS, SA	We Do Technologies Egypt LLC
SSI Angola, S.A.	We Do Technologies Mexico, S. de RL
Tableros Tradema,S.L.	Wedo Brasil-Soluções Informáticas,Ltda
Tafiber,Tableros de Fibras Ibéricas,SL	Weierstadt Shopping BV
Tafibra South Africa (PTY) Ltd.	Worten - Equipamento para o Lar, SA
Tafibra Suisse, SA	Worten Canárias, SL
Tafisa Canadá Societé en Commandite	Worten España Distribución, SL
Tafisa France, SA	Zippy - Comércio e Distribuição, SA
Tafisa UK,Ltd	Zippy - Comercio y Distribución, SA
Tafisa-Tableros de Fibras, SA	Zippy cocuk malz.dag.ith.ve tic.ltd.sti
Taiber,Tableros Aglomerados Ibéricos,SL	ZOPT, SGPS, S.A.
Tecnológica Telecomunicações, Ltda	ZYEvolution-Invest.Desenv.,SA
Teconologias del Medio Ambiente,SA	

5.3. Sonaecom individual financial statements

Balance sheets

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

(Amounts expressed in Euro)	Notes	March 2016 (not audited)	March 2015 (not audited)	December 2015
Assets				
Non-current assets				
Tangible assets	1.a, 1.f and 2	22,087	33,616	24,977
Intangible assets	1.b and 3	3,621	5,365	3,907
Investments in Group companies	1.c and 5	49,347,142	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	127,245	1,069,775	144,477
Other non-current assets	1.d, 1.n, 4, 8 and 20	165,894,237	162,629,236	165,849,237
Total non-current assets		813,061,276	813,252,078	813,036,684
Current assets				
Financial assets at fair value through profit or loss	1.e, 4 and 7	64,406,193	75,894,217	79,796,807
Other current debtors	1.e, 1.g, 4, 10 and 20	3,239,086	10,548,348	3,005,261
Other current assets	1.e, 1.n, 4, and 20	396,674	313,522	378,552
Cash and cash equivalents	1.e, 1.h, 4, 11 and 20	176,292,458	180,414,578	179,448,314
Total current assets		244,334,411	267,170,665	262,628,934
Total assets		1,057,395,687	1,080,422,743	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	851,970,822	831,341,366	817,581,760
Net income / (loss) for the period		(17,988,593)	23,313,862	34,389,062
Total Shareholders' funds		1,055,932,052	1,076,605,051	1,073,920,645
Liabilities				
Non-current liabilities				
Provisions for other liabilities and charges	1.l, 1.o and 15	241,811	351,301	241,811
Other non-current liabilities	1.n, 1.t, 4 and 23	61,895	276,363	222,526
Total non-current liabilities		303,706	627,664	464,337
Current liabilities				
Other creditors	4, 16 and 20	324,606	695,864	200,693
Other current liabilities	1.n, 1.t, 4, 20 and 23	835,323	2,494,164	1,079,943
Total current liabilities		1,159,929	3,190,028	1,280,636
Total Shareholders' funds and liabilities		1,057,395,687	1,080,422,743	1,075,665,618

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

(Amounts expressed in Euro)	Notes	March 2016 (not audited)	March 2015 (not audited)	December 2015
Services rendered	20	71,100	96,460	338,240
Other operating revenues	20	103,914	46,882	241,085
		175,014	143,342	579,325
External supplies and services	1.f, 17 and 20	(208,493)	(198,865)	(723,241)
Staff expenses	1.t and 23	(297,657)	(211,160)	(1,155,774)
Depreciation and amortisation	1.a, 1.b, 2 and 3	(3,400)	(3,826)	(15,084)
Provisions and impairment losses	1.l and 15	-	(46,490)	-
Other operating costs		(15,868)	(7,067)	(63,231)
		(525,418)	(467,408)	(1,957,330)
Gains and losses on Group companies	5, 8 and 18	(2,910,000)	6,390,500	9,450,500
Gains and losses on financial assets at fair value through profit or loss	5, 7 and 18	(15,280,602)	16,994,414	23,886,615
Other financial expenses	1.c, 1.i, 1.j, 1.r, 1.s, 14 and 18	(1,886)	(67,199)	(135,054)
Other financial income	1.r, 8, 11 and 18	554,908	383,406	2,113,424
Current income / (loss)		(17,987,984)	23,377,055	33,937,480
Income taxation	1.m, 9 and 19	(609)	(63,193)	451,582
Net income / (loss) for the period		(17,988,593)	23,313,862	34,389,062
Earnings per share	22			
Including discontinued operations:				
Basic		(0.06)	0.08	0.11
Diluted		(0.06)	0.08	0.11
Excluding discontinued operations:				
Basic		(0.06)	0.08	0.11
Diluted		(0.06)	0.08	0.11

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

(Amounts expressed in Euro)	Notes	March 2016 (not audited)	March 2015 (not audited)	December 2015
Net income / (loss) for the period		(17,988,593)	23,313,862	34,389,062
Components of other comprehensive income, net of tax		-	-	-
Comprehensive income for the period		(17,988,593)	23,313,862	34,389,062

The notes are an integral part of the financial statements at 31 March 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

António Bernardo Aranha da Gama Lobo Xavier

Movements in Shareholders' funds

For the periods ended at 31 March 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)	-
Comprehensive income for the period ended at 31 March 2016	-	-	-	-	-	-	-	(17,988,593)	(17,988,593)
Balance at 31 March 2016	230,391,627	(8,441,804)	775,290,377	15,163,177	8,441,804	53,075,464	851,970,822	(17,988,593)	1,055,932,052
	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Comprehensive income for the period ended at 31 March 2015	-	-	-	-	-	-	-	23,313,862	23,313,862
Balance at 31 March 2015	230,391,627	(8,441,804)	775,290,377	13,443,724	8,441,804	34,165,461	831,341,366	23,313,862	1,076,605,051

The notes are an integral part of the financial statements at 31 March 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 31 March 2016 and 2015

(Amounts expressed in Euro)	March 2016 (not audited)	March 2015 (not audited)
Operating activities		
Payments to employees	(758,727)	(122,104)
Cash flows from operating activities	(758,727)	(122,104)
Payments / receipts relating to income taxes, net	382,590	529,278
Other payments / receipts relating to operating activities, net	(467,352)	(365,010)
Cash flows from operating activities (1)	(843,489)	42,164
Investing activities		
Receipts from:		
Financial Investments	-	2,187,000
Interest and similar income	708,000	828,123
Loans granted	325,000	855,000
Payments for:		
Tangible assets	-	(3,395)
Loans granted	(3,280,000)	-
Cash flows from investing activities (2)	(2,247,000)	3,866,728
Financing activities		
Payments for:		
Interest and similar expenses	(65,367)	(294,350)
Cash flows from financing activities (3)	(65,367)	(294,350)
Net cash flows (4)=(1)+(2)+(3)	(3,155,856)	3,614,542
Cash and cash equivalents at the beginning of the period	179,448,314	176,800,036
Cash and cash equivalents at period end	176,292,458	180,414,578

The notes are an integral part of the financial statements at 31 March 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 31 March 2016 and 2015

	March 2016 (not audited)	March 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.	325,000	-
	325,000	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	-
	March 2016 (not audited)	March 2015 (not audited)
2. Details of cash and cash equivalents		
Cash in hand	572	786
Cash at bank	75,671,886	8,628,792
Treasury applications	100,620,000	171,785,000
Overdrafts	-	-
Cash and cash equivalents	176,292,458	180,414,578
Overdrafts	-	-
Cash assets	176,292,458	180,414,578
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 31 March 2016 and 2015.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

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António Bernardo Aranha da Gama Lobo Xavier

5.4. Notes to the individual 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.

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 31 March 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
Clarifications to IFRS 15 Revenue from Contracts with Customers The objective of clarifications to IFRS 15 Revenue from Contracts with Customers was to clarify the principles for recognising revenue from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts.	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 31 March 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 31 March 2016 are comparable with those used in the preparation of 31 March 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 31 of March 2016 and 2015, the Company did not have any derivative, beyond those mentioned in note 1.t).

l) Provisions and contingencies

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

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

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

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

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

m) Income Tax

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

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

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

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

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

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

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

n) Accrual basis and revenue recognition

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

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

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

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

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

o) Balance sheet classification

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

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

p) Reserves

Legal reserve

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

Share premiums

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

used to absorb losses, after all the other reserves are exhausted or to increase share capital.

Medium-term incentive plans reserves

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

Hedging reserve

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

Own shares reserve

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

Additionally, the increments resulting from the application of fair value through equity components, including its implementation through the net results, shall be distributed only when the elements that gave rise to them are sold, liquidated or exercised when they finish their use, in the case of tangible or intangible assets. Therefore, at 31 March 2016, Sonaecom, SGPS, S.A., had free distributable reserves amounting to approximately EUR 15 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 31 December 2015.

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	
	31 March	Average	31 March	Average
Pounds Sterling	1.2633	1.2978	1.3750	1.3453
Swiss franc	0.9148	0.9124	0.9558	0.9335
Swedish krona	9.2253	9.3267	0.1076	0.1066
American Dollar	0.8784	0.9071	0.9295	0.8880

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. One Sonae SGPS share plan is covered by a hedging contract.

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 31 March 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 31 March 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 31 March 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 31 March 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 31 March 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	1,053	18	1,379	-	440	-	-	2,890
Balance at 31 March 2016	335,075	43,805	14,707	171	241,148	104	-	635,010
Net value	12,133	53	7,353	-	2,548	-	-	22,087
	Buildings and other constructions	Plant and machinery	Vehicles	Tools	Fixtures and fittings	Other tangible assets	Work in progress	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 31 March 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	1,053	18	1,379	-	1,006	-	-	3,456
Balance at 31 March 2015	330,862	43,733	9,192	171	238,441	104	-	622,503
Net value	16,346	125	12,868	-	4,277	-	-	33,616

3. Intangible assets

The movement in intangible assets and in the corresponding accumulated amortisation and impairment losses in the periods ended at 31 March 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
Disposals	-	-	224	224
Transfers	-	407	(407)	-
Balance at 31 March 2016	9,719	192,959	-	202,678
Accumulated amortisation and impairment losses				
Balance at 31 December 2015	9,719	188,828	-	198,547
Amortisation for the period	-	510	-	510
Balance at 31 March 2016	9,719	189,338	-	199,057
Net value	-	3,621	-	3,621

				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 31 March 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	-	370	-	370
Balance at 31 March 2015	9,719	187,187	-	196,906
Net value	-	5,365	-	5,365

4. Breakdown of financial instruments

At 31 March 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						
Financial assets at fair value through profit or loss (note 7)	-	127,245	-	127,245	-	127,245
Other non-current assets (note 8)	165,894,237	-	-	165,894,237	-	165,894,237
	165,894,237	127,245	-	166,021,482	-	166,021,482

Current assets						
Financial assets at fair value through profit or loss (note 7)	-	64,406,193	-	64,406,193	-	64,406,193
Other trade debtors (note 10)	2,635,774	-	-	2,635,774	603,312	3,239,086
Other current assets	-	-	325,053	325,053	71,621	396,674
Cash and cash equivalents (note 11)	176,292,458	-	-	176,292,458	-	176,292,458
	178,928,232	64,406,193	325,053	243,659,478	674,933	244,334,411

						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)	-	1,069,775	-	1,069,775	-	1,069,775
Other non-current assets (note 8)	162,629,236	-	-	162,629,236	-	162,629,236
	162,629,236	1,069,775	-	163,699,011	-	163,699,011

Current assets						
Financial assets at fair value through profit or loss (note 7)	-	75,894,217	-	75,894,217	-	75,894,217
Other trade debtors (note 10)	9,057,277	-	-	9,057,277	1,491,071	10,548,348
Other current assets	-	-	227,065	227,065	86,457	313,522
Cash and cash equivalents (note 11)	180,414,578	-	-	180,414,578	-	180,414,578
	189,471,855	75,894,217	227,065	265,593,137	1,577,528	267,170,665

				2016
	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total

Non-current liabilities				
Other non-current liabilities	-	-	61,895	61,895
	-	-	61,895	61,895

Current liabilities				
Other creditors (note 16)	12,652	12,652	311,954	324,606
Other current liabilities	597,469	597,469	237,854	835,323
	610,121	610,121	549,808	1,159,929

				2015
	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total

Non-current liabilities				
Other non-current liabilities	-	-	276,363	276,363
	-	-	276,363	276,363

Current liabilities				
Other creditors (note 16)	662,258	662,258	33,606	695,864
Other current liabilities	243,122	243,122	2,251,042	2,494,164
	905,380	905,380	2,284,648	3,190,028

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 31 March 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')	11,850,557	11,850,557
Público - Comunicação Social, S.A. ('Público')	10,227,595	10,227,595
Sonaecom - Serviços Partilhados, S.A. ('Sonaecom SP')	50,000	50,000
	157,930,357	158,130,357
Impairment losses (note 15)	(108,583,215)	(106,283,215)
Total investments in Group companies	49,347,142	51,847,142

*This company changed its name from Sonae 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 31 March 2016 and 2015 were as follows:

Company	Balance at 31 December 2015	Additions	Disposals	Transfers and write-offs	Balance at 31 March 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	11,850,557	-	-	-	11,850,557
Público	10,227,595	-	-	-	10,227,595
Sonaecom SP	50,000	-	-	-	50,000
	157,930,357	-	-	-	157,930,357
Impairment losses (note 15)	(108,583,215)	-	-	-	(108,583,215)
	49,347,142	-	-	-	49,347,142

*This company changed its name from Sonae 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 31 March 2015
Sonaetelecom BV	73,460,618	-	-	-	73,460,618
Sonae IM*	52,241,587	-	-	-	52,241,587
Sonaecom BV	10,300,000	-	-	-	10,300,000
PCJ	11,850,557	-	-	-	11,850,557
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 Sonae Sistemas de Informação SGPS, S.A. to Sonae Investment Management – Software and Technology, SGPS, S.A. in 2015.

The Company presents separate consolidated financial statements at 31 March 2016, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which presents total consolidated assets of Euro 1,060,395,006 total consolidated liabilities of Euro 60,822,045 consolidated operational revenues of Euro 30,184,542 and consolidated Shareholders' funds of Euro 999,572,961 including a consolidated net profit (attributable to the Shareholders of the parent company – Sonaecom, SGPS, S.A.) for the period ended at 31 March 2016 of Euro 12,744,878.

At 31 March 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%	1,270,704,890	6,415	50%	1,251,802	24
Sonae IM*	Maia	100%	80,991,305	51,680	100%	81,853,236	298,090
Sonaecom BV	Amsterdam	100%	96,257	(12,972)	100%	344,371	(12,907)
PCJ	Maia	100%	109,993	83,400	100%	1,595,948	91,941
Sonaetelecom BV	Amsterdam	100%	3,212	(7,807)	100%	37,182	(9,335)
Sonaecom SP	Maia	100%	187,298	60,980	100%	83,361	(632)
Público	Maia	100%	(793,766)	(828,646)	100%	(568,532)	(836,795)

(a) Individual financial statements

*This company changed its name from Sonae 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 31 March 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 31 March 2016 e 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 31 March 2016 and 2015 were as follows:

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

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

A ZOPT is a joint venture of Sonaecom, Kento Holding Limited and Unitel International Holdings BV, created for detention of the participation in society NOS SGPS, SA ("NOS") At the end of the periods ended at 31 March 2016 and 2015 the ZOPT held 50.01% stake in the NOS.

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

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

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

7. Financial assets at fair value through profit or loss

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

The movements occurred in this caption during the period ended at 31 March 2016 and 2015, were as follows:

						2016
Financial assets at fair value through profit or loss	Opening balance	Increases	Decreases	Fair value adjustments (note 18)	Increase and decrease in fair value of shares intended to cover MTIP*	Closing balance
NOS	79,796,807	-	-	(15,263,369)	-	64,533,438
Sonae SGPS	144,477	-	(129,450)	(17,233)	2,206	-
	79,941,284	-	(129,450)	(15,280,602)	2,206	64,533,438
Recorded under the caption non current assets (note 4)						127,245
Recorded under the caption current assets (note 4)						64,406,193
*Incentive medium-term plans						

						2015
Financial assets at fair value through profit or loss	Opening balance	Increases	Decreases	Fair value adjustments (note 18)	Increase and decrease in fair value of shares intended to cover MTIP*	Closing balance
NOS	57,661,618	-	-	16,573,861	-	74,235,479
Sonae SGPS	2,303,954	-	(450,639)	420,553	454,645	2,728,513
	59,965,572	-	(450,639)	16,994,414	454,645	76,963,992
Recorded under the caption non current assets (note 4)						1,069,775
Recorded under the caption current assets (note 4)						75,894,217
*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 31 March 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 31 March 2016 and 2015.

The evaluation of fair value of the investment is detail as follows:

2016	NOS	Sonae SGPS
Shares	11,012,532	-
Level of inputs in the hierarchy of fair value	Level 1**	
Valuation method	Quoted price on the stock exchange	
Quoted price*	5.860	1.059
Fair value	64,533,438	-

* Used the share price of 31 March 2016 in the determination of the fair value.

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

2015	NOS	Sonae SGPS
Shares	11,012,532	1,926,916
Level of inputs in the hierarchy of fair value	Level 1**	
Valuation method	Quoted price on the stock exchange	
Quoted price*	6.741	1.416
Fair value	74,235,478	2,728,513

* Used the share price of 31 March 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 31 March 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	3,365,000	4,245,000
Público	165,000	2,415,000
Sonaecom SP	160,000	420,000
	<u>22,285,000</u>	<u>18,565,000</u>
Supplementary capital:		
Zopt	115,000,000	115,000,000
Sonae IM	29,519,792	30,289,791
Público	11,077,405	5,362,405
PCJ	1,839,445	1,189,445
	<u>157,436,642</u>	<u>151,841,641</u>
	<u>179,721,642</u>	<u>170,406,641</u>
Accumulated impairment losses (note 15)	<u>(13,827,405)</u>	<u>(7,777,405)</u>
	<u>165,894,237</u>	<u>162,629,236</u>

During the periods ended at 31 March 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	-	(325,000)	3,365,000
Público	165,000	-	-	165,000
Soanecom SP	160,000	-	-	160,000
	<u>19,330,000</u>	<u>3,280,000</u>	<u>(325,000)</u>	<u>22,285,000</u>

				2015
Company	Opening balance	Increases	Decreases	Closing balance
Sonae IM	12,220,000	-	(735,000)	11,485,000
PCJ	4,345,000	-	(100,000)	4,245,000
Público	2,435,000	-	(20,000)	2,415,000
Soanecom SP	420,000	-	-	420,000
	<u>19,420,000</u>	<u>-</u>	<u>(855,000)</u>	<u>18,565,000</u>

During the periods ended at 31 March 2016 and 2015, the movements in 'Supplementary capital' were as follows:

				2016
Company	Opening balance	Increases	Decreases	Closing balance
ZOPT	115,000,000	-	-	115,000,000
Sonae IM	29,519,792	-	-	29,519,792
Público	11,077,405	-	-	11,077,405
PCJ	1,839,445	-	-	1,839,445
	157,436,642	-	-	157,436,642

				2015
Company	Opening balance	Increases	Decreases	Closing balance
ZOPT	115,000,000	-	-	115,000,000
Sonae IM	32,476,791	-	(2,187,000)	30,289,791
Público	5,362,405	-	-	5,362,405
PCJ	1,189,445	-	-	1,189,445
	154,028,641	-	(2,187,000)	151,841,641

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 31 March 2016 and 2015, the loans granted to Group companies and joint ventures earned interest at market rates with an average interest rate of 2.62% and 5.50%, 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 31 March 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	2,166,277	1,192,550
Provisions not acceptable for tax purposes, impairment losses and others	120,255,092	116,440,458
CFEI	151	151
Total	122,421,520	117,633,159
Deferred tax assets	27,608,815	26,449,689

At 31 March 2016 and 2015, the deferred tax assets relating to tax losses carried forward have the following origin dates:

Year of origin	2016	2015
2014	454,918	250,436
	454,918	250,436

For the periods ended at 31 March 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 31 March 31 2016 and 2015 is as follows:

	2016	2015
Earnings before tax	(17,987,984)	23,377,055
Income taxation (21% in 2016 and 2015)	3,777,477	(4,909,182)
Correction of the tax of the previous year and other related taxes	(610)	(22,228)
Temporary differences from the exercise without record deferred tax assets	(521,173)	(263,598)
Adjustments of results not tax deductible	(3,256,303)	5,014,706
Use of losses carried forward, which deferred taxes were not recorded	-	117,109
Income taxation recorded in the period (note 19)	(609)	(63,193)

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 31 March 2016.

10. Other current debtors

At 31 March 2016 and 2015, this caption was made up as follows:

	2016	2015
Dividends receivable	-	7,315,500
State and other public entities	603,312	1,491,071
Trade debtors	2,635,774	1,741,777
	3,239,086	10,548,348

At 31 March 2015, the caption 'Dividends receivable' corresponds to dividends receivable from ZOPT SGPS (note 18).

At 31 March 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 31 March 31 2016 and 2015, includes the special advanced payment, retentions and taxes to be recovered.

11. Cash and cash equivalents

At 31 March 2016 and 2015, the breakdown of cash and cash equivalents was as follows:

	2016	2015
Cash	572	786
Bank deposits repayable on demand	75,671,886	8,628,792
Treasury applications	100,620,000	171,785,000
	176,292,458	180,414,578

At 31 March 2016 and 2015, the caption 'Treasury applications' had the following breakdown:

	2016	2015
Bank applications	92,500,000	168,105,000
Sonae IM	3,400,000	2,475,000
Público	3,785,000	1,025,000
Sonaecom SP	865,000	145,000
Soanecom BV	-	20,000
PCJ	70,000	15,000
	100,620,000	171,785,000

During the period ended at 31 March 2016, the above mentioned treasury applications bear interests at an average rate of 0.77% (0.31% in 2015).

12. Share capital

At 31 March 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 31 March 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 31 March 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 31 March 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 31 March 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 31 March 2016 and 2015 were as follows:

	Opening balance	Increases	Reductions	Transfers	Utilizations	Closing balance
2016						
Accumulated impairment losses on investments in Group companies (notes 5 and 18)	108,583,215	-	-	-	-	108,583,215
Accumulated impairment losses on other non-current assets (notes 8 and 18)	10,917,405	2,910,000	-	-	-	13,827,405
Provisions for other liabilities and charges	241,811	-	-	-	-	241,811
	119,742,431	2,910,000	-	-	-	122,652,431
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	-	-	(20,000)	-	7,777,405
Provisions for other liabilities and charges	304,811	46,490	-	-	-	351,301
	113,440,431	971,490	-	-	-	114,411,921

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

At 31 March 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 31 March 2016 and 2015, this caption was made up as follows:

	2016	2015
Other creditors	12,652	662,259
State and other public entities	311,954	33,605
	324,606	695,864

17. External supplies and services

At 31 March 2016 and 2015, this caption was made up as follows:

	2016	2015
Specialised work	131,376	138,324
Travel and accommodation	24,396	19,867
Insurance	12,099	12,163
Rents	4,303	4,303
Communications	18,259	3,660
Other external supplies and services	18,060	20,548
	208,493	198,865

18. Financial results

Net financial results for the periods ended 31 March 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)	(2,910,000)	(925,000)
Dividends obtained (note 10)	-	7,315,500
	(2,910,000)	6,390,500
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)	(15,280,602)	16,994,414
	(15,280,602)	16,994,414
Other financial expenses		
Interest expenses:		
Other loans	(267)	(33,653)
	(267)	(33,653)
Other financial expenses	(1,619)	(33,546)
	(1,886)	(67,199)
Other financial income		
Interest income	554,892	382,616
Foreign currency exchange gains	16	790
	554,908	383,406

19. Income Taxation

Income taxes recognized during the periods ended at 31 March 2016 and 2015 were made up as follows ((costs) / gains):

	2016	2015
Current tax	(609)	(63,193)
Closing balance	(609)	(63,193)

20. Related parties

The most significant balances and transactions with related parties (which are detailed in the appendix) at 31 March 2016 and 2015 were as follows:

					Balances at 31 March 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	425,892	-	-	(34,513)	-
Subsidiaries					
PCJ	35,174	2,693	70,000	10,719	3,365,000
Público	31,465	109,971	3,785,000	(4,406)	165,000
Sonae IM*	-	63,101	3,400,000	(4,776)	18,595,000
Sonaecom BV	-	-	-	-	-
Sonae Telecom BV	-	-	-	-	-
Sonaecom SP	115,362	6,948	865,000	(131,973)	160,000
Others related parties					
Zopt SGPS	-	-	-	-	-
Digitmarket	33,563	44,025	-	(38,195)	-
Saphety	117,322	12,802	-	(335,344)	-
Sonaecenter II	19,516	9,087	-	-	-
Wedo	2,263,772	219,341	-	-	-
iTrust	30,359	-	-	(62,039)	-
NOS Comunicações	-	10,685	-	148,455	-
NOS Sistemas	-	103,242	-	(5,272)	-
Others	5,087	7,670	-	25,004	-
	3,077,512	589,565	8,120,000	(432,340)	22,285,000

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

					Balances at 31 March 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)	58,025	-	(10,456)	-
Subsidiaries					
PCJ	152,399	-	15,000	20,408	4,245,000
Público	39,882	1,028,835	1,025,000	6,556	2,415,000
Sonae IM*	279,774	76,021	2,475,000	44,110	11,485,000
Sonaecom BV	286	118,477	20,000	275	-
Sonaecom SP	64,861	81,801	145,000	(88,365)	420,000
Others related parties					
Zopt SGPS	7,315,500	-	-	-	-
Digitmarket	85,306	1,505	-	(78,988)	-
Saphety	187,163	5,439	-	(267,248)	-
Sonaecenter II	19,516	36,898	-	-	-
Wedo	2,058,829	-	-	-	-
iTrust	11,635	-	-	(59,433)	-
Others	-	26,910	-	16,284	-
	10,214,279	1,433,911	3,680,000	(416,857)	18,565,000

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

				Transactions at 31 March 2016
	Sales and services rendered	Supplies and services received (note 17)	Interest and similar income / (expense) (note 18)	Supplementary income
Parent Company				
Sonae SGPS	-	-	269,115	(26)
Subsidiaries				
PCJ	-	-	31,981	-
Público	-	60	22,608	760
Sonae IM*	-	15,000	122,563	-
Sonaecom BV	-	-	-	-
Sonaetelecom BV	-	-	-	-
Sonaecom SP	-	65,114	7,332	-
Wedo	42,000	-	-	-
Others related parties				
Digitmarket	14,550	-	-	-
Saphety	14,550	515	-	-
Sonaecenter II	-	18,538	-	-
NOS Comunicações	-	18,518	(19,887)	-
Others	-	13,592	-	-
	71,100	131,337	433,712	734

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

				Transactions at 31 March 2015
	Sales and services rendered	Supplies and services received (note 17)	Interest and similar income / (expense) (note 18)	Supplementary income
Parent Company				
Sonae SGPS	-	-	6	-
Subsidiaries				
PCJ	-	-	59,305	-
Público	-	60	37,851	-
Sonae IM*	-	6,414	172,771	-
Sonaecom BV	-	-	275	-
Sonaetelecom BV	-	-	(11)	-
Sonaecom SP	-	67,106	6,229	-
Wedo	49,766	(800)	-	-
Others related parties				
Digitmarket	15,413	-	-	-
Saphety	15,413	515	-	-
Sonaecenter II	15,867	44,998	-	-
Others	-	31,073	(16,825)	-
	96,459	149,366	259,601	-

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

During the period ended 31 March 2015, the Company recognized the amount of Euro 7,315,500 related to dividends receivable from Zopt SGPS (Note 10 and 18).

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 31 March 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 24,499,393 and Sonaecom SGPS consisted of Público surety for the amount of Euro 565,026.

At 31 March 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 17,988,593 negative in 2016 and Euro 23,313,862 in 2015) by the average number of shares outstanding during the periods ended at 31 March 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 31 March 2016 are as follows:

		Vesting period		31 March 2016	
	Share price 31.03.2016	Award date	Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares					
2013 Plan	1.059	10-Mar-14	10-Mar-17	2	303,888
2014 Plan	1.059	10-Apr-15	10-Apr-18	2	167,408
2015 Plan	1.059	10-Mar-16	10-Mar-19	2	167,408

During the period ended at 31 March 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	167,408
Vested	(4)	(496,764)
Cancelled / lapsed / corrected*	-	24,841
Outstanding at 31 March 2016:		
Unvested	6	638,704
Total	6	638,704

* 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. This hedging contracts were used to cover the delivery of the 2011 plan and the 2012 plan. This way, the period ended 31 March 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 31 March 2016, were as follows:

	Value
Costs recognised in previous years	703,586
Costs recognised in the period	106,837
Costs of plans vested in the period	(510,673)
Total cost of the plans	299,749
Recorded in 'Other current liabilities	237,854
Recorded in 'Other non-current liabilities	61,895

These financial statements were approved by the Board of Directors on 6 May 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 31 March 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	
Ângelo Gabriel Ribeirinho dos Santos Paupério António Bernardo Aranha da Gama Lobo Xavier Marcelo Faria de Lima Christine Cross	Duarte Paulo Teixeira de Azevedo José Manuel Neves Adelino Tsega Gebreyes Andrew Eustace Clavering Campbell

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 Pericias, Ltda Adlands BV Aduanas Caspe, S.L.U. Aegean Park, SA Agepan Eiweiler Management GmbH 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 Marit,SA Avenida M-40 BV Azulino Imobiliária, S.A. BA Business Angels, SGPS, SA BA Capital, SGPS BB Food Service, SA Beeskow Holzwerkstoffe Beralands BV Bertimóvel - Sociedade Imobiliária, S.A. Bloco Q-Sociedade Imobiliária,SA	Bom Momento - Restauração, S.A. Canasta-Empreendimentos Imobiliários,SA 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 Citic Capital Sierra Limited Citic Capital Sierra Prop. Man. Limited Citorres - Sociedade Imobiliária, SA Coimbrashopping Centro Comercial, SA Colombo Towers Holding BV



Comercial Losan Polonia SP. Z.O.O.	Harvey Dos Iberica, SL
Comercial Losan, S.L.U.	Herco Consult.Risco Corret.Seguros, Ltda
Companhia Térmica do Serrado, ACE	Herco Consultoria de Risco, S.A.
Companhia Térmica Tagol, Lda.	HighDome PCC Limited
Contacto Concessões, SGPS, S.A.	HighDome PCC Limited (Cell Europe)
Contibomba -Comérc.Distr.Combustíveis,SA	Iberian Assets, SA
Contimobe - Imobiliária Castelo Paiva,SA	Igimo - Sociedade Imobiliária, SA
Continente Hipermercados, SA	Iginha - Sociedade Imobiliária, SA
Country Club da Maia-Imobiliária,SA	Imoarea - Invest. Turísticos, SGPS, SA
CTE-Central Termoeléc. do Estuário, Lda	Imobeauty, SA
Cumulativa - Sociedade Imobiliária, S.A.	Imoclub-Serviços Imobiliários, SA
Digitmarket-Sistemas de Informação,SA	Imoconti - Sociedade Imobiliária, SA
Discovery Sports, SA	Imodivor - Sociedade Imobiliária, SA
DOC Malaga Holdings, S.L.	Imoestrutura - Sociedade Imobiliária, SA
DOC Malaga SITECO, S.L.U.	Imohotel-Emp.Turísticos Imobiliários,SA
Dortmund Tower GmbH	Imomuro - Sociedade Imobiliária, SA
Dos Mares Shopping Centre BV	Imopenínsula - Sociedade Imobiliária, SA
Dos Mares Shopping Centre, SA	Imoplamac Gestão de Imóveis, SA
Ecociclo - Energia e Ambiente, SA	Imoponte - Sociedade Imobiliária, SA
Efanor Investimentos, SGPS, S.A.	Imoresort - Sociedade Imobiliária, SA
Efanor Serviços de Apoio à Gestão, S.A.	Imoresultado - Sociedade Imobiliária, SA
Elergone Energias, Lda	Imosedas - Imobiliária e Serviços, SA
Empracine - Empresa Promotora de Atividades Cinematográficas, Lda.	Imosistema - Sociedade Imobiliária, SA
Empreend.Imob.Quinta da Azenha,SA	Impaper Europe GmbH
Enerlousado-Recursos Energéticos, Lda.	Implantação - Imobiliária, S.A.
Equador & Mendes-Ag. Viagens e Tur.,Lda	Infocfield - Informática, SA
Estação Viana Centro Comercial, SA	Inparvi SGPS, SA
Euroresinas-Indústrias Químicas,SA	Interlog-SGPS, SA
Farmácia Selecção, SA	Ioannina Develop.of Shopping Centres, SA
Fashion Division Canárias, SA	Isoroy SAS
Fashion Division, S.A.	ITRUST - Cyber Security and Intellig.,SA
Fozimo - Sociedade Imobiliária, SA	Land Retail BV
Frases e Frações Imobiliária e Serv., SA	Larim Corretora de Resseguros, Ltda
Freccia Rossa - Shopping Centre, Srl	Larissa Develop. of Shopping Centers, SA
Fundo de Invest.Imobiliário Fec. Imosede	Lazam MDS Corretora e Adm. Seguros, SA
Fundo Esp.Inv.Imo.Fec. WTC	Le Terrazze - Shopping Centre 1, Srl
Fundo I.I. Parque Dom Pedro Shop. Center	Libra Serviços, Lda
Fundo Invest. Imobiliário Imosonae Dois	Loop 5 Shopping Centre GmbH
Fundo Invest.Imob.Shopp. Parque D. Pedro	Losan Colombia, S.A.S.
Gaiashopping I Centro Comercial, SA	Losan Overseas Textile, S.L.
Gaiashopping II Centro Comercial, SA	Losan Tekstil Urun.V E Dis Ticaret, L.S.
GHP GmbH	Lusomundo - Sociedade de investimentos imobiliários SGPS, SA
Gli Orsi Shopping Centre 1, Srl	Lusomundo Imobiliária 2, S.A.
Global Usebti, S.L.	Lusomundo Moçambique, Lda.
Glunz AG	Luz del Tajo BV
Glunz Service GmbH	Luz del Tajo Centro Comercial, SA
Glunz UK Holdings Ltd	Madeirashopping Centro Comercial, SA
Glunz Uka GmbH	Maiashopping Centro Comercial, SA
Golf Time-Golfe e Invest. Turísticos, SA	Maiequipa - Gestão Florestal, SA
Guimarãesshopping Centro Comercial, SA	Marcas MC, zRT



Marina de Tróia S.A.	Parklake Shopping, SA
Marmagno-Expl.Hoteleira Imob.,SA	Parque Atlântico Shopping-C.Comerc., SA
Martimope-Empreendimentos Turísticos, SA	Parque D. Pedro 1 BV
Marvero-Expl.Hoteleira Imob.,SA	Parque de Famalicão - Empreend.Imob., SA
MDS - Corretor de Seguros, SA	Pátio Boavista Shopping, Ltda
MDS Affinity-Sociedade de Mediação Lda	Pátio Campinas Shopping, Ltda
MDS Africa SGPS, SA	Pátio Goiânia Shopping, Ltda
MDS Auto - Mediação de Seguros, SA	Pátio Londrina Empreend.e Particip.,Ltda
Mds Knowledge Centre, Unipessoal, Lda	Pátio São Bernardo Shopping Ltda
MDS Malta Holding Limited	Pátio Sertório Shopping Ltda
MDS RE - Mediador de resseguros	Pátio Uberlândia Shopping Ltda
MDS, SGPS, SA	PCJ-Público, Comunicação e Jornalismo,SA
Megantic BV	Per-Mar – Sociedade de Construções, S.A.
MJB-Design, Lda	Pharmaconcept - Actividades em Saúde, SA
MJLF - Empreendimentos Imobiliários, SA	Pharmacontinente - Saúde e Higiene, SA
Modalfa - Comércio e Serviços, SA	Plaza Eboli - Centro Comercial, SA
Modalloop - Vestuário e Calçado, SA	Plaza Mayor Parque de Ócio BV
Modelo - Dist.de Mat. de Construção,S.A.	Plaza Mayor Parque de Ocio, SA
Modelo Continente Hipermercados, SA	Plaza Mayor Shopping BV
Modelo Continente International Trade,SA	Plaza Mayor Shopping, SA
Modelo Hiper Imobiliária, SA	Poliface North America
Modelo.com-Vendas por Correspondência,SA	Ponto de Chegada - Soc. Imobiliária, SA
Movelpartes-Comp.para Ind.Mobiliária,SA	Porturbe-Edifícios e Urbanizações,SA
Movimento Viagens-Viag.e Turismo S.U.Lda	Praedium - Serviços, SA
MOVVO, S.A.	Praedium II - Imobiliária, SA
Münster Arkaden BV	Praedium SGPS, SA
Norte Shop. Retail and Leisure Centre BV	Praesidium Services Limited
Norteshopping Centro Comercial, SA	Predicomercial - Promoção Imobiliária,SA
NOS Açores Comunicações, S.A.	Predilugar - Sociedade Imobiliária, SA
NOS Communications S.à r.l	Prédios Privados Imobiliária, SA
NOS Comunicações, S.A.	Predisedas - Predial das Sedas, SA
NOS Inovação, S.A.	Project SC 1 BV
NOS Lusomundo Audiovisuais, S.A.	Project Sierra 10 BV
NOS Lusomundo Cinemas , S.A.	Project Sierra 11 BV
NOS Lusomundo TV, Lda.	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 – Conceção, Construção e Gestão de Redes de Comu	Project Sierra Four Srl
NOS Towering – Gestão de Torres de Telecomunicações, S.A.	Project Sierra Germany 2 (two)-Sh.C.GmbH
NOS, SGPS, S.A.	Project Sierra Germany 4 (four)-S.C.GmbH
NOSPUB, Publicidade e Conteúdos, S.A.	Project Sierra Spain 1 BV
Nova Equador Internacional,Ag.Viag.T,Lda	Project Sierra Spain 2 - C.Comercial, SA
Nova Equador P.C.O. e Eventos, S.U., Lda	Project Sierra Two Srl
Novodecor (PTY), LTD	Promessa Sociedade Imobiliária, S.A.
OSB Deustchland Gmbh	Proyecto Cúcuta S.A.S.
Pantheon Plaza BV	Público - Comunicação Social, SA
Paracentro - Gestão de Galerias Com., SA	Racionaliz. y Manufact.Florestales,SA
Pareuro BV	Raso - Viagens e Turismo, SA
Park Avenue Develop.of Shop. Centers, SA	RASO II-Viagens e Turismo,Unipessoal Lda



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



<p> Sonae Táfibra Benelux, BV Sonae Turismo, SGPS, S.A. Sonaecenter Serviços, SA Sonaecom - Serviços Partilhados, S.A Sonaecom BV Sonaecom, SGPS, SA Sonaecom-Cyber Security and Int.,SGPS,SA Sonaecom-Sistemas Información España SL Sonaegest-Soc.Gest.Fundos Investimentos Sonaerp - Retail Properties, SA SONAESR - Serviços e logística, SA Sonaetelecom BV Sondis Imobiliária, SA Sontária - Empreendimentos Imobiliários, S.A. Sontel BV Sontur BV Sonvecap BV Sopair, S.A. Sótaqua - Soc. de Empreendimentos Turist Soternix-Produção de Energia, ACE Spanboard Products,Ltd SPF - Sierra Portugal Spinarq Moçambique, Lda Spinarq-Engenharia,Energia e Ambiente,SA Spinveste - Promoção Imobiliária, SA Spinveste-Gestão Imobiliária SGII,SA Sport Zone Canárias, SL Sport Zone España-Com.Art.de Deporte,SA Sport Zone spor malz.per.satis ith.ve ti Spred, SGPS, SA SSI Angola, S.A. Tableros Tradema,S.L. Tafiber,Tableros de Fibras Ibéricas,SL Táfibra South Africa (PTY) Ltd. Táfibra Suisse, SA Tafisa Canadá Societé en Commandite Tafisa France, SA Tafisa UK,Ltd Tafisa-Tableros de Fibras, SA Taiber,Tableros Aglomerados Ibéricos,SL Tecnológica Telecomunicações, Ltda Teconologias del Medio Ambiente,SA </p>	<p> Teliz Holding B.V. Têxtil do Marco, SA The Artist Porto Hot.&Bistrô-Act.Hot.,SA The Artist Ribeira - Act. Hoteleiras, SA Tlantic BV Tlantic Portugal - Sist.de Informação,SA Tlantic Sistemas de Informação, Ltda Tool Gmbh Torre Ocidente Imobiliária, SA Torre São Gabriel Imobiliária, SA Troia Market-Supermercados, S.A. Troia Natura, S.A. Troiaresort-Investimentos Turísticos, SA Tulipamar-Expl.Hoteleira Imob.,SA UNIPRESS - Centro Gráfico, Lda. Unishopping Consultoria Imobiliária,Ltda Urbisedas-Imobiliária das Sedas,SA Usebti Textile México S.A. de C.V. Valor N, SA Via Catarina Centro Comercial, SA Viajens y Turismo de Geotur España, S.L. Vistas do Freixo-Emp.Tur.Imobiliários,SA Vuelta Omega, S.L. We Do Consulting-Sist. de Informação, SA We Do Poland Sp.Z.o.o. We Do Technologies (UK) Limited We Do Technologies Americas, Inc We Do Technologies Australia PTY Limited We Do Technologies BV We Do Technologies Egypt LLC We Do Technologies Mexico, S. de RL Wedo Brasil-Soluções Informáticas,Ltda Weiterstadt Shopping BV Worten - Equipamento para o Lar, SA Worten Canárias, SL Worten España Distribución, SL Zippy - Comércio e Distribuição, SA Zippy - Comercio y Distribución, SA Zippy cocuk malz.dag.ith.ve tic.ltd.sti ZOPT, SGPS, S.A. ZYEvolution-Invest.Desenv.,SA </p>
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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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These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, the telecommunications industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "future" or similar expressions.

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