







Consolidated turnover of 47.6 million euros increasing 36.8% y.o.y, or 17.3% on a comparable basis

NOS presenting a solid Telco revenue growth coupled with a good FCF momentum

Technology revenues reaching 44.1 million euros, growing 40.6% y.o.y, or 18.7%, on a comparable basis, and with International markets weighting more than 50%

Total EBITDA increasing to 13.7 million euros, driven by the capital gain generated by Saphety's sale

2. Sonaecom Consolidated Results

Introductory notes:

As from 1Q19, Sonaecom's accounts are reported applying IFRS 16, primarily affecting the accounting of operating lease contracts. Restated values for the corresponding periods in 2018 are presented in this report.

On March, Sonae IM sold the total share capital of Saphety. Subsequent to this operation, Sonaecom adjusted the 2018 and the 1Q19 profit and loss statements on a pro-forma basis, assuming Saphety contribution as a discontinued operation since January 2018.

Telecommunications area, which includes a 50% stake in ZOPT - consolidated through the equity method – which owns 52.15% stake in NOS, presented a solid Telco revenue growth, offsetting weaker quarter for Cinemas & Audiovisuals, and an EBITDA expansion above Revenues growth, explained by its cost discipline and operating leverage. The transformational investments continued on track and the capital structure kept on a solid level.

During the 1Q19, Technology area besides reinforcing its participation in some portfolio companies has entered in the capital of two companies.

Also in the 1Q19, and aligned with its active portfolio management strategy, Sonae IM sold 100% of Saphety's shares to members of its management team, backed by Oxy Capital.

Turnover

Consolidated turnover in 1Q19 reached 47.6 million euros, increasing 36.8%, when compared to 1Q18, or 17.3%, on a comparable basis, assuming the same portfolio companies in both periods.

This positive evolution was driven by both Media and Technology area, the latter presenting a growth of 40.6% y.o.y, or 18.7%, on a comparable basis.

Operating costs

Operating costs amounted to 49.4 million euros, 43.1% above 1Q18. Personnel costs grew 34.0% reflecting the increase in the average number of employees, driven by the consolidation of Nextel and Excellium. Commercial costs increased 58.2% to 21.4 million euros, mainly driven by the higher cost of goods sold, aligned with the higher level of sales. Other operating costs increased 31.9%, mainly explained by the higher level of Outsourcing costs, also explained by the consolidation of Nextel and Excellium.

EBITDA

Total EBITDA stood at 13.7 million euros, essentially on the back of discontinued operations and equity results, the latter mostly driven by ZOPT contribution which, in turn, depends on NOS net income evolution. Underlying EBITDA stood at negative 0.9 million euros, decreasing 1.5 million euros versus 1Q18, or 0.5 million euros on a comparable basis.

Net results

Sonaecom's EBIT increased to 10.3 million euros, from 6.4 million in 1Q18, explained by the higher level of EBITDA. Net financial results reached 0.1 million euros in 1Q19 that compares with negative 0.4 million in the previous year.

Sonaecom's earnings before tax (EBT) increased from 6.0 million to 10.3 million euros, driven by the higher EBIT and financial results.

Indirect results reached 0.1 million euros, that compare with negative 0.5 million euros in 1Q18, impacted by Armilar Venture Funds' portfolio fair value adjustments.

Net results group share stood at 11.3 million euros, significantly above the 5.3 million euros presented in 1Q18.

Operating CAPEX

Sonaecom's operating CAPEX increased to 6.9 million euros, reaching 14.6% of turnover, 8.2 p.p. above 1Q18. Excluding the IFRS 16 impact, operating CAPEX would be 1.9 million euros, only slightly above 1Q18, on a comparable basis.

Capital structure

The net cash position stood at 200.7 million euros, decreasing 6.0 million euros since December 2018. Excluding IFRS 16 impacts, Net cash position stood at 217.8 million euros, 1.8 million below December 2018, driven by 1.6 million of investment cash-in and the negative operating cash flow of 3.3 million euros.

2.1 Telecommunications

NOS operating revenues were 385.3 million euros in 1Q19, growing 0.6% y.o.y..
EBITDA reached 160.7 million euros, increasing 2.1% when compared to 1Q18 and representing a 41.7% EBITDA margin.
CAPEX amounted to 91.0 million euros in 1Q19, a decrease of 8.2% y.o.y. As a consequence of EBITDA and CAPEX evolution, EBITDA- CAPEX increased 19.6%.

At the end of 1Q19, total net debt including leasings and long term contracts (according to IFRS 16) amounted to 1,244.0 million euros. Net Financial Debt/EBITDA after lease payments (last 4 quarters) now stands at 1.8X EBITDA, and with an average maturity of 2.7 years.

NOS published its 1Q19 results on 8th May 2019, which are available at www.nos.pt.

During 1Q19, NOS share price increased 7.6% from €5.295 to €5.7, whilst PSI20 increased by 10.0%.

Operational Indicators

Million euros

Operational Indicators ('000)	1Q18	1Q19	Δ 19/18	4Q18	q.o.q.
Total RGUs	9,440.6	9,556.5	1.2%	9,580.4	-0.2%
Convergent RGUs	3,753.9	3,918.4	4.4%	3,899.3	0.5%

Financial indicators

Million euros

NOS HIGHLIGHTS	1Q18 ^(R)	1Q19	Δ 19/18	4Q18 ^(R)	q.o.q.
Operating Revenues	383.0	385.3	0.6%	408.9	-5.8%
EBITDA	157.4	160.7	2.1%	132.6	21.2%
EBITDA margin (%)	41.1%	41.7%	0.6рр	32.4%	9.3рр
Net Income	34.9	42.5	21.5%	12.7	-
CAPEX	99.1	91.0	-8.2%	111.1	-18.1%
EBITDA-CAPEX	58.3	69.7	19.6%	21.5	_

(R) The values were restated in order to reflect IFRS16 application impacts .

2.2 Technology

The Technology area aims to build and manage a portfolio of technology businesses around retail and telecommunications, as well as cybersecurity, with an international scale. This area currently comprises, alongside with minority stakes, Bright Pixel and Vector I fund, five controlled companies – WeDo Technologies, S21Sec, Bizdirect, Inovretail and Excellium- that generated circa 50.4% of its revenues outside the Portuguese market with 50.9% out of the total 1,268 employees based abroad.

Controlled Companies

WeDo Technologies is a worldwide leader in Revenue Assurance and Fraud Management that works with more than 180 telecommunications operators in over 100 countries. The international markets represented 78.3% of its turnover.

WeDo Technologies' market leadership was recognized by Stratecast (Frost & Sullivan's Global Stratecast Communication Services Providers Financial Assurance Market Leadership) and Gartner named WeDo as Vendor to Watch in its Report.

During 1Q19, WeDo acquired two new telco customers based in Philippines and Fiji Islands and presented a positive performance in terms of Revenues evolution.

S21Sec is a reference multinational pure cybersecurity player, focused on the delivery of cyber security services and development of proprietary supporting technologies, with a global customer base, leveraging its teams in Spain, Portugal and Mexico.

Since June 2018, with the integration of Nextel, S21Sec is the most important "pure player" (company specializing exclusively in the cybersecurity sector) in Spain and Portugal in terms of turnover and number of cybersecurity experts.

The combined company is focused on positioning as a MSSP (Managed Security Services Provider) in the market.

Excellium is a market-leading managed security services provider from Luxembourg, with presence in Belgium and more than 100 experts. Sonae IM investment, at the end of 2018, was aimed both at accelerating growth through a capital raise and acquisition of a majority stake. This investment, together with the stake on S21sec, turns Sonae IM's cybersecurity group as one of the most relevant cybersecurity services pure players in Europe, counting with more than 500 professionals and direct presence in 13 cities across 6 countries.

The significant European scale and cross-country presence of this group of cybersecurity companies will be key to address the increasingly challenging needs of all organizations and specially the requirements of those large and multi-national companies operating in the European space, while ensuring agile and fast response from specialized teams close to the customer.

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

During 1Q19, the cloud business unit continued to improve its presence on helping customers in digital transformation and the solutions business unit achieved important new customer references. Bizdirect Competence Center, in Viseu, contributed to the international revenues that already represent 7.3% of total revenues.

InovRetail is a retail innovation company that provide data science solutions and digital tools that deliver quantifiable insights and actionable recommendations with direct and sustainable impact on retailer's key metrics. The company's main product is the Staff Empowerment Solution, a SaaS based solution that help retailers in three key areas like Sales Performance Enhancement; Customer Experience Optimisation and Advanced Planning & Scheduling.

Bright Pixel is a company builder studio whose goal is to transform the creation of new ventures and the way companies address innovation. Bright Pixel is managing a venture lifecycle going from experimentation and lab phases that have the objective to identify ideas and projects that should be brewed in its incubation program. Bright Pixel invests and supports the development of internally brewed projects as well as assisting their first batch of invited startups in their product development roadmap and market rollout.

Bright Pixel is also investing in events, like Pixels Camp, to link its activity to the tech community as well as promoting a close relationship with its partners, by developing quick proof of concepts aimed at resolving technology and business needs in themes such as retail, media, cyber-security and telecommunications.

Minority Stakes (non-exhaustive)

Probe.ly, having started as an internal project of Bright Pixel, won the Caixa Capital Empreender Award 2017, has stepped from MVP (minimum valuable product) to an independent Web Application Security startup.

Armilar Venture Funds are the 3 Venture Capital funds in which Sonae IM owns participation units acquired to Novo Banco. With this transaction, concluded in December 2016, Sonae IM reinforced its portfolio with sizeable stakes in leading edge companies such as Outsystems and Feedzai, both consistently presenting meaningful and sustainable levels of growth. During 2018, Sonae IM recorded a significant capital gain with the AVP II Fund capital distribution subsequent to the partial sale of Outsystems.

Stylesage is a strategic analytics SaaS platform that helps fashion, home and beauty retailers and brands with critical pre, in and post season decisions globally. Every day, StyleSage pulls product data from competitors' ecommerce websites from around the world. Then, with groundbreaking technology in machine learning and visual recognition, StyleSage cleans, organizes, and analyzes the massive amounts of collected data into a cloud-based dashboard that empowers brands and retailers to make informed, data-driven decisions in areas such line planning, markdown optimization, and global expansion.

Ometria is a London based AI powered customer marketing platform with the vision to become the central hub that powers all the communication between retailers and their customers. This investment was done by Sonae IM in the Series A round, alongside several strategic investors (including Summit Action, the US VC fund of the Summit Series) and was recently reinforced during an internal round.

Secucloud is a Germany based company that provides a cloud security platform for protecting all devices (subscriber endpoints) and operating systems with no installation required, offered to Telcos & ISPs as a white label solution. Sonae IM totally subscribed the multi million Series B financing round.

ArcticWolf, a US based campany, is a global pioneer in the SOC-as-a-Service market with cutting-edge managed detection and response (MDR), which provides a unique combination of technology and services for clients to quickly detect and contain threats. US technology investors Lightspeed Venture Partners and Redpoint were joined by Sonae IM and Knollwood Investment Advisory in the series B round. During 2018, the Company closed a \$45M Series C round at a significant higher valuation, in which Sonae IM participated reinforcing its stake.

Continuum Security is a Spanish based company with an application security platform to address vulnerabilities early in the development process. In order to realise their international growth plans, the company has raised an investment round of €1.5million euros, which was led by Swaanlaab Venture Factory and joined by JME Venture Capital and Sonae IM.

Iscrambler is a Portuguese startup that develops a security solution to protect Web and Mobile Applications (Javascript code). The company raised a 2.3 million dollars in a series A financing round that was led by Sonae IM with the co-investment of Portugal Ventures.

Nextail is a Spanish company that has developed a cloud-based platform that combines artificial intelligence and prescriptive analytics to upgrade retailers' inventory management processes and store operations. The company raised a \$10.0 million Series A round led by London and Amsterdam based venture capital firm KEEN Venture Partners LLP ("KEEN"), together with Sonae IM and existing investor Nauta Capital. The new financing is being used to accelerate product development and double the size of the team, as it grows internationally.

Case on IT is a Spanish company that has developed Medux, a machine learning solution for the measurement, prediction and analysis of landline, mobile and television services quality. Medux measures the customer experience in markets that collectively serve over 600 million users worldwide. The company raised a Series B round of international fund with Sonae IM.

Reblaze is an Israeli company that provides proprietary security technologies in a unified platform, shielding assets from threats found on the Internet. The company raised a Series A round in which Sonae IM led jointly with JAL Ventures and Data Point Capital.

CiValue is an Israeli company with offices in New York, Paris, and Tel Aviv, is a disruptive provider of cloud-based Precision Marketing and Supplier Advertising Platforms for Retailers. Sonae IM, coupled with Nielsen, led a \$6M Series A investment.

Visenze is a Singapore-based company that delivers intelligent image recognition solutions that shorten the path to action as consumers search and discover on the visual web. Retailers use ViSenze to convert images into immediate product search opportunities, improving conversion rates. Media companies use ViSenze to turn any image or video into an engagement opportunity, driving incremental revenue. Sonae IM co-led, with Gobi Partners, a \$20M Series C round that will enable the artificial intelligence company to further invest in its penetration among smartphone manufacturers, as well as with consumer and social communication applications.

CB4 is a company based in Israel that provides a patented AI software solution for brick and mortar retailers to identify and correct critical operational issues at store, product level. The investment was part of a series B \$16M round, led by Octopus Ventures with Sonae IM joining. Existing investors Sequoia Capital and Pereg Ventures also participated in the round.

Financial indicators

Million euros

TECHNOLOGY AREA	1Q18 ^(R)	1Q19	Δ 19/18	4Q18 ^(R)	q.o.q.
Turnover	31.4	44.1	40.6%	40.5	9.0%
Service Revenues	18.1	23.4	29.2%	22.9	2.0%
_ Sales	13.3	20.8	56.0%	17.6	18.2%
Other Revenues	0.1	0.6	-	1.0	-34.6%
Operating Costs	30.2	44.9	48.3%	39.1	14.6%
Personnel Costs	11.7	16.3	39.2%	13.5	21.4%
Commercial Costs ⁽¹⁾	12.7	20.7	63.2%	16.9	22.4%
Other Operating Costs ⁽²⁾	5.8	7.8	34.5%	8.8	-10.8%
EBITDA	0.9	4.6	-	2.1	120.7%
Underlying EBITDA ⁽³⁾	1.3	-0.1	-	2.3	-
Equity method ⁽⁴⁾	-0.4	-0.3	30.4%	-0.3	1.4%
Discontinued Operations ⁽⁵⁾	0.0	5.0	-	0.1	-
Underlying EBITDA Margin (%)	4.1%	-0.2%	-4.3pp	5.7%	-5.9pp
Operating CAPEX ⁽⁶⁾	2.0	6.3	-	2.6	144.4%
Operating CAPEX as % of Turnover	6.4%	14.2%	7.8рр	6.3%	7.9pp
Underlying EBITDA - Operating CAPEX	-0.7	-6.4	-	-0.3	-
Total CAPEX	3.8	13.8	-	25.4	-45.6%
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(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) Includes the 50% holding in Big Data, the 27.45% holding in Secucloud and the 22.88% holding in Probe.ly; 5) Includes Saphety contribution until the sale and the capital gain; 6) Operating CAPEX excludes Financial Investments; R) The values were restated in order to reflect IFRS16 application impacts and Sonaecom structure after Saphety sale.

Turnover

Turnover increased 40.6% y.o.y., fueled by the integration of Nextel and Excellium. On a comparable basis, assuming the same portfolio companies in both periods, Turnover increased by 18.7% with positive contribution from almost all companies.

Operating costs

Operating costs increased 48.3% to 44.9 million euros. Staff costs increased 39.2% driven by the growth in the number of employees, mainly driven by Nextel and Excellium consolidation. Commercial costs increased 63.2% mainly driven by cost of goods sold, aligned with the higher level of sales. Other operating costs increased 34.5%, mainly explained by the higher level of Outsourcing Costs, also explained by the enlarged portfolio.

EBITDA

EBITDA reached 4.6 million euros, significantly above 1Q18. Underlying EBITDA stood at negative 0.1 million euros versus positive 1.3 million euros presented in 1Q18. On a comparable basis, underlying EBITDA decreased 0.4 million euros when compared to 1Q18.

Underlying EBITDA-operating CAPEX

Underlying EBITDA-operating CAPEX stood at negative 6.4 million euros, decreasing when compared to 1Q18, mainly explained by the higher level of Operating CAPEX but also driven by the lower EBITDA. Excluding the IFRS 16 impacts, CAPEX would have reached 1.7 million euros, in line with 1Q18, on a comparable basis.

2.3 Media

During 1Q19, Público continued to pursue its digital strategy reinforcing digital competencies and presence in online platforms and continued to implement important initiatives aimed at strengthening Público as the reference Portuguese speaking news organisation.

The positive performance of advertising, online subscriptions and newspaper sales translated into an overall 3.4% revenue growth, when compared to 1Q18.

Appendix

Consolidated income statement

Million euros

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CONSOLIDATED INCOME STATEMENT	1Q18 ^(R)	1Q19	Δ 19/18	4Q18 ^(R)	q.o.q.					
Turnover	34.8	47.6	36.8%	44.2	7.6%					
Service Revenues	19.4	24.7	27.7%	24.5	1.1%					
Sales	15.4	22.9	48.1%	19.8	15.7%					
Other Revenues	0.3	0.9	190.7%	1.2	-29.0%					
Operating Costs	34.5	49.4	43.1%	44.2	11.8%					
Personnel Costs	14.2	19.0	34.0%	16.1	18.0%					
Commercial Costs ⁽¹⁾	13.6	21.4	58.2%	17.8	20.5%					
Other Operating Costs ⁽²⁾	6.8	9.0	31.9%	10.3	-12.8%					
EBITDA	8.9	13.7	53.4%	4.3	-					
Underlying EBITDA ⁽³⁾	0.6	-0.9	-	1.3	-					
Equity method ⁽⁴⁾	8.3	9.3	12.9%	2.9	-					
Discontinued Operations ⁽⁵⁾	0.0	5.2	-	0.1	-					
Underlying EBITDA Margin (%)	1.7%	-1.9%	-3.6рр	2.9%	-4.8pp					
Depreciation & Amortization	2.5	3.4	35.3%	4.5	-24.6%					
EBIT	6.4	10.3	60.4%	-0.2	-					
Net Financial Results	-0.4	0.1	-	-0.3	-					
Financial Income	1.0	1.1	9.1%	1.2	-11.4%					
Financial Expenses	1.4	1.0	-24.2%	1.5	-32.8%					
EBT	6.0	10.3	71.0%	-0.5	-					
Tax results	-0.2	0.6	-	3.4	-81.0%					
Direct Results	5.8	11.0	87.9%	2.9	_					
Indirect Results ⁽⁶⁾	-0.5	0.1	-	-5.1						
Net Income	5.4	11.1	-	-2.3						
Group Share	5.3	11.3	112.8%	-2.2	-					
Attributable to Non-Controlling Interests	0.1	-0.2	-	-0.1	-198.7%					
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⁽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 50% holding in SIRS, the 50% holding in Big Data, the 50% holding in ZOPT, the 27.45% holding in Secucloud and the 22.88% holding in Probe.ly; (5) Includes Saphety contribution until the sale and the capital gain; (6) Includes equity method adjustments related with AVP funds and related taxes; (R) The values were restated in order to reflect IFRS16 application impacts and Sonaecom structure after Saphety sale.

Consolidated balance sheet Million euros

CONSOLIDATED BALANCE SHEET	1Q18 ^(R)	1Q19	Δ 19/18	4Q18 ^(R)	q.o.q.
Total Net Assets	1105.2	1 215.3	10.0%	1207.0	0.7%
Non Current Assets	847.1	918.7	8.4%	899.3	2.2%
Tangible and Intangible Assets	35.2	42.1	19.6%	42.0	0.3%
Goodwill	23.3	37.9	62.5%	37.3	1.4%
Investments	777.5	823.5	5.9%	806.8	2.1%
Deferred Tax Assets	7.0	10.6	52.7%	10.3	3.6%
Others	4.1	4.6	11.8%	2.9	57.5%
Current Assets	258.1	296.6	14.9%	307.8	-3.6%
Trade Debtors	34.6	42.0	21.2%	50.9	-17.6%
Liquidity	201.1	224.2	11.5%	229.1	-2.1%
Others	22.3	30.4	36.1%	27.7	9.5%
Shareholders' Funds	1027.4	1078.1	4.9%	1066.4	1.1%
Group Share	1 025.8	1079.3	5.2%	1067.2	1.1%
Non-Controlling Interests	1.7	-1.2	-	-0.8	-44.5%
Total Liabilities	77.8	137.2	76.4%	140.6	-2.4%
Non Current Liabilities	22.6	60.7	168.3%	57.8	5.0%
Bank Loans	2.0	2.7	36.7%	3.7	-26.7%
Provisions for Other Liabilities and Charges	3.6	23.3	-	23.6	-1.3%
Others	17.1	34.7	103.0%	30.5	13.7%
Current Liabilities	55.2	76.5	38.7%	82.8	-7.6%
Loans	1.2	3.3	170.6%	5.2	-37.3%
Trade Creditors	15.7	19.6	25.2%	18.9	3.7%
Others	38.3	53.6	40.1%	58.7	-8.7%
Operating CAPEX ⁽¹⁾	2.2	6.9	_	2.9	141.3%
Operating CAPEX as % of Turnover	6.4%	14.6%	8.2pp	6.5%	8.1pp
Total CAPEX	4.0	14.5	0.zpp -	25.7	-43.7%
Underlying EBITDA - Operating CAPEX	-1.6	-7.9	_	-1.6	TJ.770
onderiging corrow - operating car ca	-1.0	-7.5	-	-1.0	-
Gross Debt	11.4	23.5	106.2%	22.3	5.2%
Net Debt	-189.7	-200.7	-5.8%	-206.7	2.9%

⁽¹⁾ Operating CAPEX excludes Financial Investments, (R) The values were restated in order to reflect IFRS16 application impacts and Sonaecom structure after Saphety sale.

Consolidated levered FCF

Million euros

LEVERED FREE CASH FLOW	1Q18 ^(R)	1Q19	Δ 19/18	4Q18 ^(R)	q.o.q.
Underlying EBITDA-Operating CAPEX	-1.6	-7.9	-	-1.6	_
Change in WC	3.2	0.4	-86.5%	5.3	-92.0%
Non Cash Items & Other	0.9	4.1	-	-4.7	
Operating Cash Flow	2.4	-3.3	-	-1.0	
Investments	-1.8	1.6	-	-16.3	-
Dividends	0.0	0.0	-	0.0	_
Financial results	-0.5	0.9	-	0.0	_
Income taxes	0.2	0.2	20.3%	2.1	-89.6%
$FCF^{(1)}$	0.3	-0.6	-	-15.2	95.9%

⁽¹⁾ FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs; (R) The values were restated in order to reflect IFRS16 application impacts and Sonaecom structure after Saphety sale.

1. Financial Information

1.1. Sonaecom consolidated financial statements

Consolidated statement of financial position

For the periods ended at 31 March 2019 and 2018 (restated – note 1) and for the year ended at 31 December 2018 (restated – Note 1)

1	,	_	`	,
(Amounts expressed in Euro)	Notes	March 2019 (not audited)	March 2018 (not audited and restated)	December 2018 (restated)
Assets				
Non-current assets				
Tangible assets	1.c and 5	3,334,625	2,762,604	3,571,716
Intangible assets	1.d, 1.e, 1.x and 6	22,762,981	24,666,345	25,409,124
Right of use	1.h and 7	16,011,726	7,787,693	12,992,697
Goodwill	1.f, 1.x and 8	37,852,644	23,298,687	37,312,620
Investments in associated companies and companies jointly controlled	1.b and 9	789,113,093	770,522,824	779,140,800
Investments at fair value through other comprehensive income	1.g, 4 and 10	34,296,573	7,009,723	28,101,682
Other non-current assets	1.g, 1.r, 4 and 23	4,689,735	4,114,731	3,009,243
Deferred tax assets	1.p, 1.t and 11	10,649,963	6,973,588	10,275,910
Total non-current assets		918,711,340	847,136,195	899,813,792
Current assets				
Inventories	1.i	345,326	397,170	369,870
Trade debtors	1.g, 1.j, 4 and 23	41,993,048	34,640,275	50,945,298
Other current debtors	1.g, 1.j, 4 and 23	8,671,635	3,482,142	8,563,940
Income tax receivable	1.pand4	3,354,879	3,437,340	3,043,207
Other current assets	1.g, 1.r, 1.x, 4 and 23	18,004,206	15,005,359	15,809,849
Cash and cash equivalents	1.g, 1.k, 4 and 12	224,201,224	201,116,431	229,038,912
Total current assets	1.6, 1.1, Tana 12	296,570,318	258,078,717	307,771,076
Total assets		1,215,281,658	1,105,214,912	1,207,584,868
Shareholders' funds and liabilities		1,213,201,036	1,103,214,312	1,207,300,000
Shareholders' funds				
Share capital	13	230,391,627	230,391,627	230,391,627
Own shares	1.v and 14	(7,686,952)	(7,686,952)	(7,686,952)
Reserves	1.v and 14	· · · · · · · · · · · · · · · · · · ·	797,777,968	776,075,174
Consolidated net income/(loss) for the period	1.u	845,303,445	5,290,380	69,016,039
consolidated flet income/(loss) for the period		11,259,742	1,025,773,023	1,067,795,888
Non-controlling interests		1,079,267,862	1,673,633	(816,390)
Total Shareholders' funds	<u> </u>	(1,179,802)	1,027,446,656	1,066,979,498
Liabilities		1,078,088,060	1,027,440,000	1,000,979,490
Non-current liabilities				
	1 111 1 / 115		1.070.75/	7 (77 001
Non-current loans net of current position	1.g, 1.l, 1.m, 1.q, 4 and 15.a	2,693,807	1,970,354	3,677,091
Other non-current financial liabilities	1.g, 1.h, 4 and 16	13,653,044	4,679,422	9,684,913
Provisions for other liabilities and charges	1.o, 1.t and 17	23,310,593	3,566,952	23,615,649
Deferred tax liabilities	1.p, 1.t and 11	13,957,969	10,112,055	13,930,732
Other non-current liabilities	1.g, 1.r, 1.y, 4, 23 and 28	7,057,006	2,287,512	6,863,944
Total non-current liabilities	<u> </u>	60,672,419	22,616,295	57,772,329
Current liabilities				
Current loans and other loans	1.g, 1.l, 1.m, 1.q, 4 and 15.b	3,266,433	1,207,020	5,209,946
Trade creditors	1.g, 4 and 23	19,641,010	15,683,792	18,931,330
Other current financial liabilities	1.g, 1.h, 4 and 18	3,856,971	3,525,762	3,735,981
Other creditors	1.g, 4 and 23	14,404,971	5,718,142	14,383,863
Income tax payable	1.p and 4	768,628	152,631	310,220
Other current liabilities	1.g, 1.r, 1.y, 4, 23 and 28	34,583,166	28,864,614	40,261,701
Total current liabilities	<u> </u>	76,521,179	55,151,961	82,833,041
Total liabilities	<u> </u>	137,193,598	77,768,256	140,605,370
Total Shareholders' funds and liabilities		1,215,281,658	1,105,214,912	1,207,584,868

The notes are an integral part of the consolidated financial statements.

The Chief Accountant

The Board of Directors

Consolidated income statement by nature

For the periods ended at 31 March 2019 and 2018 (restated – note 1) and for the year ended at 31 December 2018 (restated – Note 1)

(Amounts expressed in Euro)	Notes	March 2019 (not audited)	March 2018 (not audited and restated)	December 2018 (restated)
Sales	1.s and 23	22,886,246	15,448,412	72,677,987
Services rendered	1.s and 23	24,726,373	19,360,603	88,550,100
Other operating revenues	1.q and 23	874,368	300,768	2,607,614
		48,486,987	35,109,783	163,835,701
Cost of sales	1.i	(20,353,201)	(12,695,354)	(62,331,733)
External supplies and services	19 and 23	(9,824,997)	(7,596,085)	(35,872,821)
Staffexpenses	1.y, 28 and 29	(18,963,897)	(14,150,168)	(59,593,020)
Depreciation and amortisation	1.c, 1.d, 1.f, 1. h, 1.x, 5, 6, 7 and 8	(3,394,402)	(2,509,536)	(13,654,690)
Provisions and impairment losses	1.j, 1.o, 1.x and 17	(102,841)	(9,194)	(1,206,276)
Other operating costs		(151,950)	(72,708)	(389,155)
		(52,791,288)	(37,033,045)	(173,047,695)
Gains and losses in associated companies and companies jointly controlled	1.b, 9 and 21	9,468,949	7,688,858	89,861,059
Other financial expenses	1.h, 1.m, 1.w, 1.x and 20	(1,027,760)	(1,356,366)	(4,569,388)
Other financial income	1.w and 20	1,090,143	998,940	4,477,342
Current income / (loss)		5,227,031	5,408,170	80,557,019
Income taxation	1.p, 11 and 22	614,822	(70,134)	(11,880,028)
Consolidated net income/(loss) for the period of continued operations		5,841,853	5,338,036	68,676,991
Consolidated net income/(loss) for the period of discontinued operations	26	5,228,516	46,269	297,098
Consolidated net income/(loss) for the period		11,070,369	5,384,305	68,974,089
Attributed to:				
Shareholders of parent company	27	11,259,742	5,290,380	69,016,039
Non-controlling interests		(414,612)	87,908	(80,588)
Non-controlling interests (discontinued operations)	26	225,239	6,017	38,638
Earnings per share Including discontinued operations				
Basic	27	0.04	0.02	0.23
Diluted	27	0.04	0.02	0.23
Excluding discontinued operations				
Basic	27	0.04	0.02	0.23
Diluted	27	0.04	0.02	0.23

The notes are an integral part of the consolidated financial statements.

The Chief Accountant

The Board of Directors

Consolidated statements of comprehensive income

For the periods ended at 31 March 2019 and 2018 (restated – note 1) and for the year ended at 31 December 2018 (restated – Note 1)

(Amounts expressed in Euro)	Notes	March 2019 (not audited)	March 2018 (not audited and restated)	December 2018 (restated)
Consolidated net income / (loss) for the period		11,070,369	5,384,305	68,974,089
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	9	(50,898)	(8,117,192)	(24,862,555)
Changes in currency translation reserve and other	1.u	178,125	(186,251)	(136,830)
Fair value of investments		-	-	2,385,907
Components of other consolidated comprehensive income, net of tax, that will not be				
reclassified subsequently to profit or loss:			(<u>-</u>	
Changes in reserves resulting from the application of equity method	9	85,005	(785,640)	(785,643)
Consolidated comprehensive income for the period		11,282,601	(3,704,778)	45,574,968
Attributed to:				
Shareholders of parent company		11,471,974	(3,798,703)	45,616,918
Non-controlling interests		(189,373)	93,925	(41,950)

The notes are an integral part of the consolidated financial statements.

The Chief Accountant

The Board of Directors



Consolidated statement of changes in equity

For the periods ended at 31 March 2019 and 2018 (restated-note 1)

							Reserves			
(Amounts expressed in Euro)	Share capital	Own shares (note 14)	Share premium	Legal reserves	Reserves of own shares	Other reserves	Total reserves	Non- -controlling	Net income / (loss)	Total
2019 Balance at 31 December 2018 (restated) Appropriation of the consolidated net result of 2018	230,391,627	(7,686,952)	775,290,377	17,701,887	7,686,952	(25,551,890)	775,127,326	(816,390)	69,963,887	1,066,979,498
Transfers to other reserves	-	-	-	-	-	69,963,887	69,963,887	-	(69,963,887)	-
Dividend Distribution Consolidated comprehensive income for the period ended at 31 March 2019 Other changes	-	-	-	-	-	212,232	212,232	(110,000) (189,373) (64,039)	11,259,742	(110,000) 11,282,601 (64,039)
Balance at 31 March 2019	230,391,627	(7,686,952)	775,290,377	17,701,887	7,686,952	44,624,229	845,303,445	(1,179,802)	11,259,742	1,078,088,060
							Reserves			
(Amounts expressed in Euro)	Share capital	Own shares (note 14)	Share premium	Legal reserves	Reserves of own shares	Other reserves	Total reserves	Non- -controlling	Net income / (loss)	Total
2018	Share capital	(11016 14)	Share premium	Legalleselves	silates	Other reserves	Totalleseives	-controlling	medile / (1033)	Total
Balance at 31 December 2017 Appropriation of the consolidated net result of 2017	230,391,627	(7,686,952)	775,290,377	16,913,362	7,686,952	(15,108,859)	784,781,832	1,625,044	22,765,966	1,031,877,517
Transfers to other reserves Consolidated comprehensive income for the period ended at 31 March 2018		-	-	-	-	22,765,966 (2,144,528)	22,765,966 (2,144,528)	- 94,151	(22,765,966) 4,977,455	- 2,927,078
Consolidated comprehensive income for the period ended at 31 March 2018 - Impact of application of IFRS 16 (restated)						(6,944,555)	(6,944,555)	-	-	(6,944,555)
Impact of the application of IFRS 15 Impact of the application of IFRS 16 (restated) Other changes	- - -	-	- - -	-	-	(359,278) (321,469)	(359,278) (321,469)	(225) (45,337)	312,925 -	(359,278) (8,769) (45,337)
Balance at 31 March 2018	230,391,627	(7,686,952)	775,290,377	16,913,362	7,686,952	(2,112,723)	797,777,968	1,673,633	5,290,380	1,027,446,656

The notes are an integral part of the consolidated financial statements.

The Chief Accountant

The Board of Directors

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Consolidated cash flow statements

For the periods ended at 31 March 2019 and 2018 (restated – note 1)

(Amounts expressed in Euro)	Notes		March 2019 (not audited)		March 2018 (not audited and restated)
Operating activities					
Receipts from trade debtors		51,587,728		44,866,239	
Payments to trade creditors		(30,137,962)		(23,578,377)	
Payments to employees		(21,036,640)	_	(15,565,369)	
Cash flows generated by operations		413,126		5,722,493	
Payments / receipts relating to income taxes		(1,037,321)		(74,587)	
Other receipts / payments relating to operating activities		37,498		(2,387,278)	
Cash flows from operating activities (1)			(586,697)		3,260,628
Investing activities Receipts from:					
Financial investmens		8,323,096		-	
Tangible assets		32,213		-	
Intangible assets		(7,203)		3,250	
Interest and similar income		150,517		11,240	
Payments for.					
Financial investments		(6,997,566)		(1,751,475)	
Tangible assets		(595,439)		(471,287)	
Intangible assets		(254,648)		(222,716)	
Variation in loans granted				-	(2 / 70 000)
Cash flows from investing activities (2)			650,970		(2,430,988)
Financing activities Payments for:					
Leasing	18	(1,306,647)		(1,111,089)	
Interest and similar expenses		(151,211)		(191,812)	
Loans obtained		(2,560,632)		(435,622)	
Cash flows from financing activities (3)			(4,018,490)		(1,738,523)
Net cash flows $(4)=(1)+(2)+(3)$			(3,954,217)	_	(908,883)
Effect of the foreign exchanges			3,280		(19,563)
Effect of the discontinued operations	17		(676,276)		- 202 02E 770
Cash and cash equivalents at the beginning of the period Cash and cash equivalents at the end of the period	12 12		228,550,322	_	202,025,379 201,096,933
cash and cash equivalents at the end of the period	12		223,923,109	_	201,030,333

The notes are an integral part of the consolidated financial statements.

The Chief Accountant

The Board of Directors

Notes to the consolidated cash flow statements

For the periods ended at 31 March 2019 and 2018

1. Description of non-monetary financing activities

	Notes	March 2019	March 2018
a) Bank credit obtained and not used	15	2,854,161	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

2. Acquisition or sale of subsidiaries or other businesses

	Notes	March 2019	March 2018
a) Amounts paid of acquisitions			
Case on it	3.a	650,744	-
Visenze	3.a	5,244,147	-
Convertible Style Sage	3.a	442,282	126,475
Jscrambler	3.a	-	1,250,000
Others	3.a	660,393	375,000
		6,997,566	1,751,475

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
2019				
Multimedia	(535,127)	(41,743)	(79,200)	(656,070)
Information Systems	(19,260)	612,496	(3,846,358)	(3,253,122)
Holding	(32,310)	80,217	(92,932)	(45,025)
	(586,697)	650,970	(4,018,490)	(3,954,217)
	Cash flow from	Cash flow from	Cash flow from	
Activity	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Net cash flows
Activity 2018				Net cash flows
				Net cash flows (920,193)
2018	operating activities	investing activities	financing activities	
2018 Multimedia	operating activities (724,685)	investing activities (110,563)	financing activities (84,945)	(920,193)

The notes are an integral part of the consolidated financial statements.

The Chief Accountant

The Board of Directors

1.2. Notes to the consolidated financial statements of Sonaecom

SONAECOM, 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 note 2 ('the Group').

Sonaecom SGPS, S.A. is owned directly by Sontel BV and Sonae SGPS, SA and Efanor Investimentos SGPS, S.A. is the ultimate controlling company.

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 September 30, 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 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 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 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.

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 9) 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:

- Media;
- · Information systems consultancy.

Consequently, since the merger mentioned above, the telecommunications segment became jointly controlled (note 9).

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.

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.

The consolidated financial statements are also presented in euro, rounded to the 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 with an 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 and effective in the European Union on 1 January 2019 and taking into consideration the IAS 34 – Interim Financial Reporting. These financial statements were prepared based on the historical 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 the financial years beginning on or after 1 January 2019 and were first adopted in the period ended at 31 March 2019:

Standard / Interpretation

Effective date (annual periods beginning on or after)

IFRS 16 - Leases

1-Jan-19

This new standard replaces IAS 17 with a significant impact on accounting by lessees who are now required to recognize a lease liability reflecting future lease payments and a "right of use" asset for all leases, except for certain short-term leases and for low value assets. The definition of a lease has also been modified, based on the "right to control the use of an identified asset." With regards to the transition regime, the new standard may be applied retrospectively or a modified retrospective approach can be followed.

IFRIC 23 - Uncertainty over income tax treatments

1-Jan-19

This is an interpretation of IAS 12 - 'Income tax', referring to the measurement and recognition requirements to be applied when there is uncertainty as to the acceptance of a certain tax treatment by the tax authorities in respect of income tax . In the event of uncertainty as to the position of the tax authority on a specific transaction, the entity shall make its best estimate and record the income tax assets or liabilities under IAS 12, rather than IAS 37 - 'Provisions, contingent liabilities and contingent assets', based on the expected value or the most probable value. The application of IFRIC 23 may be retrospectively or retrospectively modified.

Amendments to IAS 19 - Plan amendment, curtailment or settlement

1-Jan-19

This amendment to IAS 19 requires an entity: (i) to use updated assumptions to determine the current service cost and net interest for the remaining period after the change, reduction or settlement of the plan; and (ii) recognises in profit or loss as part of the past service cost, or as gain or loss in settlement any reduction in excess hedge, even if the hedge surplus has not previously been recognized due to the impact of the asset ceiling. The impact on the asset ceiling is always recorded in 'Other Comprehensive Income', and can not be recognised as a result of the uear.

Amendments to IFRS 9 - Prepayment features with negative compensation

1-Jan-19

The objective of the amendments to IFRS 9 is examine whether amortized cost measurement would provide relevant and useful information for instruments that contain symmetric prepayment options and otherwise have contractual cash flows that are solely payments of principal and interest.

Amendments to IAS 28 - Long-term interests in associates and joint ventures

1-Jan-19

This amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investment in associates and joint ventures), which are not being measured using the equity method, are accounted for under IFRS 9. Long-term investments in associates and joint ventures are subject to the estimated impairment loss model, before being added to the impairment test for global investment in an associate or joint ventures, when there are impairment indicators.



Annual Improvements to IFRS Standards 2015-2017 Cycle

1-Jan-19

Annual Improvements to IFRSs 2015–2017 Cycle is a collection of amendments to IFRSs in response to issues addressed during the 2015–2017 cycle for annual improvements to IFRSs. This cycle afects the following standards: IAS 23, IAS 12, IFRS 3 e IFRS 11.

Disclosure of IFRS 16 impacts

IFRS 16 is now defined as the new accounting record of leases, both from the lessor's point of view and from the lessee's perspective, by introducing a new accounting regime for the lessee, which determines the registration of a right of use over leased assets and a lease liability relating to rental payable for all lease contracts.

The Group analysed all the contracts that contain the use of assets in order to identify the underlying conditions, the contract period, the nature of the rent payable and the implicit interest rates in the contracts.

On the date of transition to IFRS 16, the Group applied the standard retrospectively to the beginning of each of the analised lease contracts, with application on 1 January 2018 and restatement of the comparative amounts of the financial statements.

From the analysis of the contracts the impacts of the adoption of IFRS 16 in the financial statements at the period ended at 31 March 2018 and the year ended at 31 December 2018 are as follows:

	March 2018 (reported)	IFRS 16	March 2018 (restated)
Balance sheet	(reported)	111320	(restated)
Non-current assets			
Tangible assets	3,068,410	(305,806)	2,762,604
Intangible assets	24,770,274	(103,929)	24,666,345
Right of use		7,787,693	7,787,693
Other non-current assets	4,078,805	35,926	4,114,731
Investments in associated companies and companies jointly controlled	777,163,110	(6,640,286)	770,522,824
Current assets			
Other currents debtors	3,398,086	84,056	3,482,142
Non-current liabilities			
Other non-current financial liabilities	121,334	4,558,088	4,679,422
Current liabilities			
Other current financial liabilities	272,873	3,252,889	3,525,762
Shareholders' funds			
Reserves	805,043,992	(7,266,024)	797,777,968
Non-controlling interests	1,673,858	(225)	1,673,633
Profit and loss statement			
External supplies and services	(9,247,809)	900,787	(8,347,022)
Depreciation and amortization	(1,912,510)	(823,486)	(2,735,996)
Other financial expenses	(1,274,375)	(68,344)	(1,342,719)
Other financial income	971,486	1,204	972,690
Gains and losses in associated companies and companies jointly controlled	7,384,589	304,269	7,688,858
Consolidated net income/(loss) for the period of discontinued operations		(1,729)	(1,729)
Non-controlling interests (discontinued operations)		225	225

(Amounts expressed in Euro)	December 2018 (reported)	IFRS 16	December 2018 (restated)
Balance sheet			
Non-current assets			
Tangible assets	4,041,331	(469,615)	3,571,716
Intangible assets	25,607,506	(198,382)	25,409,124
Right of use	-	12,992,697	12,992,697
Investments in associated companies and companies jointly controlled	787,033,203	(7,892,403)	779,140,800
Current assets			
Other currents debtors	8,506,707	57,233	8,563,940
Non-current liabilities			
Other non-current financial liabilities	158,447	9,526,466	9,684,913
Current liabilities			
Other current financial liabilities	427,046	3,308,935	3,735,981
Shareholders' funds			
Reserves	783,365,333	(7,290,159)	776,075,174
Non-controlling interests	(730,688)	(85,702)	(816,390)
Profit and loss statement			
External supplies and services	(42,779,676)	3,730,220	(39,049,456)
Depreciation and amortization	(11,088,290)	(3,465,596)	(14,553,886)
Other financial expenses	(4,362,799)	(284,278)	(4,647,077)
Other financial income	4,373,104	3,696	4,376,800
controlled	90,808,907	(947,848)	89,861,059
Consolidated net income/(loss) for the period of discontinued operations	-	(7,132)	(7,132)
Non-controlling interests (discontinued operations)	-	928	928

There are no expected impacts due to the adoption of the remaining financial standards.

The following standards, interpretations, amendments and revisions have not yet been approved (endorsed) by the European Union at 31 March 2019:

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

IFRS 17 - Insurance contracts

1-Jan-21

This new standard replaces IFRS 4 and applies to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete "building block approach" or "premium allocation approach". The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is retrospective application.

$\label{lem:amended} A mendments to references to the conceptual framework in IFRS standards \\ 1-Jan-20$

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. in order to clarify the application of the new definitions of asset / liability and expenditure / income, in addition to some of the characteristics of the financial information. These changes are retrospective, except if impractical.

Amendments to IAS 1 and IAS 8: Definition of Material 1-Jan-20

This amendment introduces a modification to the concept of material. It includes clarifications regarding the reference to unclear information, corresponding to situations in which its effect is similar to omitting or distorting such information, within the overall context of the financial statements; as well as clarifications as to the term 'principal users of financial statements', which are defined as 'current and future investors, lenders and creditors' who rely on the financial statements to obtain a significant portion of the information they require.

Amendments to IFRS 3: Business Combinations

1-jan-20

This amendment constitutes a review of business combinations for the purpose of accounting for business activities. The new definition requires that an acquisition include an input and a substantial process that together generate output. Output is defined as goods and services that are delivered to customers, which generate income from financial investments and other income, excluding returns in the form of cost reductions and other economic benefits to shareholders. Concentration tests are allowed to determine whether a transaction refers to the acquisition of an asset or a husiness

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 2019. Their application is not yet mandatory.

The accounting policies and measurement criteria adopted by the Group at 31 March 2019 are comparable with those used in the preparation of 31 March 2018 financial statements, except for those resulting from the adoption of IFRS 9 and IFRS 15.

Disclosure of the impacts of the alienation of the Saphety Group

In the period ended March 31, 2019, the Saphety Group was composed by Saphety Level - Trusted Services, SA (with a share capital held of 86.8% by Sonae Investment Management - Software and Technology, SGPS, SA, 7.84% by AITEC SA and 5.17% by Banco BPI, SA), by Saphety Brasil Transações Eletrônicas Ltda. (with a share capital held of 99.99% by Saphety Level - Trusted Services, SA and 0.01% by the Administrator) and still owned by Saphety -Transacciones Eletronicas SAS (100% owned by Saphety Level - Trusted Services, SA), was sold to members of its Management team, supported by Oxy Capital (Note 3.c)). The Group was classified, for presentation purposes, as a discontinued operation. As envisaged by IFRS 5, changes were made in the Consolidated Statements of Income by nature for the period ended March 31, 2018 and for the year ended at December 31, 2018 to reflect in a single item ('Net income for the period of discontinued operations'), on the face of the income statement, the after-tax profits or losses of the discontinued operations.

The impacts of the alienation are as follows:

Consolidated income statement at 31 March 2018			
(Amounts expressed in Euro)		Reexpression of the contribution of the Saphety Group for the discontinued operations	
Total revenue	37,014,071	(1,904,288)	35,109,783
Costs and losses			
External supplies and services	(9,247,809)	750,937	(8,496,872)
Depreciation and amortisation	(1,912,510)	226,460	(1,686,050)
Other operating costs	(27,752,921)	825,499	(26,927,422)
	(38,913,240)	1,802,896	(37,110,344)
Financial results	7,081,700	12,603	7,094,303
Income taxation	(110,925)	40,791	(70,134)
Consolidated net income/(loss) for the period of continued			
operations	5,071,606	(47,998)	5,023,608
Consolidated net income/(loss) for the period of discontinued operations		47,998	47,998
Consolidated net income/(loss) for the period	5,071,606	-	5,071,606
Attributed to:			
Shareholders of parent company	4,977,455	-	4,977,455
Non-controlling interests (continued operations)	94,151	(6,243)	87,908
Non-controlling interests (discontinued operations)	-	6,243	6,243
Earnings per share			
Including discontinued operations			
Basic	0.02	0.00	0.02
Diluted	0.02	0.00	0.02
Excluding discontinued operations			
Basic	0.02	0.00	0.02
Diluted	0.02	0.00	0.02

Consolidated income statement at 31 December 2018			
(Amounts expressed in Euro)	Before the alienation	Reexpression of the contribution of the Saphety Group for the discontinued operations	Income statement reexpressed
Total revenue	171,788,260	(7,952,559)	163,835,701
Costs and losses			
External supplies and services	(42,779,676)	3,176,635	(39,603,041)
Depreciation and amortisation	(11,088,290)	899,196	(10,189,094)
Other operating costs	(126,627,632)	3,107,448	(123,520,184)
	(180,495,598)	7,183,279	(173,312,319)
Financial results	90,819,934	177,509	90,997,443
Income taxation	(12,167,568)	287,540	(11,880,028)
Consolidated net income/(loss) for the period of continued			
operations	69,945,028	(304,231)	69,640,797
Consolidated net income/(loss) for the period of discontinued operations		304,231	304,231
Consolidated net income/(loss) for the period	69,945,028	-	69,945,028
Attributed to:			
Shareholders of parent company	69,986,050	-	69,986,050
Non-controlling interests (continued operations)	(41,022)	(39,566)	(80,588)
Non-controlling interests (discontinued operations)	-	39,566	39,566
Earnings per share			
Including discontinued operations			
Basic	0.23	0.00	0.23
Diluted	0.23	0.00	0.23
Excluding discontinued operations			
Basic	0.23	0.00	0.23
Diluted	0.23	0.00	0.23

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) has 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 statement of financial position and in the consolidated profit and loss statement, respectively, under the caption 'Non-controlling interests'.

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

To acquire 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 fully consolidated companies are listed in note 2.

The acquisition cost is the amount of cash or cash equivalents paid or the fair value of other consideration transferred to acquire an asset at the time of its acquisition or constitution or, where applicable, the amount attributed to that asset upon

initial recognition in accordance with the specific requirements of IFRS 3.

The transferred consideration 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-cash assets or a business of the acquirer). If so, the acquirer shall remeasure the assets or liabilities transferred at their fair value at the acquisition date and recognise any gains or losses arising, if any, on the statement of income. However, sometimes the transferred assets or liabilities remain in the entity acquired after the business is carried out, and therefore, the acquirer retains control over them. In such situation, the acquirer shall measure those assets and liabilities at their carrying amounts immediately before the acquisition date and shall not recognise any gain or loss in the statement of profit and loss on assets or liabilities that it controls both before and after the business.

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

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'. These equity variations, excluding the cost related to NOS's own share plans, are recorded under the caption 'Other Comprehensive Income'. 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. If that is

the case, when a provision shall be recorded 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 9.

c) Tangible assets

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

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

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	5 - 20
Plant and machinery	3 - 16
Fixtures and fittings	2 - 10
Tools and utensils	4

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.

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 available 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 minus their accumulated amortisation and less estimated accumulated impairment losses. Intangible assets are only recognised if they were identifiable and 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, industrial property, costs incurred with the acquisition of clients portfolios (value attributed under the purchase price allocation in business combinations) and know-how.

Amortisations of intangible assets are calculated on a straightline monthly basis, over the estimated useful life of the assets, 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.

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 use it or sell it.

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

Impairment losses detected in the realisation value of intangible 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
Brands and patents	1-15
Customers' portfolios	6
Contratuals rights	6
Software	1-19

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 acquisition price of investments in Group companies, companies jointly controlled and associated companies added the value of non-controlling interests (in the case of subsidiaries), the fair value of any interests previously held at the date and the fair value of the identifiable assets, liabilities and contingent liabilities of these companies at the date of business combination, when positive, are considered 'Goodwill'. If related to subsidiaries are recorded under the caption "Goodwill" (note 8), if related to jointly controlled and associated companies are included in the value of the investment in the caption "Investments in associated companies and companies jointly controlled" (note 9). The differences between the price of investments in foreign subsidiaries whose functional currency is not the Euro, the value of non-controlling interests (in case of subsidiaries) and the fair value of the identifiable assets and liabilities of these companies at the acquisition date are recorded in the functional currency of those subsidiaries and are they converted into reporting currency of Sonaecom (Euro), at the exchange rate on the date of the statement of financial position. The exchange rates differences that arise upon conversion are recorded in the caption "Reserves".

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.

When a sales transaction generate a loss of control, the assets and liabilities of the entity should be derecognised 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 profit and loss.

The Goodwill amount is not amortised, being tested annually or whenever there are impairment indices, to verify if there are any impairment losses to be recognised. The recoverable amount is determined based on the business plans used by Sonaecom's management. Goodwill impairment losses of the year are recorded in the profit and loss statement of the year under the caption 'Depreciation and amortisation'.

Goodwill impairment losses can not be reversed.

Goodwill, if negative, is recognised as income on the acquisition date after reconfirmation of the fair value of identifiable assets, liabilities and contingent liabilities.

g) Financial instruments

Financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, financial assets measured at amortised cost, financial assets at fair value through other comprehensive income. Its classification depends on the entity's business model to manage the financial assets and the contractual characteristics in terms of the cash flows of the financial asset.

Changes to the classification of financial assets can only be made when the business model is changed, except for financial assets at fair value through other comprehensive income, as equity instruments, which can never be reclassified to another category.

(i) Financial assets measured at amortised cost

Financial assets measured at amortised cost are those that are part of a business model with the purpose to hold financial assets in order to receive contractual cashflows, although these contractual cash flows can only be capital repayments and interest payments of capital in debt.

(ii) Financial assets at fair value through other comprehensive income

This category may include financial assets that qualify as debt instruments (contractual obligation to deliver cash flows) or equity instruments (residual interest in an entity);

- a. Regarding of debt instruments, this category includes financial assets that correspond only to the payment of nominal value and interest, for which the business model followed by the management is the receipt of contractual cash flows or on time sale;
- b. Regarding of equity instruments, this category includes the percentage of interest held in entities over which the Group does not exercise control, joint control or significant influence, and which the Group irrevocably chose on the date of initial

recognition to designate at fair value through other comprehensive income.

(iii) Financial assets at fair value through profit or loss

This category includes debt instruments and equity instruments that do not meet the criteria for qualification as financial assets at amortised cost and which the Group has not classified as financial assets through other comprehensive income at the time of initial recognition. This category also includes all financial instruments whose contractual cash flows are not exclusively capital and interest.

Gains and losses resulting from the change in the fair value of assets measured at fair value through profit or loss are recognised as income for the year in which they occur in the respective caption "Losses / (gains) on financial assets", which include income amounts interest and dividends.

Financial assets are recognised in the Group's statement of financial position on the trade or date of contract, which is the date on which the Company undertakes to acquire or dispose of the asset. At the initial moment, except for trade accounts receivable, financial assets are recognised at fair value plus directly attributable transaction costs, except for assets at fair value through profit or loss in which transaction costs are immediately recognised in the income statement. Trade accounts receivable, at the initial time, are recognised at their transaction price, as defined in IFRS 15.

Financial assets are derecognised when: (i) the contractual rights of the Group expire upon receipt of their cash flows; (ii) the Group has transferred substantially all the risks and benefits associated with its detention; or (iii) notwithstanding that it retains a portion, but not substantially all the risks and rewards associated with its detention, the Group has transferred control over the assets.

Financial assets at amortised cost are subsequently measured in accordance with the effective interest rate method and deducted from impairment losses. Interest income on these financial assets is included in "Interest earned on assets at amortised cost" in financial income.

Financial assets at fair value through other comprehensive income, which are debt instruments, are subsequently measured at fair value through fair value changes recognised in other comprehensive income, except for variations related to the recognition of impairment, interest income and gains/(losses) due to foreign exchange differences, which are recognised in income for the year. Financial assets at fair value through other comprehensive income are subject to impairment.

Financial assets at fair value through other comprehensive income that are equity instruments are measured at fair value on the date of initial registration and subsequently, the fair value changes are recorded directly in 'Other comprehensive income', in the equity. Future reclassification is not possible, even after derecognition of the investment. Dividends obtained from these investments are recognised as gains, in results for the year, on the date they are attributed.

Financial assets and liabilities are offset and presented at net value, when and only when the Group has the right to offset the amounts recognised and intends to settle at the net value.

The Group derecognises financial assets when and only when contractual rights to cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership of the asset.

Financial liabilities

Financial liabilities are classified according to the contractual substance regardless of their legal form. Equity instruments are contracts that show a residual interest in the Group's assets after deducting liabilities. The equity instruments issued by the company are recorded at the amount received, net of the costs incurred with their issuance. Financial liabilities are derecognised only when they are extinguished, that is, when the obligation is settled, cancelled or expired.

Financial liabilities are classified into two categories:

- (i) Financial liabilities at amortised cost
- (ii) Financial liabilities at fair value through profit or loss

In accordance with IFRS 9, financial liabilities are classified as subsequently measured at amortised cost, except for:

- a) Financial liabilities at fair value through profit or loss. These liabilities, including derivatives that are liabilities, should subsequently be measured at fair value;
- Financial liabilities that arise when a transfer of a financial asset does not meet the conditions for derecognition or when the continued involvement approach is applied;
- c) Financial guarantee contracts;
- d) Commitments to grant a loan at a lower interest rate than the market:
- e) The contingent consideration recognised by a purchaser in a business combination to which IFRS 3 applies. This contingent consideration should be subsequently measured at fair value, with changes recognised in profit or loss.

The category "Financial liabilities at amortised cost" includes the liabilities presented in the captions loans obtained (note i), suppliers and other creditors. These liabilities are initially

recognised at fair value net of transaction costs and are subsequently measured at amortised cost at the effective interest rate.

Financial liabilities are derecognised when the underlying obligations are extinguished by payment, are canceled or expire.

At 31 March 2019, the Group only recognises liabilities classified as "Financial liabilities at amortised cost".

h) Rights of use and leasing

A lease is defined as a contract, or part of a contract, that transfers the right to use a good (the underlying asset) for a period of time in exchange for a value.

At the beginning of each contract, it is evaluated and identified whether or not the contract contains a lease. This evaluation involves an exercise of judgment as to whether each contract depends on a specific asset, if the companies of Sonaecom group obtain substantially all the economic benefits from the use of that asset and whether they have the right to control the use of the asset.

All contracts that constitute a lease are accounted for on the basis of a single recognition model in the balance sheet as the IAS 17 established for financial leases.

At the date of commencement of the lease, the Group recognises the liability related to lease payments (i.e. the lease liability) and the asset that represents the right to use the underlying asset during the lease period (i.e. the right of use or "ROU").

The interest on the lease liability and the depreciation of the ROU are recognised separately.

Lease liabilities are remeasured if certain events occur (such as a change in the lease period, a change in future payments that result from a change in the reference rate or rate used to determine such payments). This remeasurement of the lease liability is recognised as an adjustment in the ROU.

Rights of use (assets)

The Group recognises the right to use the assets at the starting date of the lease (that is, the date on which the underlying asset is available for use).

The right to use the assets is recorded at acquisition cost, less accumulated depreciation and impairment losses and adjusted for any new measurement of lease liabilities. The cost of the right to use the assets includes the recognised amount of the lease liability, any direct costs incurred initially and payments

already made prior to the initial rental date, less any incentives received

Unless it is reasonably certain that the Group obtains ownership of the leased asset at the end of the lease term, the recognised right to use the assets is depreciated on a straight-line basis over the shorter of its estimated useful life and the term of the lease.

Usage rights are subject to impairment.

Lease liabilities

At the date of commencement of the lease, the Group recognises the liabilities measured at the present value of the future payments to be made until the end of the lease.

Lease payments include fixed payments (including fixed payments on the substance), less any incentives to receive, variable payments, dependent on an index or rate, and expected amounts to be paid under residual value guarantees. The lease payments also include the exercise price of a call option if it is reasonably certain that the Group will exercise the option and penalties for termination of the lease if it is reasonably certain that the Group will terminate the lease.

Variable payments that do not depend on an index or a rate are recognised as an expense in the period in which the event giving rise to them occurs.

In calculating the present value of the lease payments, the Group uses the incremental loan rate at the start date of the lease if the implied interest rate is not readily determinable.

After the starting date of the lease, the value of the lease liability increases to reflect the increase in interest and reduces the payments made. In addition, the book value of the lease liability is remeasured if there is a change, such as a change in the lease term, fixed payments or the purchase decision of the underlying asset.

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 the profit and loss statement, in 'Cost of sales'.

j) Trade and other current debtors

These captions mainly include the amounts of trade debtors resulting from services rendered within the scope of the

Group's activity and other amounts related to operating activities. The amounts are defined as current assets when the collection is estimated within a 12-month period. The amounts are defined as non-current if the estimated collection occurs more than 12 months after the relate date.

'Trade debtors' and 'Other debtors' are initially recognised at fair value and are subsequently measured at amortised cost, net of impairment adjustments. Impairment losses of 'Trade debtors' and 'Other debtors' are recorded in accordance with the principles described in the policy in note 1.x. The identified impairment losses are recorded in the income statement and other comprehensive income in '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, with less than three months' maturity, 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 'Current 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, as well as cash flows from the shareholders' transactions, as shareholders.

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 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 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 swaps to hedge the interest rate risk on loans obtained. The amount of the loans, interest maturities and repayment plans for the loans underlying the interest rate swaps are in all respects identical to the conditions laid down for the contracted loans.
- (ii) Forward's exchange rate for hedging foreign exchange risk, particularly from receipts from customers of subsidiary We Do Consulting. The values and time periods involved are identical to the amounts invoiced and their maturities.

Transactions that qualify as hedging instruments in relation to cash flow hedges are recorded in the statement of financial position at fair value and, to the extent that they are considered effective hedges, changes in the fair value of the instruments are initially recorded as equity and subsequently reclassified to the financial costs caption. 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 March 2019, the Group had foreign exchange forwards in the amount of USD 170,000 (USD 170,000 at 31 March 2018), fixing the exchange rate for EUR, which have an average maturity of 2 months (2 months at 31 March 2018).

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 current tax payable and deferred tax. Income tax is recognised in accordance with IAS 12 – 'Income Taxes'.

Sonaecom was covered, since January 2008, by 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. However in accordance with such rules since 31 March 2015, the Sonaecom Group, no longer has an independent group of companies covered by the special regime for taxation as tarted 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. The tax losses generated by the companies controlled in the tax group (RETGS) used to allocate their tax losses to the group, so that, since 2017, only the parent company has recognised the amounts of such tax losses, without giving rise to any financial flow. From 2018 onwards these tax losses generated by the companies controlled within the Group were offset by the Group's dominant entity.

With respect to the tax losses generated by the unsettled companies in the year, they will be offset as the Group recovers, taking into account its future taxable income, and the amount to be offset is recorded in non-current assets in an account receivable from the Group. Each company records the income tax on its individual accounts, and the tax recorded is recorded against the Group companies account. 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. The subsidiary Digitmarket is not part of the special tax regime for groups of companies, as Sonae SGPS's indirect stake in Digitmarket is less than 75%. The subsidiary S21sec Portugal left the special tax regime for groups due the integration of the company Nexthold, S.L. (Note 2).

Deferred taxes are calculated using the liability method and reflect the time 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 the relate 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 staff expenses are recognised as less cost during the period in which the Group incurs in its 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 recognised during the estimated useful life of the corresponding assets.

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

The reimbursable subsidies are recognised 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 amortised cost in accordance with the method of effective interest rate.

r) Accrual basis

Expenses and income are recorded in the year 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 payments and receipts 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 the 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 reliably estimate 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 1.0).

s) Revenue

Revenue includes the fair value of the consideration received or receivable from the sale or services rendered arising from the normal business activity of the Company. The revenue is recognised net of taxes, any commercial and quantity discounts granted by the company.

The recognition of the Group's revenue is based on the fivestep model established by IFRS 15:

- (i) Identification of the contract with the trade debtor;
- (ii) Identification of performance obligations;
- (iii) Determination of the price of the transaction;
- (iv) Allocation of transaction price to performance obligations; and
- (v) Recognition of revenue.

Thus, at the beginning of each contract, the Group evaluates the promised goods or services and identifies, as a performance obligation, every promise to transfer to the customer any distinct good or service (alone or together). These promises in client agreements may be express or implied, provided such promises create a valid expectation in the client that the entity will transfer a good or service to the customer, based on the entity's published policies, specific statements or business practices.

To determine the amount of revenue, the Group evaluates for each transaction its performance obligations to its customers, the price of the transaction to be affected by each performance obligation identified in the transaction, and the existence of variable price conditions that may lead to future success to the value of the recorded revenue, and for which the Group makes its best estimate. To determine and allocate the transaction price to each performance obligation, the Group uses the stand-alone prices of the products and services promised at the date of conclusion of the contract with the customer.

Revenue is recorded in the income statement when the control over the product or service is transferred to the customer, that is, at the moment when the customer becomes able to manage the use of the product or service and obtain all the benefits economic conditions associated with it.

The specialisation of revenue is presented as "Assets of customer contracts - Billing due to customers" or "Customer contract liabilities - Prepaid billing to customers", under Other current assets and Other current liabilities in the Statement of Financial Position.

Sale of goods

Revenue from the sale of assets is recognised in the income statement when the following conditions are met:

- the risks and significant advantages of ownership of the asset have been transferred by the enterprise to the buyer;
- (ii) effective control of the assets sold becomes the buyer and the company ceases to have continuous management involvement to a degree generally associated with ownership;
- (iii) the amount of income can be reasonably quantified;
- (iv) the economic benefits associated with the transaction are likely to flow to the enterprise; and
- (v) the costs incurred with the transaction, or to be incurred, can reasonably be measured.

Services rendered

The income from the services rendered in the consulting projects is recognised, every year, accordingly to the performance obligation to which they comply and accordingly to the percentage of completion of the projects. That is, for each performance obligation, the group recognises revenue over time by measuring progress towards full compliance with that performance obligation.

The revenue from the implementation of Software as a Service (SaaS) contracts in some cases must be recognised together with the service as a single performance obligation on a monthly basis over the contract period.

Revenue from consulting services contracts must be recognised at the time the benefits of the performance obligation are transferred to the customer.

Revenue from the provision of services is recognised in the income statement when the following conditions are met:

- (i) the amount of income can be reasonably quantified;
- (ii) it is probable that the company will obtain future economic benefits:
- (iii) the performance of the performance obligation at the balance sheet date is reliably measured; and
- (iv) the costs incurred with the transaction and the costs to complete the transaction can be reliably measured.

The Group's sales and service contracts do not contain a significant financing component and in the case of variable remuneration, the estimated variable remuneration is restricted to an amount corresponding to what is highly probable that it will not be subject to significant reversals.

t) Fair value

The measurement of fair value presumes that an asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liabilitie at the measurement date, under current market conditions. The measurement of fair value is based on the assumption that the transaction to sell the asset or transfer the liability may occur:

- (i) In the main asset and liability market, or
- (ii) If the main asset and liability does not exist, in the market in which an orderly transaction would take place for the asset or liability

The Group uses valuation techniques appropriate to the circumstances and for which there is sufficient data to measure fair value, maximising the use of observable relevant data and minimizing the use of unobservable data.

All assets and liabilities measured at fair value or for which disclosure is mandatory are classified according to a fair value hierarchy, which alocates the data to be used in the fair value measurement, into three levels detailed below:

Level 1 - unadjusted quoted prices for identical assets and liabilities in active markets, which the entity can access at the measurement date;

Level 2 - Valuation techniques that use inputs that although are not quoted are directly or indirectly observable;

Level 3 - Valuation techniques that use inputs not based on observable market data, ie, based on unobservable data.

The measurement of fair value is classified fully at the lowest level of the input that is significant for the measurement as a whole.

u) Reserves

Legal reserve

The 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 Group, 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 issuing 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.

Own shares reserve

The own shares reserve reflects the acquisition value of the own shares and deducted in equity, being unavailable for distribution, while own shares are held.

Other reserves

This caption includes retained earnings from previous years, foreign exchange reserves of companies by the consolidated comprehensive income method in the amount of Euro 305,130.

Under Portuguese law, the amount of distributable reserves is determined in accordance with the individual financial statements of the Group, presented in accordance with the IFRS standards. 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 2019, Sonaecom have free reserves distributable amounting approximately Euro 64 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 2019.

v) 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'.

w) Balances and transactions in foreign currency

Euro is the functional currency of presentation. All transactions in foreign currency are translated for the functional currency at the exchange rate of the transaction date. At each closing date, the exchange restatement of outstanding balances is carried out, applying the exchange rate in effect at that date.

Favourable and unfavourable foreign exchange differences resulting from changes in the rates in force at the 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.

Assets and liabilities of the financial statements of foreign entities are translated to the functional currency of the Group (EUR) using the exchange rates in force at the statement of financial position 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 were recorded under the Shareholders' funds caption 'Other reserves'.

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

Goodwill and adjustments to fair value generated in the acquisitions of foreign entities reporting in a functional currency other than Euro are translated at the statement of financial position.

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

		2019		2018
	31 March	Average	31 March	Average
Pounds Sterling	1.1651	1.1464	1.1430	1.1323
Brazilian Real	0.2280	0.2338	0.2443	0.2507
American Dollar	0.8901	0.8805	0.8116	0.8136
Polish Zloti	0.2325	0.2325	0.2375	0.2393
Australian Dollar	0.6321	0.6272	0.6236	0.6396
Mexican Peso	0.0461	0.0459	0.0444	0.0434
Egyptian Pound	0.0514	0.0504	0.0460	0.0460
Malaysian Ringgit	0.2182	0.2152	0.2098	0.2073
Swiss Franc	0.8901	0.8831	0.8490	0.8581
South African Rand	0.0615	0.0628	0.0684	0.0680
Canadian Dollar	0.6667	0.6622	0.6291	0.6436
Turkish Lira	0.1576	0.1637	0.2042	0.2132
Colombian Peso	0.0003	0.0003	0.0003	0.0003

x) Assets impairment

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 tangible assets and Goodwill and for the other assets under the caption 'Provisions and impairment losses', in relation to the other assets

Non-financial assets impairment

Impairment tests are performed for assets with undefined useful life and Goodwill at the date of each statement of financial position and whenever an event or change of circumstances indicates that the recorded amount of an asset may not be recoverable.

Impairment tests are performed for assets with defined useful lives and investments in associated whenever there is evidence that their book value is higher than the recoverable value.

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.

For the value of Goodwill, 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 of Investments in companies jointly controlled, the recoverable amount is determined taking into account various information such as the most recent business plans duly approved by the Group's Board of Directors and the average of evaluations made by external analysts (researches).

Non-financial assets, except Goodwill, for which impairment losses have been recorded, are reviewed at each reporting date for reversal of these losses.

Financial assets impairment

The Group assesses at each reporting date the existence of impairment in financial assets at amortised cost. The expected loss results from the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

The objective of this impairment policy is to recognize expected credit losses over the duration of financial instruments that have undergone significant credit risk increases since initial recognition, assessed on an individual or collective basis, taking into account all reasonable and sustainable information, including prospects. If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since the initial recognition, the Group measures the provision for losses related to that financial instrument by an amount equivalent to the expected credit losses within a period of 12 months .

With regard to the amounts under 'Trade debtors', 'Other debtors' and 'Customer contract assets', impairment losses is calculated based on the expected credit loss, the calculation are of which results from the application of expected loss rates based on payments received in the context of sales and services rendered, over a period of 36 months before 31 March 2019, and historical credit losses.

Regarding accounts receivable from related entities, which are not considered as part of the financial investment in these entities, credit impairment is assessed according to the following criteria: i) if the balance receivable is immediately due, ii) if the balance has a low risk, or (iii) if it has a maturity of less than 12 months. In cases where the amount receivable is immediately payable and the related entity is able to pay, the probability of default is close to 0% and therefore the impairment is considered equal to zero. In cases where the receivable balance is not immediately due, the related entity's credit risk is assessed and if it is "low" or if the maturity is less than 12 months, then the Group only assesses the probability of a default occurring for the cash flows that mature in the next 12 months.

For all other situations and nature of receivables, the Group applies the general approach of the impairment model, evaluating at each reporting date whether there has been a significant increase in credit risk since the date of the initial recognition of the asset. If there is no increase in credit risk, the Group calculates an impairment corresponding to the amount equivalent to expected losses within a period of 12 months. If there has been an increase in credit risk, the Group calculates an impairment corresponding to the amount equivalent to expected losses for all contractual flows until the maturity of the asset.

The Group prospectively estimates the estimated credit losses associated with assets at amortised cost. The methodology of impairment applied depends on whether or not there has been a significant increase in credit risk.

y) 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 noncurrent 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'.

At 31 March 2019 there are no outstanding hedge agreements.

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

Equity-settled plans to be liquidated through the delivery of shares of Sonae 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 statement of financial position date.

At 31 March 2019, the plans atributed during the years 2016, 2017, 2018 and 2019 are not covered by the contract and so a liability at fair value was recorded. The responsibility of all plans is recorded in the captions 'Other non-current liabilities' and 'Other current liabilities'. The cost is recognised on the income statement under the caption 'Staff expenses'.

z) 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.

aa) Judgements and estimates

The most significant accounting estimates reflected in the consolidated financial statements of the periods ended at 31 March 2019 and 2018 are as follows:

- (i) Useful lives of tangible and intangible assets (note 1c) and 1.d);
- (ii) Impairment analysis of goodwill, investments in associated companies and companies jointly controlled and of other tangible and intangible assets (note 89;
- (iii) Financial assets impairment;
- (iv) Recognition provisions and analysis of contingent liabilities;
- (v) Recoverability of deferred tax assets (note 11);
- (vi) Recognition of contract revenue;
- (vii) Investments at fair value of other comprehensive income (note 10).

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.

Impairment of financial assets

The determination of impairment on financial assets involves significant estimates. In calculating this estimate, management assesses, among other factors, the duration and extent of the circumstances under which the recoverable amount of these assets may be lower than their book value. The balances of "Trade debtors", "Other current debtors" and "Other Current Assets" are valued for factors such as default history, current market conditions, and estimated prospective information by reference to the end of each reporting period, the most critical evaluation elements for the purpose of analysing estimated credit losses.

Recognition of contract revenue

In the recognition of revenue on the basis of the percentage of completion, the management reviews, at each reporting date, the total estimated costs, which correspond to the best estimate of the costs associated with the provision of the construction service and / or until its completion. Where there

are significant deviations in the performance of the contract that are not associated with changes that result in the right to additional revenue as agreed with the customer, the management reviews the percentage of completion and the margin associated with the contract, according to its best estimate, and may result in the recording of a provision (onerous contract) (note 1.s).

Disclosures for over time revenue recognition:

- a) recognise revenue method (description of output or input methods and how they are applied),
- b) justification of why the method provides a reliable representation of the transfer of goods or services

For the remaining judgments and estimates are described in attached notes, where applicable.

Rights of use

The Group determines the end of the lease as the non-cancellable part of the lease term, together with any periods covered by an option to extend the lease if it is reasonably certain that it will be exercised, or any periods covered by an option to terminate the lease agreement, if it is reasonably certain that it will not be exercised.

The Group has the option, under some of its lease agreements, to lease its assets for additional periods. Sonaecom evaluates the reasonableness of exercising the option to renew the agreement. That is, the Group considers all the relevant factors that create an economic incentive for the renewal exercise. After the starting date, the Group re-evaluates the termination of the contract if there is a significant event or changes in circumstances that are under control and affect its ability to exercise (or not exercise) the renewal option (e.g. a change in the strategy of the business).

Entities included in the consolidation perimeter

To determine the entities to be included in the consolidation perimeter, the Group assesses the extent to which it is exposed, or has rights, to variability in returns from its involvement with that entity and can take possession of them through the power it holds over this entity.

The decision that an entity must be consolidated by the Group requires the use of judgment, estimates and assumptions to determine the extent to which the Group is exposed to return variability and the ability to take possession of them through its power.

Other assumptions and estimates could lead to the Group's consolidation perimeter being different, with direct impact on the consolidated financial statements.

ab) 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, United States of America, Mexico, Australia, Egypt, Colombia, Malaysia (branch) and Chile 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;
- 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 predetermined 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 not considered as fair value hedges or the ones that are considered not sufficiently effective for cash flow hedge are recognised under the statement of financial position and changes in the fair value of such derivatives are recognised directly in the profit and loss statement for the year.

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.

At 31 March 2019, there are no contracted 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.

Taking into account the low value of the liabilities and the high value of the cash and cash equivalents of the Group is understood that the liquidity risk is very low.

Credit risk

The Group's exposure to credit risk is mainly associated to the accounts receivable arising from its operating activities, treasury applications and supplies to other non-current assets.

(i) Cash and cash equivalents

Sonaecom Group holds financial assets arising from its relationship with financial institutions. There is a credit risk associated with the potential pecuniary default of the Financial Institutions that are counterparts in these relationships, however, in general, the exposure related to this type of financial assets is widely diversified and of limited duration in time.

Credit risk associated with relationships with financial institutions is limited by the management of risk concentration and a rigorous selection of counterparties with a high prestige and national and international recognition and based on their respective ratings, taking into account the nature, maturity and size of operations.

The Group uses credit assessment agencies and has specific departments for credit control, collection and litigations' management, as well as credit insurance, which help to mitigate such risk. The management of this risk is aimed at ensuring the effective collection of its credits within the established deadlines without affecting the financial balance of the Group.

(ii) Loans granted to related parties

There are no impairment losses for Loans granted to related parties.

Loans granted to related parties are considered to have low credit risk and, therefore, impairment losses recognised during

the year are limited to estimated credit losses at 12 months. These financial assets are considered to have "low credit risk" when they have a low impairment risk and the borrower has a high capacity to meet its contractual cash flow liabilities in the short term.

(iii) Trade debtors and Other current debtors

To measure the expected credit losses, the unpaid amounts and contractual assets were grouped based on the common credit risk characteristics and the days of late payment. Contract assets refer to unbilled work in progress and have substantially the same risk characteristics as accounts receivable for the same types of contracts. The company therefore concluded that the expected loss rates for trade accounts receivable are a reasonable approximation of the loss rates on the contractual assets. The expected loss rates are based on the sales payment profiles over a period of 36 months (3 years) before 31 December 2018, and the corresponding historical credit losses verified during this period. Historical loss rates are adjusted to reflect current and prospective information on macroeconomic factors that affect customers' ability to settle outstanding amounts.

As such, the impairment losses at 31 March 2019 were determined taking into account these assumptions of IFRS 9.

Considering the aforementioned policies, the Board of Directors does not foresee the possibility of any occurrence of any material breach of contractual obligations.

The amounts related to cash and cash equivalents, other non current assets (supplies) and other third party debts presented in the financial statements, which are net of impairment, represent the maximum exposure of the Group to credit risk.

Capital risk

Sonaecom's capital structure, determined by the ratio of equity and net debt, is managed in a way that ensures the continuity and development of its operating activities, maximises shareholder's returns and optimises the cost of financing.

Risks, opportunities and necessary adjustment measures in order to achieve the referred objectives are periodically monitorised by Sonaecom.

At 31 March 2019, Sonaecom reported an average negative gearing (accounting) of 20.9%. The average gearing at market values at 2019 was negative in 29.6%.

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 2019 and 2018, are as follows:

						itage of share	
Company (Commercial brand)	Head office	Main activity	Shareholder	Direct	2019 Effective*	Direct	2018 Effective*
Parent company							
SONAECOM, S.G.P.S., S.A. ('Sonaecom') Subsidiaries	Maia	Management of shareholdings.	-	-		-	
Bright Developement Studio, S.A. ('Bright')	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%	100%	100%
Bright Ventures Capital, SCR, S.A.	Lisbon	Realization of investment in venture capital, management of venture capital funds and investment in venture capital fund units.	Bright	100%	100%	100%	100%
Cape Technologies Limited ('Cape Technologies')	Dublin	Rendering of consultancy services in the area of information systems.	We Do	100%	100%	100%	100%
Digitmarket – Sistemas de Informação, S.A. ('Digitmarket' - using the brand 'Bizdirect') (a)	Maia	Development of management platforms and commercialisation of products, services and information, with the internet as its main support.	Sonae IM	75.00%	75.00%	75.10%	75.10%
Excellium Group, S.A. ('Excellium') (b)	Contern	Provides professional and managed customised cybersecurity services	Sonae IM	59.20%	59.20%	-	-
Excellium Services, S.A. ('Excellium Services') (b)	Contern	Provide services within the IT and cibersecurity domain mainly to Luxembourgish institutions, banks and insurance companies.	Sonae IM	59.20%	59.20%	-	-
Excellium Services Belgium, S.A. ('Excellium Services Belgium') (b)	Wavre	Provide services within the IT and cibersecurity domain mainly to Belgium institutions, banks and insurance companies.	Sonae IM	59.20%	59.20%	-	-
Excellium Factory SARL ('Excellium Factory') (b)	Raouad- Ariana	Vehicle for the Excellium product development.	Sonae IM	80%	47.36%	-	-
Inovretail, S.A.	Oporto	Industry and coméricio of electronic equipment and software; development, installation, implementation, training and maintenance of systems and software products; rental equipment, sale of software use license; consulting business, advisory in retail segments, industry and services.	Sonae IM	100%	100%	100%	100%
Inovretail España, SL ('Inovretail Espanha') (c)	Madrid	Industry and coméricio of electronic equipment and software; development, installation, implementation, training and maintenance of systems and software products; rental equipment, sale of software use license; consulting business, advisory in retail segments, industry and services.	Inovretail	100%	100%	-	-
Fundo Bright Vector I ('Bright Vector I')	Lisbon	Venture Capital Fund	Sonae IM	50.13%	50.13%	50.13%	50.13%
Nextel, S.A. (Nextel) (d)	Bilbao	Rendering of engineering and IT consulting services specializing in information security and management of telecommunications services.	S21 Sec Gestion	100%	80.90%	-	-
Mxtel, S.A. de CV (Mxtel) (d)	Mexico City	Rendering of engineering and IT consulting services specializing in information security and management of telecommunications services.	Nextel	99.93%	80.90%	-	-
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%
S21Sec Portugal Cybersecurity Services, S.A.('S21Sec Portugal')(e)	Maia	Commercialization of products and management services, implementation and consulting in information systems and technologies areas.	S21 Sec Gestion	100%	80.90%	100%	100%
S21 Sec Brasil, Ltda ('S21 Sec Brasil') (e)	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.	S21Sec Gestion S21Sec Labs	99,99% 0,01%	80.90%	99.99%	100%
S21Sec Gestion, S.A. ('S21Sec Gestion') (e)	Guipuzcoa	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	80.90%	80.90%	100%	100%

^{*}Sonaecom effective participation

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						ge of share cap	
Company (Commercial brand)	Head office	Main activity	Shareholder	Direct	2019 Effective*	Direct	2018 Effective*
S21Sec Information Security Labs, S.L. ('S21Sec Labs') (e)	Navarra	Research, development and innovation, as well as consulting, maintenance and audit for products, systems, facilities and communication and security services.	S21Sec Gestion	100%	80.90%	100%	100%
S21 Sec, S.A. de CV ('S21 Sec, S.A. de CV') (e)	Mexico City	Computer consulting services	S21 Sec Gestion S21 Sec Labs	99,9996% 0,0004%	80.90%	99,9996% 0,0004%	100%
Saphety Level – Trusted Services, S.A. ('Saphety') (f)	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	Alienato	ed	86.995%	86.995%
Saphety Brasil Transações Eletrônicas Ltda. ('Saphety Brasil') (f)	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	Alienato	ed	99.99%	86.986%
Saphety – Transacciones Electronicas SAS ('Saphety Colômbia') (f)	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	Alienato	ed	100%	86.995%
Sonaecom – Cyber Security and Intelligence, SGPS, S.A. ('Sonaecom CSI')	Maia	Management of shareholdings.	Sonae IM	100%	100%	100%	100%
Sonaecom - Serviços Partilhados, S.A. ('Sonaecom SP')	Maia	Support, management consulting and administration, particularly in the areas of accounting, taxation, administrative procedures, logistics, human resources and training.		100%	100%	100%	
Sonae Investment Management – Software and Technology, SGPS, S.A. ('SonaelM')	Maia	Management of shareholdings in the area of corporate ventures and joint ventures.	Sonaecom	100%	100%	100%	100%
Taikai, LTDA ('Taikai') (g)	Oporto	Research, design and development of products and services in the field of information technologies, as well as investment and training related to the development of new business information systems.	Bright	99.01%	99.01%	-	-
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 Technologies Americas, Inc ('We Do USA') (h)	Delaware	Rendering of consultancy services in the area of information systems.	Cape Technologies We Do	- 100%	100%	100%	100%
We Do Technologies Australia PTY Limited ('We Do Austrália') (i)	Sydney	Rendering of consultancy services in the area of information systems.	Cape Technologies	Discontin	ued	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 Chile ('We Do Chile') (j)	Santiago do Chile	Rendering of consultancy services in the area of information systems.	We Do	100%	100%	100%	100%
We Do Technologies Egypt LLC ('We Do Egypt')	Cairo	Rendering of consultancy services in the area of information sys	We Do BV We Do	90% 10%	100%	90% 10%	100%
We Do Technologies España - Sistemas de Informação, S.L. ('WeDo Espanã') (k)	Madrid	Rendering of consultancy services in the area of information systems.	We Do	100%	100%	100%	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 R.L. ('We Do Mexico')	Mexico City	Rendering of consultancy services in the area of information systems.	We Do We Do BV	0.001% 99.999%	100%	0.001% 99.999%	100%
*Connecem effective participation							

All the above companies were included in the consolidation in accordance with the full consolidation method under the terms of IFRS 10 - 'Consolidated Financial Statements'.

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^{*}Sonaecom effective participation

*Sonaecom effective participation in Digitmarket to Banco BPI, S.A.

(b) Company acquired in December 2018.

(c) Company acquired in June 2018.

(d) Company acquired in June 2018.

(e) On 30 June 2018. Nexthold, S.L. acquired 19.10% of the capital S21sec Gestion S.A. Group. With this transaction, Sonaecom Cyber Security and Intelligence now holds 80.90% of the capital of S21 Sec Gestion.

(f) At 1 March 2019, Sonae IM alongside with AITEC and BPI sold their participation in the Saphety Group (note 3.c.)

⁽g) Company constituted in September 2018.

⁽h) In October 2018 the participation of 100% held by Cape Technologies Limited was sold to We Do Consulting - Sistemas de Informação, S.A.

⁽i) In March 2019, the subsidiary We Do Australia was discontinued.

⁽k) In April 2018, Sonaecom - Sistemas de Informação Espana, S.L. changed its corporate name to We Do Technologies España - Sistemas de Informação, S.L.

3. Changes in the Group

During the periods ended at 31 March 2019 and 2018, the following changes occurred in the composition of the Group:

a) Acquisitions

Shareholder	Subsidiary	Date
2019		
Sonae IM	Fundo de Capital de Risco Armilar Venture Partners III ('Armilar III') (note 9)	Jan-19
Sonae IM	ViSenze Pte. Ltd ('ViSenze') (note 10)	Feb-19
Sonae IM	Case on IT, S.L. ('Case on IT') (note 10)	Feb-19
Sonae IM	C-B4, Ltd ('CB-4') (note 10)	Feb-19
Fundo Bright Vector I	Automaise, Lda ('Automaise') (note 10)	Mar-19

Shareholder	Subsidiary	Date
2018		
Bright	Food Orchestrator, Lda ('Food Orchestrator') (note 10)	Jan-18
Sonae IM	Jscrambler, S.A. ('Jscrambler') (note 10)	Feb-18
Fundo Bright Vector I	Advert.io, Lda ('Advert.io') (note 10)	Mar-18
Fundo Bright Vector I	Binary Answer, Lda ('Binary Answer') (note 10)	Mar-18

b) Dissolutions

Shareholder	Subsidiary	Date
2019		
Sonae IM	We Do Australia	Mar-19

c) Alienations

Shareholder	Subsidiary	Date
2019		
Sonae IM	Saphety	Mar-19
Saphety	Saphety Brasil	Mar-19
Saphety	Saphety Colômbia	Mar-19

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Effects of the alienation of subsidiaries in the financial statements

In March 2019, the companies that are part of the Saphety Group were alienated by the amount of Euro 8,580,809 to its management team, supported by Oxy Capital. As a result of the value of sale and the derecognition of the Saphety Group, a add value of Euro 4,832,163 was registered, as detailed below:

		Saphety Group
(Amounts expressed in Euro)	Notes	March 2019
Acquired assets		
Tangible assets	5	(280,044)
Intangible assets	6	(2,303,459)
Rights of use	7	(1,477,923)
Deferred tax assets	11	(123,408)
Trade debtors		(2,725,770)
Other current debtors		(209,344)
Other current assets		(841,196)
Cash and cash equivalents	12	(257,712)
		(8,218,856)
Acquired liabilities		
Loans obtained	15	154,202
Trade creditors		662,099
Other current creditors		597,649
Other current liabilities		2,484,972
		3,898,922
Total net assets derecognised		4,319,934
Total net assets of non-controlling interests derecognised		(571,288)
Total net assets after non-controlling interests derecognised		3,748,646
Acquisition price		8,580,809
Goodwill		4,832,163

4. Breakdown of financial instruments

At 31 March 2019 and 2018, the breakdown of financial instruments in accordance with the IFRS 9 is as follows:

		Financial assets at fair				
	Financial assets	value through other	Financial assets at fair			
	measured at amortised cost	comprehensive income	value through profit or loss	Total financial assets	Others not covered by IFRS 9	Tota
Non-current assets	2031		1033	035013		1000
Investments at fair value through other comprehensive income (note 10)	-	34,296,573	-	34,296,573	-	34,296,57
Other non-current assets	4,600,076		89,659	4,689,735		4,689,735
Current assets	4,600,076	34,296,573	89,659	38,986,308	<u> </u>	38,986,308
Trade debtors	41,993,048	-	-	41,993,048	-	41,993,048
Other current debtors	7,451,695	=	=	7,451,695	1,219,940	8,671,635
Income tax receivable	-	-	-	-	3,354,879	3,354,879
Other current assets Cash and cash equivalents (note 12)	13,105,345	-	-	13,105,345	4,898,861	18,004,206
Cash and Cash equivalents (note 12)	224,201,224 286,751,313			224,201,224 286,751,313	9,473,679	224,201,224 296,224,992
	200,731,313			200,7 51,515	3, 17 3,07 3	230,22 1,332
						2018 (restated)
		Financial assets at fair				(lestated)
	Financial assets	value through other	Financial assets at fair			
	measured at amortised cost	comprehensive income	value through profit or loss	Total financial assets	Others not covered by IFRS 9	Tota
Non-current assets	COST	income	1055	assets	ב כא וו	Tuta
Investments at fair value through other comprehensive income (note 10)	-	7,009,723	-	7,009,723	=	7,009,723
Other non-current assets (restated)	4,114,731	-	<u> </u>	4,114,731		4,114,731
Current assets	4,114,731	7,009,723	<u> </u>	11,124,454		11,124,454
Trade debtors	34,640,275	-	=	34,640,275	-	34,640,275
Other current debtors (restated)	2,661,515	-	=	2,661,515	820,627	3,482,142
Income tax receivable	-	=	-	-	3,437,340	3,437,340
Other current assets	11,192,580 201,116,431	-	-	11,192,580 201,116,431	3,812,779	15,005,359 201.116.431
Cash and cash equivalents (note 12)	249,610,801		-	249,610,801	8,070,746	257,681,547
			La Labora	T . 16 1		2019
			Liabilities recorded at amortised cost	Total financial liabilities	Others not covered by IFRS 9	
Non-current liabilities			Liabilities recorded at amortised cost	Total financial liabilities	Others not covered by IFRS 9	
Non-current liabilities Non-current loans net of short term position (note 15)						Total 2,693,807
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16)			amortised cost 2,693,807 13,653,044	2,693,807 13,653,044	IFRS 9 -	Total 2,693,807 13,653,044
Non-current loans net of short term position (note 15)			amortised cost 2,693,807 13,653,044 6,742,580	2,693,807 13,653,044 6,742,580	IFRS 9 - - - 314,426	Total 2,693,807 13,653,044 7,057,006
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16)			amortised cost 2,693,807 13,653,044	2,693,807 13,653,044	IFRS 9 -	Total 2,693,807 13,653,044 7,057,006
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15)			amortised cost 2,693,807 13,653,044 6,742,580	2,693,807 13,653,044 6,742,580	IFRS 9 - - - 314,426	Total 2,693,807 13,653,044 7,057,006 23,403,857
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors			2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010	IFRS 9 - - - 314,426	7ota 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,010
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors Other current financial liabilities (note 16)			amortised cost 2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971	314,426 314,426 	Tota 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,010 3,856,971
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors Other current financial liabilities (note 16) Other current financial liabilities (note 16)			2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010	314,426 314,426 - - - - 8,770,251	Tota 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,010 3,856,971 14,404,971
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors Other current financial liabilities (note 16)			amortised cost 2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971	314,426 314,426 	Total 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,010 3,856,971 14,404,971 768,628
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors Other current financial liabilities (note 16) Other current financial liabilities (note 16) Other creditors Income tax payable			2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720	314,426 314,426 314,426 - - - 8,770,251 768,628	7otal 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,010 3,856,971 14,404,971 768,628 34,583,166
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors Other current financial liabilities (note 16) Other creditors Income tax payable			2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 18,612,753	314,426 314,426 314,426 - - - 8,770,251 768,628 15,970,413	7otal 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,010 3,856,21 14,404,971 768,628 34,583,166
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors Other current financial liabilities (note 16) Other creditors Income tax payable			2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 18,612,753	314,426 314,426 314,426 - - - 8,770,251 768,628 15,970,413	Total 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,010 3,856,971 14,404,971 768,628 34,583,166 76,521,179
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors Other current financial liabilities (note 16) Other creditors Income tax payable			amortised cost 2.693,807 13.653,044 6.742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 - 18,612,753 51,011,887	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 - 18,612,753 51,011,887	8,770,251 768,628 15,970,413 25,509,292	7otal 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,010 3,856,971 14,404,971 768,628 34,583,166
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors Other current financial liabilities (note 16) Other current financial liabilities (note 16) Other creditors Income tax payable Other current liabilities			2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 18,612,753	314,426 314,426 314,426 - - - 8,770,251 768,628 15,970,413	Tota 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,64,010 3,856,971 14,404,971 768,626 34,583,166 76,521,175 2018 (restated)
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors Other current financial liabilities (note 16) Other creditors Income tax payable Other current liabilities			amortised cost 2.693.807 13.653.044 6.742.580 23.089,431 3.266.433 19,641,010 3.856,971 5.634,720 - 18.612,753 51,011.887	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 - 18,612,753 51,011,887 Total financial liabilities	15RS 9 - 314,426 314,426 8,770,251 768,628 15,970,413 25,509,292 Others not covered by	Tota 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,016 3,856,971 14,404,971 768,628 34,583,166 76,521,179 2018 (restated)
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors Other current financial liabilities (note 16) Other creditors Income tax payable Other current liabilities			amortised cost 2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 - 18,612,753 51,011,887 Liabilities recorded at amortised cost 1,970,354	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 - 18,612,753 51,011,887 Total financial liabilities 1,970,354	15RS 9 - 314,426 314,426 8,770,251 768,628 15,970,413 25,509,292 Others not covered by	Tota 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,010 3,856,971 14,404,971 768,628 34,583,166 76,521,175 2018 (restated) Tota 1,970,354
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors Other current financial liabilities (note 16) Other creditors Income tax payable Other current liabilities Non-current liabilities Non-current liabilities Non-current liabilities			amortised cost 2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 18,612,753 51,011,887 Liabilities recorded at amortised cost 1,970,354 4,679,422 925,103	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 - 18,612,753 51,011,887 Total financial liabilities 1,970,354 4,679,422 925,103	15RS 9 314,426 314,426 314,426 8,770,251 768,628 15,970,413 25,509,292 Others not covered by IFRS 9	Total 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,000 3,856,971 14,404,971 768,628 34,583,166 76,521,179 2018 (restated) Total
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors Other current financial liabilities (note 16) Other creditors Income tax payable Other current liabilities Non-current liabilities Non-current liabilities Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) (restated) Other non-current liabilities			amortised cost 2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 18,612,753 51,011,887 Liabilities recorded at amortised cost 1,970,354 4,679,422	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 18,612,753 51,011,887 Total financial liabilities 1,970,354 4,679,422	8,770,251 768,628 15,970,413 25,509,292 Others not covered by IFRS 9	Total 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,000 3,856,971 14,404,971 768,628 34,583,166 76,521,179 2018 (restated) Total
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current liabilities Current liabilities Current liabilities (note 15) Trade creditors Other current financial liabilities (note 16) Other current financial liabilities Income tax payable Other current liabilities Non-current liabilities Non-current liabilities Non-current liabilities Current liabilities Current liabilities Current liabilities			amortised cost 2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 18,612,753 51,011,887 Liabilities recorded at amortised cost 1,970,354 4,679,422 925,103	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 18,612,753 51,011,887 Total financial liabilities 1,970,354 4,679,422 925,103 3,016,791	15RS 9 314,426 314,426 314,426 8,770,251 768,628 15,970,413 25,509,292 Others not covered by IFRS 9	Tota 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,010 3,856,971 14,404,971 768,626 34,583,166 76,521,179 Constituting the second of the second o
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Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors Income tax payable Other current financial liabilities Other current liabilities Non-current liabilities Non-current liabilities Non-current liabilities Current liabilities Other current financial liabilities (note 15) Trade creditors Other current financial liabilities (note 16) (restated)			amortised cost 2.693,807 13.653,044 6.742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 - 18,612,753 51,011,887 Liabilities recorded at amortised cost 1,970,354 4,679,422 925,103 3,016,791 1,207,020 15,683,792 3,525,762	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 - 18,612,753 51,011,887 Total financial liabilities 1,970,354 4,679,422 925,103 3,016,791 1,207,020 15,683,792 3,525,762	15RS 9 314,426 314,426 314,426 8,770,251 768,628 15,970,413 25,509,292 Others not covered by IFRS 9 1,362,409 1,362,409	Total 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,010 3,856,971 14,404,971 768,628 34,583,166 76,521,179 2018 (restated) Total 1,970,354 4,679,422 2,287,512 4,379,200 1,207,020 15,683,792 3,525,762
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current loans and other loans (note 15) Trade creditors Other current financial liabilities (note 16) Other current financial liabilities Non-current liabilities Non-current liabilities Non-current liabilities Non-current liabilities Current liabilities			amortised cost 2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 18,612,753 51,011,887 Liabilities recorded at amortised cost 1,970,354 4,679,422 925,103 3,016,791 1,207,020 15,683,792	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 - 18,612,753 51,011,887 Total financial liabilities 1,970,354 4,679,422 925,103 3,016,791 1,207,020 15,583,792	1,362,409 1,362,409 1,4,578,796	Total 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,010 3,856,971 14,404,971 768,628 34,583,166 76,521,179 2018 (restated) Total 1,970,354 4,679,422 2,287,512 4,379,200 1,207,020 15,683,792 3,525,762 5,718,142
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current liabilities Current liabilities Other current financial liabilities (note 15) Trade creditors Other current liabilities Non-current liabilities Non-current liabilities Non-current liabilities Current liabilities Curren			amortised cost 2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 18,612,753 51,011,887 Liabilities recorded at amortised cost 1,970,354 4,679,422 925,103 3,016,791 1,207,020 15,683,792 3,525,762 1,139,346	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 - 18,612,753 51,011,887 Total financial liabilities 1,970,354 4,679,422 925,103 3,016,791 1,207,020 15,683,792 3,525,762 1,139,346	1314,426 314,426 314,426 314,426 314,426 8,770,251 768,628 15,970,413 25,509,292 Others not covered by IFRS 9 1,362,409 1,362,409 4,578,796 152,631	Total 1,970,354 4,679,422 2,287,512 4,379,200 1,207,020 15,683,792 3,525,781 2,521,81,42 152,631
Non-current loans net of short term position (note 15) Other non-current financial liabilities (note 16) Other non-current liabilities Current liabilities Current liabilities Current liabilities (note 15) Trade creditors Other current financial liabilities (note 16) Other current liabilities Income tax payable Other current liabilities Non-current liabilities Non-current liabilities Non-current liabilities Current liabilities Other current financial liabilities (note 16) (restated) Other current financial liabilities (note 16) (restated)			amortised cost 2.693,807 13.653,044 6.742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 - 18,612,753 51,011,887 Liabilities recorded at amortised cost 1,970,354 4,679,422 925,103 3,016,791 1,207,020 15,683,792 3,525,762	2,693,807 13,653,044 6,742,580 23,089,431 3,266,433 19,641,010 3,856,971 5,634,720 - 18,612,753 51,011,887 Total financial liabilities 1,970,354 4,679,422 925,103 3,016,791 1,207,020 15,683,792 3,525,762	1,362,409 1,362,409 1,4,578,796	Total 2,693,807 13,653,044 7,057,006 23,403,857 3,266,433 19,641,010 3,856,971 14,404,971 768,628 34,583,166 76,521,179 2018 (restated) Total 1,970,354 4,679,422 2,287,512 4,379,200 1,207,020 15,683,792 3,525,762 5,718,142

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Considering the nature of the balances, the amounts to be paid and received to/from 'State and other public entities' as well as specialised costs related to the share based plans were considered outside the scope of IFRS 9. On the other hand, the deferred costs/profits recorded in the captions other current and non-current assets/liabilitie 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. In addition, other financial assets and other current financial liabilities correspond to assets and liabilities measured at amortised cost that will be satisfied in the short term.

5. Tangible assets

The changes in tangible assets and in the corresponding accumulated depreciation and impairment losses in the periods ended at 31 March 2019 and 2018 was as follows:

							2019
	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 2018	4,267,550	11,860,731	385,569	9,757,930	485,832	342,710	27,100,322
Additions	2,900	164,997	-	18,330	475	144,602	331,304
Disposals	-	(40,936)	-	(129,320)	(945)	(7,338)	(178,539)
Effect of currency translation	12,217	6,118	-	47,209	41	36	65,621
Transfers and write-offs	-	27,033	-	7,245	6,445	(51,538)	(10,815)
Discontinued units (note 3.c)	(410,886)	(32,828)	-	(128,367)	-	(3,239)	(575,320)
Balance at 31 March 2019	3,871,781	11,985,115	385,569	9,573,027	491,848	425,233	26,732,573
Accumulated depreciation and impairment losses							
Balance at 31 December 2018	2,865,417	11,115,082	354,938	8,802,551	390,621	-	23,528,609
Depreciation for the period	42,705	106,123	5,207	90,746	2,910	-	247,691
Depreciation for the period of the discontinued operations (note 26)	6,868	500	-	1,787	-	-	9,155
Disposals	-	(30,876)	-	(109,732)	(614)	-	(141,222)
Effect of currency translation	5,070	5,076	-	40,351	14	-	50,511
Transfers and write-offs	(7,041)	20,590	-	(15,069)	-	-	(1,520)
Discontinued units (note 3.c)	(139,139)	(31,839)	-	(124,298)	-	-	(295,276)
Balance at 31 March 2019	2,773,880	11,184,656	360,145	8,686,336	392,931	-	23,397,948
Net value	1,097,901	800,459	25,424	886,691	98,917	425,233	3,334,625

							2018 (restated)
	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 2017	4,261,366	10,090,749	27,398	8.997.213	453.821	227.465	24.058.012
Additions	9,170	-	-	56,418	161	-	65,749
Disposals	-	-	-	(374)	-	-	(374)
Effect of currency translation	1,058	(4,568)	-	(45,569)	(18)	-	(49,097)
Transfers and write-offs	4,082	35,793	-	10,989	1,986	(73,830)	(20,980)
Balance at 31 March 2018	4,275,676	10,121,974	27,398	9,018,677	455,950	153,635	24,053,310
Accumulated depreciation and impairment losses Balance at 31 December 2017	2,606,886	9,868,165	27,398	8,311,678	372,871	-	21,186,998
Depreciation for the period	45,300	19,909	-	76,447	1,277	-	142,933
Depreciation for the period of the discontinued operations (note 26)	6,929	500	-	5,418	-	-	12,847
Disposals	-	-	-	(70)	-	-	(70)
Effect of currency translation	(6,727)	(2,712)	-	(42,552)	(18)	-	(52,009)
Transfers and write-offs	(28)	8	-	27	-	-	7
Balance at 31 March 2018	2,652,360	9,885,870	27,398	8,350,948	374,130	-	21,290,706
Net value	1,623,316	236,104	-	667,729	81,820	153,635	2,762,604

Depreciation, amortisation and impairment losses for the periods ended at 31 March 2019 and 2018 can be detailed as follows:

	2019	2018
Tangible assets	247,691	142,933
Intangible assets (note 6)	1,904,725	1,483,081
Rights of use (note 7)	1,241,986	883,522
	3,394,402	2,509,536

At 31 March 2019 and 2018, the caption 'Tangible assets' does not include any asset pledged or given as a guarantee for loans obtained.

The caption 'Tangible assets in progress' at 31 March 2019 and 2018 can be decomposed as follows:

	2019	2018
Information systems / IT equipment	40,522	28,787
Other projects in progress	384,711	124,848
	425,233	153,635

During the periods ended at 31 March 2019 and 2018, there are no commitments to third parties relating to investments to be made.

6. Intangible assets

In the periods ended at 31 March 2019 and 2018, the changes occurred in intangible assets and in the corresponding accumulated amortisation and impairment losses, were as follows:

							2019
	Brands and patents and other rights	Software	Otherintangible assets	Intangible assets in progress	Internally generated assets - Software	Internally generated assets - Intangible assets in progress	Total
Gross assets Balance at 31 December 2018 Additions Effect of currency translation Transfers and write-offs Discontinued units (note 3.c)	14,251,594 3,040 140,495 (25,856) (444,552)	20,671,995 251,437 40,611 (2,798,128) 1,421,305	121,575 - - 72,566 (183,898)	502,471 206,494 - (65,990) (79,487)	76,416,768 - 138,562 2,590,342 (11,797,296)	4,885,320 1,094,397 - (2,590,342) (77,664)	116,849,723 1,555,368 319,668 (2,817,408) (11,161,592)
Balance at 31 March 2019	13,924,721	19,587,220	10,243	563,488	67,348,376	3,311,711	104,745,759
Accumulated amortisation and impairment losses Balance at 31 December 2018 Amortisation and impairment for the period (note 5) Amortisation for the period of the discontinued operations (note 26) Effect of currency translation	12,045,087 240,779 275 13,146	18,489,951 332,608 234,581 163,899	89,568 - 67,443 -	- - - -	60,815,993 1,331,338 - 111,147	- - - - -	91,440,599 1,904,725 302,299 288,192
Transfers and write-offs	(25,932)	(3,031,470)	(37,502)	-	-	-	(3,094,904)
Discontinued units (note 3.c)	(442,315)	1,440,880	(109,266)	-	(9,747,432)	-	(8,858,133)
Balance at 31 March 2019	11,831,040	17,630,449	10,243	-	52,511,046	-	81,982,778
Net value	2,093,681	1,956,771	-	563,488	14,837,330	3,311,711	22,762,981

							(restated)
	Brands and patents and other rights	Software	Other intangible assets	Intangible assets in progress	Internally generated assets - Software	Internally generated assets - Intangible assets in progress	Total
Gross assets Balance at 31 December 2017	11,433,736	17,155,260	_	140,852	70,061,829	5,314,343	104,106,020
Additions	42,287	87,012	-	(30,399)	-	1,458,461	1,557,361
Disposals	-	326	-	-	(3,576)	-	(3,250)
Effect of currency translation	(117,072)	(67,990)	-	661	(178,319)	(7,452)	(370,172)
Transfers and write-offs	(34,016)	27,653		(27,141)	2,306,913	(2,306,913)	(33,504)
Balance at 31 March 2018	11,324,935	17,202,261	-	83,973	72,186,847	4,458,439	105,256,455
Accumulated amortisation and impairment losses							
Balance at 31 December 2017	11,130,078	16,248,484	-	-	51,836,956	-	79,215,518
Amortisation and impairment for the period (note 5)	102,112	(373,752)	-	-	1,754,721	-	1,483,081
Amortisation for the period of the discontinued operations (note 26)	170	213,041	-	-	-	-	213,211
Effect of currency translation	(122,269)	(62,971)	-	-	(105,404)	-	(290,644)
Disposals	-	(433)	-	-	-	-	(433)
Transfers and write-offs	(26,405)	(4,218)		-	<u>-</u>	<u>-</u>	(30,623)
Balance at 31 March 2018	11,083,686	16,020,151	-	-	53,486,273	-	80,590,110
Net value	241,249	1,182,110	-	83,973	18,700,574	4,458,439	24,666,345

At 31 March 2019 and 2018, the additions related with intangible assets in progress include capitalisations of personnel costs related to own work mainly related to IT software development and to the RAID, RAID. Cloud and LDM products.

The assessment of impairment for the main tangible and intangible assets, in the various segments, is carried out as described in note 8 ('Goodwill'), to the extent that such assets are closely related to the overall activity of the segment and consequently cannot be analysed separately.

At 31 March 2019 it was understood that the assumptions made in the impairment tests carried out in the year ended on 31 December 2018 did not have material variations, therefore, there are no additional impairments.

7. Rights of use

For the periods ended at 31 March 2019 and 2018, the changes occurred in the value of the rights of use, as well as its depreciations and amortisations and accumulated impairment losses, were as detailed below:

					2019
	Land, Buildings and				
	other constructions	Equipament	Vehicles	Software	Total
Gross assets					
Balance at 31 December 2018	12,583,944	2,826,588	8,809,886	584,843	24,805,261
Additions	5,796,412	-	362,999	-	6,159,411
Effect of currency translation	(284,186)	624	(15,569)	-	(299,131)
Transfers and write-offs	(3,073,274)	-	-	-	(3,073,274)
Discontinued units (note 3.c)	(803,570)	(733,996)	(454,686)		(1,992,252)
Balance at 31 March 2019	14,219,326	2,093,216	8,702,630	584,843	25,600,015
Accumulated amortisation and impairment losses					
Balance at 31 December 2018	6,163,633	1,361,155	3,901,315	386,461	11,812,564
Amortisation and depreciation for the period (note 5)	630,686	116,020	469,127	26,153	1,241,986
Amortisations and depreciations for the period of the discontinued units (note 26)	29,499	49,980	26,202	-	105,681
Effect of currency translation	23,835	240	(8,414)		15,661
Transfers and write-offs	(3,073,274)	-	-	-	(3,073,274)
Discontinued units (note 3.c)	(23,337)	(316,364)	(174,629)		(514,329)
Balance at 31 March 2019	3,751,042	1,211,031	4,213,601	412,614	9,588,289
Net value	10,468,284	882,185	4,489,028	172,229	16,011,726

					2018
	Land, Buildings and other constructions	Equipament	Vehicles	Software	Total
Gross assets					
Balance at 31 December 2017	8,572,450	1,925,034	6,414,599	305,553	17,217,636
Additions	315,834	46,129	482,319	-	844,282
Balance at 31 March 2018	8,888,284	1,971,163	6,896,918	305,553	18,061,918
Accumulated amortisation and impairment losses					
Balance at 31 December 2017	5,024,499	818,796	3,297,342	176,161	9,316,798
Amortisation for the period (note 5)	456,898	69,108	332,053	25,463	883,522
Amortisations and depreciations for the period of the discontinued units (note 26)	2,156	44,813	26,936	-	73,905
Balance at 31 March 2018	5,483,553	932,717	3,656,331	201,624	10,274,225
Net value	3,404,731	1,038,446	3,240,587	103,929	7,787,693

8 Goodwill

For the periods ended at 31 March 2019 and 2018, the movements occurred in 'Goodwil' I were as follows:

	2019	2018
Opening balance	37,312,620	23,351,829
Adjustment regarding the acquisition price of Excellium	500,000	-
Other changes	40,024	(53,142)
Closing balance	37,852,644	23,298,687

For the periods ended at 31 March 2019 and 2018, the caption 'Other movements of the year' includes the effect of the financial update of the Goodwill.

Effects of the acquisition of subsidiaries in the consolidated financial statements

Nextel and Mxtel

The companies Nextel and Mxtel were acquired by the Sonaecom Group in June 2018 and have as main activity rendering of engineering and information systems consulting services, specialised in information security and management of telecommunications services.

Following the acquisition of this Group, Sonaecom recognised an amount of Goodwill of Euro 1,641,824, which can be detailed as follows:

			Nextel and Mxtel	
(Amounts expressed in Euro)	Notes	Balance value before acquisition	Adjustments to fair value	Fair value 'Preliminar and pro-form'
Acquired assets Tangible assets Intangible assets Deferred tax assets Other non-current assets Trade debtors Other current debtors Other current assets Cash and cash equivalents	5 6 11	130,152 57,459 3,930,008 133,726 2,383,770 1,268,783 1,819,397 1,186,530 10,909,825	(2,191) 2,548,182 (1,684,536) - (67,564) (239,019) 26,872 (73,807) 507,937	127,961 2,605,641 2,245,472 133,726 2,316,206 1,029,764 1,846,269 1,112,723
Acquired liabilities Loans obtained Trade creditors Other current creditors Other current liabilities Total net assets acquired Acquisition price Goodwill		4,676,304 1,455,111 522,300 1,899,286 8,553,001 2,356,824 4,053,149 1,696,325	(98,164) (26,798) (103,066) 681,464 453,436 54,501	4,578,140 1,428,313 419,234 2,580,750 9,006,437 2,411,325 4,053,149 1,641,824

An assessment of the fair value of assets acquired and liabilities assumed was made, resulting in a decrease in the amount of total assets and an increase in the total amounting liabilities of Euro 507,937 and 453,436 euros, respectively, which includes the recognition of the customer portfolio in the amount of Euro 2,548,521.

The purchase price allocation is still subject to change until the end of the period of 12 months from the date of acquisition, as permitted by IFRS 3 Business Concentrations.

As is usual in business combinations, also in the case of the acquisition of these two subsidiaries, it was not yet possible to allocate, in accounting terms, the fair value of identified assets and liabilities assumed, being a part of the acquisition cost recognised as Goodwill. Goodwill will be related to elements that can not be reliably isolated and quantified and include synergies, skilled workforce, technological capabilities and market reputation.

In the period ended at 31 March 2019, the contribution of the companies Nextel and Mxtel to the net profit attributable to shareholders of Sonaecom was negative of Euro 495,542. The respective contributions are as follows:

	Nextel and Mxtel
(Amounts expressed in Euro)	Contribution at
	31 March 2019
Total Revenues	2,835,910
Costs and losses	
Cost of sales	(1,483,388)
External supplies and services	(138,742)
Staff expenses	(1,449,075)
Depreciations and amortisations	(301,733)
Other operating costs	(4,138)
	(541,166)
Financial results	(23,861)
Income tax	-
Net income for the period before non-controlling interests	(565,027)
Net income attributed to non-controlling interests	69,485
Net income attributed to shareholders of parent company	(495,542)

The contributions to Sonaecom's consolidated financial position at 31 March 2019, excluding the goodwill generated as a result of the acquisition of investments in these companies, are as follows:

	Nextel and Mxtel
(Amounts expressed in Euro)	Contribution at 31 March 2019
Assets	
Tangible assets	150,215
Intangible assets	2,149,953
Deferred tax assets	2,245,472
Trade debtors	2,335,506
Other current debtors	927,553
Cash and cash equivalents	369,653
Otherassets	2,522,736
Total assets	10,701,088
Liabilities	
Non-current liabilities	976,212
Current liabilities	5,866,020
Total liabilities	6,842,232
Net assets	3,858,856

Excellium Group

The companies that are part of the Excellium Group were acquired by the Sonaecom Group in December 2018 and have as their main activity rendering of services within the field of IT and cybersecurity mainly for financial institutions.

The Excellium Group is constituted for the following entities: Excellium Group, S.A., Excellium S.A., Excellium Services Belgium, S.A., Excellium Factory SARL, Suricate Solutions, S.A., Alfaros SARL, Suricate Solutions CI SARL, Suricate Solutions SN SARL.

As described in note 2, Sonaecom shares of the Excellium Group amount 59.20%.

As a result of these acquisitions, the Group initially recognised a provisory Goodwill amount of Euro 12,574,316, which can be detailed as follows:

		Excellium Group		
(Amounts expressed in Euro)	Notes	Balance value before acquisition	Fair value 'Preliminar and pro-form'	
Acquired assets Tangible assets Intangible assets Goodwill Other non-current assets Trade debtors Other current debtors Other current assets Cash and cash equivalents	5 6	951,534 1,080,653 150,000 41,800 2,754,330 90,115 1,724,085 2,125,602	951,534 1,080,653 150,000 41,800 2,754,330 90,115 1,724,085 2,125,602	
Acquired liabilities Loans obtained Trade creditors Other current creditors Other current liabilities Total net assets acquired Acquisition price Financial update Goodwill		8,918,119 3,089,140 2,069,025 603,212 1,486,352 7,247,729 1,670,390	8,918,119 3,089,140 2,069,025 603,212 1,486,352 7,247,729 1,670,390 14,473,716 (229,010) 12,574,316	

In the period ended at 31 March 2019, an adjustment to the acquision price was made, in the amount of Euro 500,000.

The purchase price allocation is still subject to change until the end of the period of one year starting from the date of acquisition, as permitted by IFRS 3 Business Concentrations. As is usual in business combinations, also in the case of the acquisition of these eight subsidiaries, it was not yet possible to allocate, in accounting terms, the fair value of identified assets and liabilities assumed, being a part of the acquisition cost recognised as Goodwill. Goodwill will be related to elements that can not be reliably isolated and quantified and include synergies, skilled workforce, technological capabilities and market reputation.

Excellium's acquisition price includes a contingent amount (Euro 6,473,716) payable over 2 years, depending on the company's performance.

In the period ended at 31 March 2019, the contribution of the Excellium Groul to the net profit attributable to shareholders of Sonaecom was negative of Euro 378,756. The respective contributions are as follows:

	Excellium Group
(Amounts expressed in Euro)	Contribution at 31 March 2019
Total Revenues	3,532,977
Costs and losses	2,22,27
Cost of sales	(346,891)
External supplies and services	(1,383,554)
Staff expenses	(2,012,682)
Depreciations and amortisations	(388,015)
Other operating costs	(6,411)
	(604,576)
Financial results	(47,651)
Income tax	<u>-</u>
Net income for the period before non-controlling interests	(652,227)
Net income attributed to non-controlling interests	273,471
Net income attributed to shareholders of parent company	(378,756)

The contributions to Sonaecom's consolidated financial position at 31 March 2019, excluding the goodwill generated as a result of the acquisition of investments in these companies, are as follows:

	Excellium Group
(Amounts expressed in Euro)	Contribution at 31 March 2019
Assets	
Tangible assets	1,010,820
Intangible assets	3,455,794
Goodwill	150,000
Trade debtors	1,877,919
Other current debtors	87,823
Cash and cash equivalents	469,663
Otherassets	2,040,885
Total assets	9,092,904
Liabilities	
Non-current liabilities	2,325,245
Current liabilities	5,983,583
Total liabilities	8,308,828
Net assets	784,076

At 31 March 2019 and 2018, the caption had the following composition by business area were the companies are included:

2019	Technologies					
	Telecomunications	Telecomunications Retail				
Goodwill	21,578,690	Retail Cybersecurity				
2018		Technologies				
2018	Telecomunications	Retail	Cybersecurity			

Goodwill impairment is tested annually. Impairment tests were performed on intangible assets, including Goodwill, which were to determine the recoverable amount using the discounted cash flow method. The measurement of the existence or not of impairment of the main amounts of interests in group companies recorded in the accompanying financial statements is made taking into account the cash generating units, based on the last business plans approved by the Group's Board of Directors made on an annual basis unless there are indications of impairment, which are prepared using cash flows projected for periods of 5 years.

At 31 March 2019 and 2018, the assumptions used are based on the group's various businesses and the growth in the various geographic areas where the group operates:

2019		Madia			
Assumptions	Telecomunications	Retail	Cybersecurity	Others	Media
Basis of recoverable amount Discount rate Growth rate in perpetuity	Value in use 6,25%-17% 2.0%	Value in use 10.5% 3.0%	Value in use 6,75%- 11,25% 3.0%	Value in use 7%-13,75% 1%-2%	Value in use 7% 0.00%

2018		M- J:-			
Assumptions	Telecomunications	Retail	Cybersecurity	Others	Media
Basis of recoverable amount Discount rate Growth rate in perpetuity	Value in use 6,75%-16.75% 1.0%	Value in use 10.5% 3.0%	Value in use 7.5%- 10.75% 3.0%	Value in use 9%-13.5% 1%-2%	Value in use 8.5% 0.01%

The average growth rate considered for the 5-year turnover was 7.47% for the Technology sector. For the Media sector, the average growth rate of turnover considered was around 2.58%.

The discount rates used are based on the weighted average capital costs estimated based on the segments and geographies where the companies are located. In Europe, the discount rates used are between 6.25% and 10.5%, in Asia 10.25% in Latin America rates are used between 11.25% and 13.75% and in Africa 17%.

The analysis 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 2019. For the sensitivity analysis made, required in the IAS 36 - Impairment of Assets did not lead to material changes in the recovery amounts, and therefore there would not be any additional material impairment.

At 31 March 2019 it was presumed that the assumptions used in the impairment tests at 31 december 2018 did not have significant changes, and such there would not be any additional impairment.

9. 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 March 2019 and 2018, are as follows:

		Percentage of ownershi				Value in profit	and loss statement
		31 March 2019		31 March 2018		31 March 2019	31 March 2018
	Head Office	Direct	Total	Direct	Total	21 Warcu 5018	21 Warcu 5018
ZOPT, SGPS, S.A. ('ZOPT') (a)	Oporto	50.00%	50.00%	50.00%	50.00%	9,587,522	8,628,769
Unipress – Centro Gráfico, Lda. ('Unipress')	Vila Nova de Gaia	50.00%	50.00%	50.00%	50.00%	36,471	64,901
SIRS - Sociedade Independente de Radiodifusão Sonora, S.A. ('Rádio Nova')	Oporto	50.00%	50.00%	50.00%	50.00%	11,967	(1,431)
Intelligent Big Data, S.L. ('Big Data') (b)	Gipuzcoa	50.00%	50.00%	50.00%	50.00%	(448)	-
Armilar Venture Partners - Sociedade de Capital de Risco, S.A. (Armilar) (d)	Lisboa	-	-	35.00%	35.00%	-	(83,528)
Fundo de Capital de Risco Armilar Venture Partners II (Armilar II)	Lisboa	50.74%	50.74%	50.74%	50.74%	47,767	(474,206)
Fundo de Capital de Risco Armilar Venture Partners III (Armilar III)	Lisboa	42.68%	42.68%	42.64%	42.64%	74,296	(26,237)
Fundo de Capital de Risco Armilar Venture Partners Inovação e Internacionalização (Armilar I+I)(c)	Lisboa	38.25%	38.25%	37.54%	37.54%	(1,007)	-
Secucloud Network GmbH ('Secucloud')	Hamburg	27.45%	27.45%	27.45%	27.45%	(262,157)	(391,241)
Probe.ly (e)	Lisbon	21.21%	21.21%	22.88%	22.88%	(8,071)	(28,169)
Suricate Solutions (f)	Luxembourg	20.00%	11.84%	-	-	(16,356)	-
Alfaros SARL (f)	Tunisia	40.00%	23.68%	-	-	(1,035)	-
Total (note 21)						9,468,949	7,688,858
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⁽a) Includes the incorporation of the results of the subsidiaries in proportion to the capital held.

As a result of the legislation of the Venture Capital Funds, Sonaecom does not control them, as it does not have control over its management entity.

During the periods ended at 31 March 2019 and 2018, the movement occurred in investments in associated companies and companies jointly controlled, were as follows:

	31 March 2019					31 March 2018
	Ownership value	Goodwill	Total investment	Ownership value	Goodwill	Total investment
Investments in associated companies and companies jointly						
controlled						
Balance at 1 January	686,574,691	92,566,110	779,140,801	679,091,048	92,644,319	771,735,367
Increases	360,393	-	360,393	-	-	-
Equity method						
Effect on gains and losses (note 21)	9,577,792	-	9,577,792	7,386,020	-	7,386,020
Effect on reserves	34,107	-	34,107	(1,958,277)	-	(1,958,277)
IFRS16 impact - reserves	-			(6,944,555)		(6,944,555)
IFRS16 impact - effect on gains and losses (note 21)				304,269		304,269
	696,546,983	92,566,110	789,113,093	677,878,505	92,644,319	770,522,824
Registered in Provisions for other liabilities and charges			-			
Balance at 1 January	(20,206,599)	-	(20,206,599)	(106,404)	-	(106,404)
Equity method						-
Effect on gains and losses (note 21)	(108,843)	-	(108,843)	(1,431)	-	(1,431)
	(20,315,442)	<u> </u>	(20,315,442)	(107,835)		(107,835)
Total investment in associated companies and companies jointly controlled net of impairment losses	676,231,541	92,566,110	768,797,651	677,770,670	92,644,319	770,414,989

⁽b) Company directly owned by S21 Sec Gestion

⁽c) In January 2019 na increase in capital was subscribed resulting in change of the effective participation of 0.71%.

⁽d) In June 2018, Sonae IM sold its stake in the Venture Capital Company.

⁽e) Following a round of financing, Bright made a capital increase but was diluted by the entry of other investors.

⁽f) Participation acquired in December 2018.

In January 2019 an increase of Euro 360,393 in the capital of Fundo ESV I+I occurred, which corresponds to an increase of the participation of 0.71%.

During the year 2018, there was a change of Euro 712,649 in associates and jointly controlled companies, mainly due to the acquisition of two shares in the Armilar III Fund in the amount of Euro 652,756, resulting in a final participation of 42.70%. In addition, the variation can also be explained by the capital increase in Probely in the amount of Euro 25,000 and the entry of associated companies (Euro 17,179 in relation to Suricate Solutions and Euro 17,715 in Alfaros) held by the subsidiary Excellium Group in the scope of the acquisition occurred in the end of 2018 (note 2).

In accordance with the IFRS 11, the classification of investments in companies jointly controlled is determined based on the existence of an agreement that clearly demonstrate and regulate the joint control. Thus, at 31 March 2019 the Group held associated and jointly controlled companies, as decomposition below.

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

	31 March 2019					31 March 2018
	Ownership value	Goodwill	Total investment	Ownership value	Goodwill	Total investment
Investments in companies jointly controlled						
Zopt	598,020,792	87,527,500	685,548,292	600,393,204	87,527,500	687,920,704
Unipress	530,837	321,700	852,537	549,401	321,700	871,101
SIRS	(62,367)	-	(62,367)	(106,804)	-	(106,804)
Big Data	(1,927)	_	(1,927)	(1,031)	-	(1,031)
	598,487,335	87,849,200	686,336,535	600,834,770	87,849,200	688,683,970
Investments in associated companies						
Armilar I	-	-	-	(83,527)	-	(83,527)
Armilar II	41,713,001	-	41,713,001	43,859,512	-	43,859,512
Armilar III	24,081,295	-	24,081,295	24,894,269	-	24,894,269
AVP I+I	13,935,940	-	13,935,940	9,431,244	=	9,431,244
Secucloud	(1,950,069)	4,419,742	2,469,673	(1,093,817)	4,419,742	3,325,925
Pro be.ly	(43,640)	297,168	253,528	(71,781)	375,377	303,596
Suricate Solutions	2,198	-	2,198	=	-	-
Alfaros SARL	5,481	-	5,481	-	-	-
	77,744,206	4,716,910	82,461,116	76,935,900	4,795,119	81,731,019
Total	676,231,541	92,566,110	768,797,651	677,770,670	92,644,319	770,414,989

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

(Amounts expressed in thousand of E	uro)							2019
Entity	% holding	Asset	Liability	Equity	Revenue	Operational results	Net result	Comprehensive income
ZOPT*	50.00%	4,324,070	1,987,071	2,336,999	385,316	54,904	37,630	19,666
Unipress	50.00%	1,996	934	1,062	629	75	73	73
SIRS	50.00%	528	658	(130)	287	27	24	24
Big Data	50.00%	1	5	(5)	-	(1)	(1)	(1)
Armilar II	50.74%	121,375	18,532	102,843	46	113	118	118
Armilar III	42.68%	82,895	11,698	71,197	513	268	297	297
AVP I+I	38.25%	57,993	12,444	45,549	0	(149)	(141)	(141)
Secucloud	27.45%	2,818	3,840	(1,022)	571	(630)	(630)	(630)
Probe.ly	21.21%	414	332	82	105	(5)	(5)	(5)
Suricate Solutions	11.84%	202	196	6	98	(82)	(82)	(82)
Alfaros SARL	23.68%	36	28	8	1	(3)	(3)	(3)

^{*}The consolidated accounts 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 in amount of Euro 1,123 million and on 31 March 2019 the NOS' market capitalization amount to Euro 2,936 million.

Regarding the area of telecommunications (Zopt), the assessment of whether or not the impairment is determinated taking into account several information, as business plans approved by the Board of Directors of NOS for five years, which implied average growth rate of operating margin amounts to 4% and its associated, and the average rating of external reviewers (researches).

	NOS SGPS
Assumptions	
Basis of recoverable amount	Value in use
Discount rate	7.4%
Growth rate in perpetuity	1.3%

For other business sectors, including the companies jointly controlled, the assessment of whether or not impairment to the goodwill value is determined based on the considerations presented in Note 8.

The analysis of the impairment indices and the review of the impairment projections and tests have not lead to the recording of losses, during the periods ended at 31 March 2019 and 2018.

The sensitivity analysis made, have not lead to material changes of the amounts to be recovered, so no additional impairments were recorded.

The consolidated financial statements of Zopt, at 31 March 2019 and 2018 can be resumed as follows:

Condensed consolidated balance sheets

(Amounts expressed in thousands of Euro)	March 2019	March 2018 (Restated)
Assets		
Tangible assets	1,066,307	1,056,583
Intangible assets	2,169,026	2,354,901
Rights of use	189,557	202,878
Deferred tax assets	91,950	109,172
Other non-current assets	288,351	190,298
Non-current assets	3,805,191	3,913,832
Trade debtors	339,097	497,328
Cash and cash equivalents	3,087	4,580
Other current assets	176,695	82,436
Current assets	518,879	584,344
Total asseis	4,324,070	4,498,176
Liabilities		
Loans	1,002,106	1,066,568
Provisions	162,351	185,134
Other non-current liabilities	38,962	46,555
Non-current liabilities	1,203,419	1,298,257
Loans	244,837	260,365
Trade creditors	243,366	255,393
Other current liabilities	295,450	297,122
Current liabilities	783,653	812,880
Total liabilities	1,987,072	2,111,137
Shareholders' funds excluding non-controlling interests	1,214,209	1,208,767
Non-controlling interests	1,122,789	1,178,272
Total Shareholders' funds	2,336,998	2,387,039
Total Shareholders' funds and liabilities	4,324,070	4,498,176

Condensed consolidated statements of income by nature

(Amounts expressed in thousands of Euro)	March 2019	March 2018 (Restated)
Total revenue	385,316	383,002
Costs and losses		
Direct costs and External supplies and services	(151,056)	(150,767)
Depreciation, amortisation and impairment losses	(102,506)	(110,471)
Other operating costs	(76,850)	(65,725)
	54,904	56,039
Gains/ (losses) in associated companies	(1,020)	(7,416)
Financial results	(6,407)	(8,512)
Income taxation	(9,847)	(7,093)
Consolidated net income/(loss) for the period	37,630	33,018
Consolidated net income/(loss) for the period attributed to non-controlling interests	17,964	14,978
Attributed to shareholders of parent company	19,666	18,040

The consolidated financial statements of ZOPT have a significant exposure to the African market, particularly through financial holdings that Group holds in associated companies operating in the Angolan and Mozambican markets, which are engaged in providing satellite and fiber television services. The net book value of the associates in the financial statements of ZOPT at 31 March 2019 amounts to approximately Euro 100 million.

During the last quarter of 2017, Angola was considered a hyperinflationary economy, and the individual financial statements of the investees in Angola were restated (for consolidation purposes) in accordance with IAS 29 - Financial Reporting in Hyperinflationary Economies. During the first quarter of 2018, the effect of hyperinflation on the Angolan subsidiaries was adjusted, while the kwanza recorded an exceptional devaluation against the euro of approximately 30%, which generated the recognition of foreign exchange losses on these subsidiaries. During the first quarter of 2019, the effect of the hyperinflation was once more adjusted, taking into account the fluctuation of kwanza.

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 (internal valuation using the discounted cash flow method, compared to researches) approved by the Board of Directors for a five years period, which include average growth rates of revenue for that period of 10.7% (Angola) and 3.2% (Mozambique). These revenue growth rates reflects: (i) the best estimate for the growth of the customer base, reflecting an expectation of new clients and chum estimated rates, when considered prudent, and (ii) an annual price increase which the nature of the activity carried out by the companies, especially in Angola, assumes it is not expected that companies will be able to reflect in their prices the total inflation in the country.

In 2018, following the recommendation of the INACOM (regulatory entity of the communication sector in Angola), the Angolan subsidiaries did not carry out any price increase. Business plans consider annual price growth of 16%, 11% and 8% in 2019, 2020 and 2021 to 2023 respectively.

The business plans consider yet a growth rate in perpetuity of 6.5% (Angola) and 5.0% (Mozambique) and a discount rate ('wacc') in perpetuity of 17.5% (Angola) and 21% (Mozambique). The discount rate, over the period 2019 to 2023 ranged from a maximum of 34.0% to a minimum of 17.5% (in 2023), for Angola, and from a maximum of 23.0% to a minimum of 21.0% (2023) in Mozambique, in line with the most appropriate inflation forecasts (source: International Monetary Fund (FMI)) and assumes the current structure of the market in terms of competition.

The impairment tests carried out, based on the assumptions above, disregarding the effect of the adjustment to the effects of hyperinflation in the amount of financial investment, support the value of the assets, so not result in additional impairments was recorded in relation to the effect of the hyperinflationary economy. However, that the current economic conditions of uncertainty in these markets, particularly in the foreign exchange market and the limitation of currency transfer, particularly in Angola, introduces an additional degree of variability to the assumptions, which could significantly impact of the estimates considered, in terms of of the rate of inflation and the ability to reflect the rate in price increases.

At 31 March 2019 it was understood that the assumptions made in the impairment tests carried out in 2018 did not change significantly.

At the end of January 2019, ZAP announced a price increase from 26 February 2019 on word. This increase in prices is higher than that used in the projections.

The Board of Directors believes that the assumptions used in the business plans are the most prudent and appropriate, and that the situations of high inflation and lower capacity of the company to reflect a higher price increase correspond to non-expected extreme situations.

a) Zopt Group provision's

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

1. Future credits transferred

Future credits transferred: for the financial year ended at 31 December 2010, NOS SA was notified of the Report of Tax Inspection, when it is considered that the increase, when calculating the taxable profit for the year 2008, of the amount of 100 million euros, 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 20 million euros in the calculation of taxable income between 2009 and 2013. Given that the increase made in 2008 was not accepted due to not complying with Article 18 of the CIRC, also in the years following, the deduction corresponding to credits generated in that year, will eliminate the calculation of taxable income, to meet the annual amortisation hired as part of the operation (20 million per year for 5 years). NOS SA challenged the decisions regarding the 2009 to 2013 fiscal year and will appeal for the judicial review in due time the decision regarding the 2008 to 2013 fiscal year. Regarding the year 2008, the Administrative and Fiscal Court of Porto has already decided unfavourably, in March 2014. The company has appealed.

2. Supplementary Capital

The fiscal authorities believe that NOS SA has broken the principle of full competition under the terms of (1) of Article 58 of the Corporate Tax Code (CIRC) – currently Article 63 –, by granting supplementary capital to its subsidiary NOS Towering, without having been remunerated at a market interest rate. In consequence, it has been notified, with regard to the years 2004, 2005, 2006 and 2007 of corrections to the determination of its taxable income in the total amount of 20.5 million euros. NOS SA contested the decision with regard to all the above-mentioned years. As for the year 2004, the Court has decided favourably. This decision is concluded (favourably), originating a reversal of provisions, in 2016, in the amount of 1.3 million euros plus interest. As for the years 2006 and 2007, the Porto Fiscal and Administrative Court has already decided unfavourably. As for the year 2005, the Court decided favourably, having been concretized by the Tax Authorities, which meant the provision reversal of one million euros in 2018.

3. 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 no 35/2012, of 23 August. From 1995 until June 2014, MEO, SA (former PTC) was the sole provider for the universal service of electronic communications, having been designated administratively by the Portuguese government, i.e. without a tender procedure, which constitutes an illegality, by the way acknowledged by the European Court of Justice who, through its decision taken in June 2014, condemned the Portuguese State to pay a fine of 3 million euros. In accordance with Article 18 of the abovementioned Law 35/2012, of 23 August, the net costs incurred by the operator responsible for providing the universal service, approved by ANACOM, must be shared between other companies who provide, in national territory public communication networks and publicly accessible electronic communications services. NOS is therefore within the scope of this extraordinary contribution given that MEO has being requesting the payment of CLSU to the compensation fund of the several periods during which it was responsible for providing the services. In accordance with law, the compensation fund can be activated to compensate the net costs of the electronic communications universal service, relative to the period before the designation of the provider by tender, whenever, cumulatively (i) there are net costs, considered excessive, the amount of which is approved by ANACOM, following an audit to their preliminary calculation and support documents, which are provided by the universal service provider, and (ii) the universal service provider requester the Government compensation for the net costs approved under the terms previously mentioned.

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

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

In 2015, ANACOM deliberated to approve the final results of the audit to CLSU presented by MEO relative to the period from 2012 to 2013, in the amount of 26 million euros and 20 million euros, respectively, and as the others, it was contested by NOS. In December 2016, the notices of settlement were issued relating to NOS, SA, NOS Madeira and NOS Açores, corresponding to that period, totalling 13.6 million euros that were contested by NOS and for which guarantees have been already presented by NOS SGPS in order to avoid the promotion of the respective proceedings of tax execution. The guarantees were also accepted by ANACOM.

In 2016, ANACOM approved the results of the audit to the CLSU presented by MEO related with the period between January and June 2014, for a total amount of 7.7 million euros that was contested by NOS, in standard terms.

In 2017, NOS, SA, NOS Madeira and NOS Açores were notified of the decision of ANACOM concerning the entities that are obliged to contribute toward the compensation fund and the setting of the values of contributions corresponding to CLSU that have to be compensated and relating to the months of 2014 in which MEO still remained as provider of the Universal Service, which establishes for all these companies a contribution totaling close to 2.4 million euros. In December 2017, the settlement notes relating to NOS, SA, NOS Madeira and NOS Açores, concerning that period, were issued in the amount of approximately 2.4 million euros, which were challenged by NOS and for which guarantees have also been presented by NOS SGPS, in order to avoid the promotion of their tax enforcement procedures. The guarantees were also accepted by ANACOM.

It is the opinion of the Board of Directors of NOS that these extraordinary contributions to Universal Service (not designated through a tender procedure) flagrantly violate 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 either the approval of audit results of the net cost of universal service related to the pre-competitive period, and the liquidation of each extraordinary contribution, once the Board of Directors is convinced it will be successful in all challenges, both future and already undertaken.

Legal actions and contingent assets and liabilities of Zopt Group

4. Legal actions with regulators

NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of ANACOM's decisions in respect of the payment of the Annual Fee of Activity (for 2009, 2010, 2011, 2012, 2013, 2014, 2015,2016 and 2017) as Electronic Communications Services Networks Supplier, and furthermore the refund of the amounts that meanwhile were paid within the scope of the mentioned acts of settlement was requested. The settlements for the year 2017 were impugned in the first semester of 2018.

The settlement amounts are, respectively, as follows:

- NOS SA: 2009: 1,861 thousand euros 2010: 3,808 thousand euros, 2011: 6,049 thousand euros, 2012: 6,283 thousand euros, 2013: 7,270 thousand euros, 2014: 7,426 thousand euros 2015: 7,253 thousand euros, 2016: 8,242 thousand euros, and 2017: 9.099 thousand euros and 2018: 10.303 thousand euros:
- NOS Açores: 2009: 29 thousand euros, 2010: 60 thousand euros, 2011: 95 thousand euros, 2012: 95 thousand euros, 2013: 104 thousand euros, 2014: 107 thousand euros, 2015: 98 thousand euros; 2016: 105 thousand euros, 2017: 104 thousand euros and 2018: 111 thousand euros;

• NOS Madeira: 2009: 40 thousand euros, 2010: 83 thousand euros, 2011: 130 thousand euros, 2012: 132 thousand euros, 2013: 149 thousand euros, 2014: 165 thousand euros, 2015: 161 thousand euros, 2016: 177 thousand euros and 2017: 187 thousand euros and 2018: 205 thousand euros.

This fee is a percentage decided annually by ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. NOS SA, NOS Açores and NOS Madeira, in the contests they promote, claim, namely: i) addition to defects of unconstitutionality and illegality, related to the inclusion in the cost accounting of ANACOM of the provisions made by the regulator, due to judicial proceedings against the latter (including these appeals of the activity rate) and ii) that only revenues from the electronic communications business per se, subject to regulation by ANACOM, should be considered for the purposes of the application of the percentage and the calculation of the fee payable, and that revenues from television content should be excluded.

Four sentences on the matter were given, i.e. in March 2012, in September 2017, in April 2018 and in May 2018, respectively, within the scope of the contestation of the annual rate of 2009, 2010 (NOS Comunicações) and 2012 (Ex-ZON and also Ex-Optimus). The first judgment ruled in favour of the respective contestation, only based on lack of prior hearing, but ordered ANACOM to pay interest. ANACOM submitted an appeal concerning that decision, but the Court of Appeal declined it by decision in July 2013. The three remain decisions judge also, in turn, ruled in favour of the respective contestations, but, this time for fundamental reasons, annulled the contested act by unlawfulness with the legal consequences, namely imposing the refund of the tax that was paid but still not refunded to NOS and ordering ANACOM to pay compensatory interest. This decisions were the subject of an appeal from ANACOM to the Tribunal Central Administrativo – Sul (Central Administrative Court – South), where it are pending.

The remaining proceedings are awaiting trial and/or decision.

During the first quarter of 2017, NOS was notified by ANACOM of the initiation of an infraction process related to communications of prices update at the end of 2016. On this date, it is impossible to determine what the scope of the infraction proceedings is to be.

5. Tax Authorities

During the course of the 2003 to 2019 financial years, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2016 financial years. Following these inspections, NOS SGPS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the 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 unpaid is about 16 million euros, added interest, and charges. 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.

As belief of the Board of Directors of the 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.

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

• In 2011, MEO brought against NOS SA, in the Judicial Court of Lisbon, a claim for the compensation of 10.3 million of Euros, as compensation for alleged unauthorised portability of NOS SA in the period between March 2009 and July 2011. NOS SA presented its defence and reply, and the Court ordered an expert opinion, which was, meanwhile, deemed without effect. The discussion and trial hearing took place at the end of April and beginning of May 2016, and a judgment was rendered in September of the same year, which considered the action to be partially justified, based not on the occurrence of improper portability, which the Court has determined to restrict itself to those which do not correspond to the will of the proprietor, but of mere delay in sending the documentation related to the portabilities by the Recipient Carrier (NOS) to the Holding Provider (MEO). In that regard, it sentenced NOS to the payment of approximately 5.3 million Euros to MEO, a decision of which only NOS appealed to the Lisbon Court of Appeal. MEO, on the other hand, was satisfied and did not appeal against the part of the sentence that acquitted the NOS of the requests for compensation that it formulated - in the amount of approximately 5.0 million euros - regarding alleged improper portabilities. This Court, in the first quarter of 2018, upheld the decision of the Court of First Instance, except for interests, in which gave reason to the claims of NOS, in the sense that they should be counted from the citation to the action and not from the due date of the invoices. NOS filed an extraordinary appeal with the Supreme Court of Justice, which was admitted and is currently under appreciation in this Court.

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

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

At the beginning of July 2018, NOS, SA was notified of the filing by MEO of a lawsuit concerning portability compensations in which MEO claims from NOS the right, in this respect, to approximately 26.8 million euros intending to proceed with the special judicial notification sent to the NOS in July 2015, as mentioned above. NOS is contesting the action during October 2018.

In 2011, NOS SA brought an action in Lisbon Judicial Court against MEO, 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 MEO in the period between February 2008 and February 2011. The court declared the compulsory performance of expert evidence of technical nature. At the same time, it was requested by NOS and accepted by the Court an economic and financial expert analysis, which has already started. The related expert report has already been made available to the Court and parties. Therefore, awaits the scheduling of the court hearing.

It is the understanding of the Board of Directors of NOS, supported by lawyers who monitor the process, that there is, in substance, good chance of NOS SA winning the action, because MEO has already been convicted for the same offense, by ANACOM. Nevertheless, it is impossible to determine the outcome of the action.

7. Action brought by DECO

In March 2018, the NOS was notified of a lawsuit brought by DECO against NOS, MEO and NOWO, in which a declaration of nullity of the obligation to pay the price increases imposed on customers at the end of 2016 is requested. In April and May 2018, the operators, including NOS, lodged a defence and are awaiting further developments in the process. The Board of Directors of NOS is convinced that the arguments used by the author are not justified, which is why it is believed that the outcome of the proceeding should not result in significant impacts for the NOS Group's financial statements.

8. Interconnection tariffs

At 31 March 2019, accounts receivable and accounts payable include 37,139,253 euros and 43,475,093 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 non-definition of interconnection tariffs of 2001. In what concerns to that dispute, the result were totally favourable to NOS S.A., having already become final.

9. 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 pay damages immediately.

Until 31 March 2014, the revenue from penalties, in the face of the inherent uncertainties, was only recognised at the time of receipt, and at 31 March 2019, the amounts receivable by NOS SA, NOS Madeira and NOS Açores from these invoiced compensations amounted to 55,355 thousand euros. During the period ended at 31 March 2019, receipts in the amount of 273 thousand euros of the amounts outstanding as of 31 March 2014 were recognised as revenues.

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 the uncollectible calculated values of these amounts are recorded as impairment by deducting the revenue recognised at the time of invoicing.

Board of Directors of Sonaecom believes that the processes described above that may result in contingencies affecting the accounts of the ZOPT group are duly provisioned, taking into account the degree of risk, in the consolidated accounts of Sonaecom.

b) Other commitments Zopt Group

In March 2015, NOS signed a contract with Sport Lisboa e Benfica - Futebol SAD and Benfica TV, SA of television rights of home matches of football NOS' league, broadcasting rights and distribution of Benfica TV Channel. The contract began in 2016/2017 sports season, had an initial duration of three years, and might be renewed by decision of either party up to a total of 10 sports seasons, with the overall financial consideration reaching the amount of 400 million euros, divided into progressive annual amounts.

Also in March 2015, NOS signed a contract with Sporting Clube de Portugal - Futebol SAD and Sporting and Communication Platforms, S.A. which includes the following rights:

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

The contract will last 10 years, concerning the rights indicated in 1) and 2) above, starting in July 2018, 12 seasons in the case of the rights stated 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, with the overall financial consideration amounting to 446 million euros, divided into progressive annual amounts.

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

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

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

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

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

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

In May 2016, NOS and Vodafone have agreed on reciprocal availability, for several sports seasons, of sports content (national and international) owned by the companies, directly by the transferring party or indirectly through the transfer to channels or models of content, in order to assure to both companies, directly by the assigning party or indirectly through the transfer to third party content distribution channels or models, the availability of broadcasting rights of the sports clubs home football games, as well as the broadcasting and distribution rights of sports and sports clubs channels, whose rights are owned by each of the companies in each moment. The agreement came into force from the beginning of the sports season 16/17, assuring access to Benfica's channel and Benfica's home football games to NOS' and Vodafone's clients, independent from the channel where these football games are broadcast.

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

Following the agreement signed with the remaining operators, as a counterpart of the reciprocal provision of rights, the global costs are shared according with retailer telecommunications revenues and Pay TV market shares.

The estimated cash flows are estimated as follows:

Seasons	2018/19	following
Estimated cash flows with the contracts signed by NOS with the sports entities*	Euro 74.1 million	Euro 1,017 million
NOS estimated cash flows for the contracts signed by NOS (net of the amounts charged to the operators) and for the contracts signed by the remaining operators	Euro 67.3 million	Euro 559 million

^{*}Includes games and channels broadcasting rights, advertising and others.

NOS and Vodafone Portugal celebrated on 29 September 2017 an agreement of infrastructure development and sharing with a nationwide scope. This partnership allows the two Operators providing their commercial offers under a shared network at the beginning of 2018.

The agreement covers the reciprocal sharing of dark fibre in approximately 2.6 million of homes in which each of the entities shares with the other one an equivalent investment value, in other words, they share similar goods. It is assumed that both companies retain full autonomy, independence, and confidentiality concerning the design of the commercial offers, the management of the customers' database and the choice of technological solutions they might decide to implement, that did not originate any impact on the consolidated financial statements (according to IAS 16, this exchange of similar non-monetary assets will be presented on a net basis).

The partnership was also widened to the sharing of the mobile infrastructure and the minimum share of 200 mobile towers was agreed.

10. Investments at fair value through other comprehensive income

At 31 March 2019 and 2018, this caption was composed as follows:

	2019	2018
Arctic wolf	7,751,174	3,830,113
ViSenze	5,260,238	-
CB4	4,368,720	-
Case on IT	2,930,744	-
Reblaze	2,352,438	-
Nextail	2,300,000	-
Ometria	2,228,029	854,165
ciValue	1,970,097	-
StyleSage	1,848,578	448,834
Jscrambler	1,250,000	1,250,000
Whitefantasy	640,804	-
Others	1,395,752	626,611
	34,296,573	7,009,723

At 31 March 2019, these investments correspond to shareholdings in unlisted companies in which the Group has no significant influence.

According to IFRS 9 these investment are defined as 'Investments at fair value through other consolidated comprehensive income' as they are held as long-term strategic investments and there is no expectation that these investments will be sold in the short and medium term, and, so, were irrevocably designetd as investments at fair value trough other comprehensive income. For investments with a maturity of less than a year the acquision costs were considered as a reasonable approximation of their fair value. For investments with a maturity greater than a year the subsequent changes in fair value are presented through other consolidated comprehensive income.

In 2019, the change in investments at fair value through other comprehensive income was as follows:

	2019	2018
Opening balance	28,101,682	5,480,963
Acquisitions	6,194,891	1,528,760
Closing balance	34,296,573	7,009,723

Arctic Wolf

Arctic Wolf, a US based company, is a global pioneer in the SOC-as-a-Service market with cutting-edge managed detection and response (MOR), wich provides a unique combination of technology and services for clients to quickly detect and contain threats.

ViSenze

ViSenze is a company that delivers intelligent image recognition solutions that shorten the path to action as consumers search and discover on the visual web.

CB4

CB4 provides a patented artificial intelligence software solution for traditional retailers to identify and correct critical in-store operational problems.

Case on IT

The product of the company called MedUx is a machine learning solution for the measurement, prediction and analysis of landline, mobile and television services quality.

Reblaze

The company provides propriety security technologies in a unified platform, shielding assets from threats found on the Internet.

Nextail

This company developed a cloud-based platform that combines artificial intelligence and prescriptive analytics to upgrade retailers' inventory management processes and store operations.

Ometria

Ometria is a english company based AI powered customer marketing platform with the vision to become the central hub that powers all the communication between retailers and their customers.

ciValue

ciValue is a disruptive provider of cloud-based Precision Marketing and Supplier Advertising Platforms for Retailers.

Style Sage

The company is a strategic analytics SaaS platform that helps fashion, home and beaty retailers and brands with critical pre, in and post season decisions globally.

Jsrambler

The main activity of the company is develop a security solution to protect Web and Mobile Aplications (Javascript code).

Whitefantasy

The company develops digital solutions and dedicates its activity to computer programming activities.

11. Deferred taxes

Deferred tax assets at 31 March 2019 and 2018, amounted to Euro 10,649,963 and Euro 6,973,588 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 balance of deferred tax assets by nature at 31 March 2019 and 2018 is as follows:

	2019	2018
Tax losses	4,594,389	4,192,753
Tax provisions not accepted and other temporary differences	1,805,793	2,373,087
Tax benefits	4,249,781	407,748
	10,649,963	6,973,588

The movements in deferred tax assets in the periods ended at 31 March 2019 and 2018 were as follows:

	2019	2018
Opening balance	10,275,910	7,324,057
Impact on results:		
Record of deferred tax assets related to tax losses of the period	21,172	41,429
Record / (reverse) of deferred tax assets related to tax losses from previous periods	-	4,253
Record / (reverse) / use of tax benefits	511,875	(360,780)
Record / (reverse) of tax provisions not accepted and other temporary differences for the period	(135,303)	(158,969)
Record / (reverse) of temporary differences from the previous periods	4,366	60,706
	402,110	(413,361)
Impact on reserves:		
Exchange variations	95,351	(41,415)
Effect of application of IFRS 15	-	104,307
	95,351	62,892
Other without impact on results:		
Exit of companies (note 3.c)	(123,408)	
	374,053	(350,469)
Closing balance	10,649,963	6,973,588

At 31 March 2019 and 2018, 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 8. For the companies that are included in the Special Group Taxation Regime, the assessment was made taking into account the business plan of the Sonae Group, as from 2018 the tax losses generated by the companies dominated within the group are partially offset by the dominant entity of the group. With respect to the tax losses generated by the unsettled companies in the year, they will be offset as the Group recovers, taking into account its future taxable income.

At 31 March 2019, the caption 'tax benefits' includes mainly amounts related to the incentive associated with the Conventional Remuneration of Capital in the amount of Euro 1,842,750 and amounts related to tax credits in the amount of Euro 2,364,458.

The rate used at 31 March 2019 and 2018, in Portuguese companies, to calculate the deferred tax assets relating to tax losses carried forward was 21%. The rate used in 2019 and 2018 to calculate the temporary differences in Portuguese companies, including provisions not accepted and impairment losses, was 22.5%. 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: Brazil 34%, Mexico 30%, USA 28.5%, Spain 25%, Egypt 22.5%.

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 2019 was as follows:

													2019
Nature	Companies included in the tax group	Digitmarket	S21sec Portugal	We Do Brasil	We Do USA	We Do Egipto	We Do Espanha	We Do Mexico	S21 Sec Gestion	S21 Sec Labs	Nextel	Total	Total Sonaecom Group
Tax losses:													
To be used until 2021	-	-	-	-	-	-	-	44,957			-	44,957	44,957
To be used until 2022	-	-	- 7,304	-	-	-	-	30,864			-	38,168	38,168
To be used until 2023	-		-	-	-	-	-	207,920				207,920	207,920
To be used until 2024	-		- 21,172	-	-	-	-	-			-	21,172	21,172
To be used until 2025	-	-	-	-	-	-	-	75,792	-		-	75,792	75,792
To be used until 2026	-	-	- 16,712	-	-	-	-	336,955	-		-	353,667	353,667
To be used until 2027	-	-	- 112,335	-	-	-	-	128,605	-	45,833	-	286,773	286,773
To be used until 2028	-	-	- 9,794	-	-	-	-	88,092	612,877	7 12,017	-	722,780	722,780
To be used until 2029	-	-	-	-	-	-	-	-	253,352	-	-	253,352	253,352
To be used until 2030	-			-	125,598	-	-	-		- 54,052	-	179,650	179,650
To be used until 2033	-			-	96,635	-	-	-			-	96,635	96,635
To be used until 2034	-	-		-	532,766	-	-	-			-	532,766	532,766
To be used until 2035	-	-		-	649,416	-	-	-				649,416	649,416
To be used until 2036	-	-	-	-	1,132,816	-	-	-	-		-	1,132,816	1,132,816
Unlimited	-	-	-	-	-	-	185,787	-	-		-	185,787	185,787
Tax losses	-		- 167,317	-	2,537,231	-	185,787	913,185	866,229	111,902	-	4,781,651	4,781,651
Tax provisions not accepted and other temporary differences	1,120,440	9,669	-	328,317	270,281	8,550	-	120,189			-	737,006	1,857,446
Tax benefits	1,575,000	149,629	160,698	-	126,216	-	-	-			2,245,472	2,682,011	4,257,011
Others	_	-		(83,189)	(108,676)	-	-	(54,280)	-		-	(246,145)	(246,145)
Total	2,695,440	159,294	328,015	245,128	2,825,052	8,550	185,787	979,094	866,229	111,902	2,245,472	7,954,523	10,649,963

At 31 March 2019 and 2018, 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:

	2019	2018
Tax losses	10,662,092	9,523,708
Temporary differences (provisions not accepted for tax purposes and other temporary diferences)	23,976,019	23,420,818
Others	17,041,199	12,233,396
	51,679,310	45,177,922

At 31 March 2019 and 2018, the caption "Temporary differences" includes deferred taxes related to impairment of financial investments that can not be recorded.

At 31 March 2019 and 2018, tax losses for which deferred tax assets were not recognised have the following due dates:

2018 - 51,69 2019 40,428 29,56 2020 133,299 121,94 2021 279,373 234,26 2022 466,362 398,32 2023 192,941 177,77 2024 93,839 78,92 2025 206,796 180,80 2026 916,324 807,07 2027 409,029 416,50 2028 245,682 50,16 2029 878,68
2020 133,299 121,94 2021 279,373 234,26 2022 466,362 398,32 2023 192,941 177,71 2024 93,839 78,92 2025 206,796 180,80 2026 916,324 807,07 2027 409,029 416,50 2028 245,682 50,16 2029 878,68
2021 279,373 234,26 2022 466,362 398,32 2023 192,941 177,71 2024 93,839 78,92 2025 206,796 180,80 2026 916,324 807,07 2027 409,029 416,50 2028 245,682 50,16 2029 878,68
2022 466,362 398,32 2023 192,941 177,71 2024 93,839 78,92 2025 206,796 180,80 2026 916,324 807,07 2027 409,029 416,50 2028 245,682 50,16 2029 878,68
2023 192,941 177,71 2024 93,839 78,92 2025 206,796 180,80 2026 916,324 807,07 2027 409,029 416,50 2028 245,682 50,16 2029 878,68
2024 93,839 78,92 2025 206,796 180,80 2026 916,324 807,07 2027 409,029 416,50 2028 245,682 50,16 2029 912,922 878,68
2025 206,796 180,80 2026 916,324 807,07 2027 409,029 416,50 2028 245,682 50,16 2029 912,922 878,68
2026 916,324 807,07 2027 409,029 416,50 2028 245,682 50,16 2029 912,922 878,68
2027409,029416,502028245,68250,162029912,922878,68
2028 245,682 50,16 2029 912,922 878,68
2029 912,922 878,68
·
2070
2030 50,704 50,70
2032
2033 64,260
2034 82,607
2035 73,636
2037 603,276 177,83
2038 - 693,43
Unlimited 5,774,392 5,176,06
10,662,092 9,523,70

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

The movement that occurred in deferred tax liabilities in the periods ended at 31 March 2019 and 2018 were as follows:

	2019	2018
Opening balance	(13,930,732)	(10,243,448)
Temporary differences between accounting and tax result	(27,237)	131,393
Sub-total effect on results (note 22)	(27,237)	131,393
Closing balance	(13,957,969)	(10,112,055)

The reconciliation between the earnings before taxes and the taxes recorded for the periods ended on 31 March 2019 and 2018 is as follows:

	2019	2018 (restated)
Earnings before tax	5,227,031	5,408,170
Income tax rate (21%)	(1,097,677)	(1,135,716)
Autonomous taxation and surchage (restated)	(109,760)	(88,796)
Tax provision	(74,797)	(37,101)
Accountingadjustments not accepted	469,037	178,088
$Temporary\ differences\ and\ tax\ losses\ of\ the\ period\ without\ record\ of\ deferred\ tax\ assets\ (restated)$	(910,616)	(409,970)
Utilization of tax losses and tax benefits without record of deferred tax assets in previous periods	202,077	(130,819)
Deffered tax assets of temporary differences of previous periods	4,366	60,706
Effect of the existence of different tax rates from those in force in Portugal	59,860	72,405
Effect of the untaxed equity method (restated)	1,956,539	1,732,726
Consolidation adjustments (restated)	(396,082)	36,995
Deffered tax assets from tax losses of previous periods	-	4,253
Record/(reverse) of deffered tax assets related to tax benefits (restated)	511,875	(352,905)
Income taxation recorded in the period (note 22)	614,822	(70,134)

The tax rate used to reconcile the tax expense and the accounting profit is 21% in 2019 and 2018 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. 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 2019.

12. Cash and cash equivalents

At 31 March 2019 and 2018, this caption can be detailed as follows:

	2019	2018
Cash in hand	17,017	19,298
Bank deposits repayable on demand	224,179,507	100,546,958
Treasury applications	4,700	100,550,175
Cash and cash equivalents	224,201,224	201,116,431
Bank overdrafts (note 15)	(278,115)	(19,498)
	223,923,109	201,096,933

13. Share capital

At 31 March 2019 and 2018, 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:

	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 authorised, 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 2019, 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 1.3798.

15. Loans

At 31 March 2019 and 2018, the caption loans had the following breakdown:

a) Medium and long-term loans

						Amount outstanding
_				Type of		
Company	Issue denomination	Limit	Maturity	reimbursement	2019	2018
Nextel	Bank loan	-	Feb-20	Parcel	3,656	-
Nextel	Bank loan	-	Mar-20	Parcel	19,433	-
Nextel	Bank loan	-	Jun-20	Parcel	25,329	=
Nextel	Bank loan	-	Apr-20	Parcel	31,250	-
Nextel	Bank loan	-	Apr-21	Parcel	89,519	=
Nextel	Bank loan	-	May-23	Parcel	162,500	-
Excellium Services	_Bank loan		Sep-22	Parcel	764,693	
					1,096,380	-
Nextel	Reimbursable grants	-	Feb-28	Parcel	543,778	-
S21 Sec Gestion	Reimbursable grants	-	Jun-25	Parcel	623,873	1,006,910
S21 Sec Labs	Reimbursable grants		Jun-24	Parcel	429,776	810,859
					1,597,427	1,817,769
Saphety	Minority Shareholder loans	-	-	-	-	152,122
	Interests incurred but not yet due	-		_	-	463
					2,693,807	1,970,354

The average interest rate on these bank loans at 31 March 2019 was 1.62%.

b) Short-term loans

						Amount outstanding
				Type of		
Company	Issue denomination	Limit	Maturity	reimbursement	2019	2018
Nextel	Bank loan	-	Feb-20	Parcel	50,000	-
Nextel	Bank loan	-	Jun-19	Parcel	50,268	-
Nextel	Bank loan	-	May-19	Parcel	63,362	-
Nextel	Bank loan	-	Mar-20	Parcel	76,818	-
Nextel	Bank loan	-	Feb-20	Parcel	79,313	-
Nextel	Bank loan	-	Mar-20	Parcel	81,196	-
Nextel	Bank loan	-	Mar-20	Parcel	100,373	-
Nextel	Bank loan	-	Mar-20	Parcel	103,595	-
Nextel	Bank loan	-	Jan-20	Parcel	125,000	-
Excellium Services	Bank loan	-	Mar-20	Parcel	296,865	_
					1,026,790	-
Excellium Services	Overdraft facilities	1,000,000	Mar-20	Parcel	364,088	_
Excellium Services	Overdraft facilities	1,000,000	Mar-20	Parcel	3,636	-
					367,724	-
Nextel	Reimbursable grants	-	Mar-20	Parcel	759,979	_
S21 Sec Gestion	Reimbursable grants	-	Mar-20	Parcel	421,755	714,668
S21 Sec Labs	Reimbursable grants	-	Mar-20	Parcel	408,841	461,889
					1,590,575	1,176,557
	Bank overdrafts (note 12)	500,000	_	-	278,115	19,498
	Interests incurred but not yet due	_	_	-	3,229	10,965
					3,266,433	1,207,020

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Grants

At 31 March 2019 the Group had grants obtained from dependent entities of the Basco Government, CDTI and 'Ministerio de Ciencia y Tecnología'. These subsidies are recorded at amortised cost in accordance with the method of effective interest rate and have the following repayment plan:

	2019
2019	954,821
2020	831,521
2021	473,855
2022	367,285
2023 and following years	560,520
	3,188,002

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

Given the nature of debts, there are no financial covenants.

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.

Nextel has also a short term bank credit line, in the form of current or overdraft account commitment, in the amount of Euro 500,000.

Excellium Services has two credit lines, in the form of current account, in the amoun of 1 milion each.

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.

At 31 March 2019 and 2018, the available bank credit lines of the Group were as follows:

						Maturity
			Amount			More than 12
Company	Credit	Limit	outstanding	Amount available	Until 12 months	months
2019						
Sonaecom	Authorised overdrafts	1,000,000	-	1,000,000	X	
Nextel	Authorised overdrafts	500,000	278,115	221,885	X	
Excellium Services	Overdraft facilities	1,000,000	364,088	635,912	X	
Excellium Services	Overdraft facilities	1,000,000	3,636	996,364	X	
Nextel	Bank loan	-	50,268	-	X	
Nextel	Bank loan	-	63,362	-	X	
Nextel	Bank loan	-	82,969	-		X
Nextel	Bank loan	-	96,252	-		X
Nextel	Bank loan	-	103,595	-	Х	
Nextel	Bank loan	=	125,702	-		X
Nextel	Bank loan	=	156,250	_		X
Nextel	Bank loan	=	170,714	-		X
Nextel	Bank loan	=	212,500	_		X
Excellium Services	Bank loan	=	1,061,558	_		X
		3,500,000	2,769,009	2,854,161		
2018						
Sonaecom	Authorised overdrafts	1,000,000	_	1,000,000	X	
		1,000,000	-	1,000,000		

At 31 March 2019 and 2018, there is no interest rate hedging instruments therefore the total gross debit is exposed to changes in market interest rates.

Others

At 31 March 2019 and 2018, debts to credit institutions (nominal values) related to non-current loans had the following repayment plan:

	Between 12 and 24 months	Between 24 and 36 months	Between 36 and 48 months	Between 48 and 60 months
2019				
Reimbursements	405,689	385,331	280,360	25,000
Interests	17,895	8,993	2,255	118
	423,584	394,324	282,615	25,118

16. Other non-current financial liabilities

At 31 March 2019 and 2018, this caption was composed of accounts payable to tangible and intangible assets suppliers related to lease contracts.

At 31 March 2019 and 2018, the payment of these amounts was due as follows:

	2019			2018 (restated)
		Present value of lease		Present value of lease
	Lease payments	payments	Lease payments	payments
2018	-	-	3,073,078	2,889,417
2019	3,814,930	3,417,986	2,390,281	2,244,312
2020	4,071,678	3,655,059	1,474,573	1,390,847
2021	3,161,995	2,849,896	954,676	912,140
2022	2,365,048	2,134,511	410,394	390,163
2023	1,767,366	1,598,424	156,339	144,641
2024	1,527,728	1,410,245	150,000	142,806
2025	1,479,699	1,411,361	93,422	90,858
2026	433,644	399,175	-	-
2027	433,644	414,441	-	-
2028	222,950	218,917	_	_
	19,278,682	17,510,015	8,702,763	8,205,184
Interests	(1,768,667)	-	(497,579)	_
	17,510,015	17,510,015	8,205,184	8,205,184
Short term liability (note 18)	-	(3,856,971)	-	(3,525,762)
	17,510,015	13,653,044	8,205,184	4,679,422

17. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the periods ended at 31 March 2019 and 2018 were as follows:

	Opening balance	Increases	Decreases	Utilisations and Transfers	Discontinued units (Note 3.c)	Closing balance
2019						
Accumulated impairment losses on trade debtors	5,055,966	99,601	-	(24,044)	(307,419)	4,824,104
Accumulated impairment losses on other current debtors	59,339	-	-	-	(2,340)	56,999
Accumulated impairment losses on inventories	40,000	-	-	-	-	40,000
Provisions for other liabilities and charges	23,615,649	225,666	(223,811)	(35,393)	(271,518)	23,310,593
	28,770,954	325,267	(223,811)	(59,437)	(581,277)	28,231,696
2018						
Accumulated impairment losses on trade debtors	4,156,097	13,142	(21,345)	7,480	-	4,155,374
Accumulated impairment losses on other current debtors	131,419	-	-	-	-	131,419
Accumulated impairment losses on inventories	40,000	-	-	-	-	40,000
Provisions for other liabilities and charges	3,603,145	49,658	(21,680)	(64,171)	_	3,566,952
	7,930,661	62,800	(43,025)	(56,691)	-	7,893,745

Reinforcements and reductions values of the accumulated impairment losses on receivable accounts and provisions for liabilities and charges, at 31 March 2019 and 2018, are detailed as follows:

	2019			2018
Accumulated impairment losses on accounts receivables	Increases	Decreases	Increases	Decreases
Continuing units - registed in the line 'Provisions and accumulated impairment losses' (increases) and in 'Other operating costs' (decreases)	99,601	-	5,434	(21,345)
Discontinued units (Note 26))	-	-	7,708	_
Total increases/(decreases) of accumulated impairment losses on accounts receivables	99,601	_	13,142	(21,345)
Provisions for other liabilities and charges	Increases	Decreases	Increases	Decreases
Recorded in the income statement, under the caption 'Income Tax' (note 22)	101,616	(26,819)	37,101	-
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)	-	-	177	-
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)	448	(11,967)	1,431	-
Recorded in the income statement under 'Gains and losses on associated and jointly controlled companies', concerning the provision relating to the incentive in favor of Armilar	120,362	-	-	-
Recorded in the income statement 'Staff expenses' related to the provisions for redundancy paments	-	-	7,189	(21,680)
Other increses and decreases - recorded in 'Provisions and impairment losses' (increases) and in 'Other operating costs' (decreases)	3,240	(185,025)	3,760	-
Total continuing operations	225,666	(223,811)	49,658	(21,680)
Total increases/(decreases) of provisions for other liabilities and charges	225,666	(223,811)	49,658	(21,680)
Total recorded in the income statement in 'Provisions and impairment losses' (increases) and in 'Other operating revenue' (decreases)	102,841	(185,025)	9,194	(21,345)

At 31 March 2019 and 2018, the breakdown of the provisions for other liabilities and charges is as follows:

	2019	2018
Several contingencies	2,713,434	2,372,230
Legal processes in progress	273,577	85,562
Dismantling	55,635	42,747
Discontinued units	-	271,100
Other responsibilities (note 9)	20,267,947	795,313
	23,310,593	3,566,952

At 31 March 2019 and 2018, the value of provisions for the dismantling is recorded at its present value, accordingly with the dates of its utilisation 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 responsabilities, 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.

At 31 March 2018, under the caption "Other responsabilities" are included provisions for restructuring an amount of Euro 281,207 associated with severance payment and at 31 March 2019 is also included Euro 20,251,148 related to the incentive in favour of Armilar, as the funds have exceeded the defined return barrier.

18. Other financial liabilities

At 31 March 2019, the caption 'Other financial liabilities' includes the amount of Euro 3,856,971 (Euro 3,525,762 in 2018) related to the short term parcel of the lease contracts (note 16).

19. External supplies and services

'External supplies and services' for the periods ended at 31 March 2019 and 2018 had the following composition:

	2019	2018 (restated)
Subcontracts	4,230,862	3,254,457
Specialised works	1,589,757	1,258,677
Travellingcosts	1,185,036	928,698
Advertising and promotion	1,081,016	798,737
Communications	337,319	275,842
Rents	290,475	249,255
Maintenance and repairs	250,798	100,942
Fees	216,627	297,580
Fuels	158,037	108,571
Energy	92,254	85,082
Others	392,815	238,244
	9,824,997	7,596,085

20. Financial results

Net financial results for the periods ended at 31 March 2019 and 2018 were detailed as follows ((costs) / gains):

	2019	2018 (restated)
Financial expenses:		
Interest expenses:	(188,657)	(98,472)
Bankloans	(16,799)	(623)
Leasing	(3,408)	(7,366)
Otherinterests	(168,450)	(90,483)
Foreign exchange losses	(764,652)	(1,185,074)
Other financial expenses	(74,451)	(72,820)
	(1,027,760)	(1,356,366)
Financial income:		
Interest income	145,083	129,437
Foreign exchange gains	906,550	869,287
Others financial gains	37,601	216
	1,089,234	998,940

21. Gains and losses on Investments

Gains and losses on investments for the periods ended at 31 March 2019 and 2018 are as follows ((expenses) / revenues):

	2019	2018
Financial results of associates and jointly controlled companies: Gains and losses related with the aplication of the equity method (note 9)	9,468,949	7,688,858
	9,468,949	7,688,858

22. Income taxation

Income taxes recognised during the periods ended at 31 March 2019 and 2018 were as follows ((costs) / gains):

	2019	2018
Current tax	314,746	248,935
Tax provision net of reduction (note 17)	(74,797	(37,101)
Deferred tax assets (note 11)	402,110	(413,361)
Deferred tax liabilities (note 11)	(27,237	131,393
	614,822	(70,134)

23 Related parties

During the periods ended at 31 March 2019 and 2018, 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 March 2019 and 2018 were as follows:

				В	alances at 31 March 2019
	Accounts receivable	Accounts payable	Otherassets	Other liabilities	Treasury applications
Parent company (Sonae SGPS)	3,521,724	7,487,210	617,550	20,936	-
Companies jointly controlled	225,408	429,915	14	-	4,700
Associated companies	-	-	1,292,052	-	-
Other related parties	8,597,096	557,774	468,132	4,693,971	<u>-</u>
	12,344,228	8,474,899	2,377,748	4,714,907	4,700

				B	alances at 31 March 2019 (restated)
	Accounts receivable	Accounts payable	Otherassets	Other liabilities	Treasury applications
Parent company (Sonae SGPS)	592,461	124,303	-	43,581	-
Companies jointly controlled	423,490	612,063	11	23,518	3,700
Associated companies	-	-	2,918,027	-	-
Other related parties	4,096,109	453,983	377,866	3,735,333	-
	5,112,060	1,190,349	3,295,904	3,802,432	3,700

			Trans	actions at 31 March 2019
	Sales and services rendered	Supplies and services received		Supplementary income
Parent company (Sonae SGPS)	1,411	50,000	94,622	-
Companies jointly controlled	2,843	107,138	42	48,500
Associated companies	-	207	6,911	-
Other related parties	6,897,845	578,746	1,902	100,551
	6,902,099	736,091	103,477	149,051

	Transactions at 31 March 2018 (restated)			
	Sales and services	Supplies and services	Interest and similar	
	rendered	received	income	Supplementary income
Parent company (Sonae SGPS)	-	-	71,602	-
Companies jointly controlled	2,913	117,435	65	27,667
Other related parties	6,771,535	406,762	13,479	4,950
	6,774,448	524,197	85,146	32,617

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 accounts receivable and payable with related parties will be paid in cash and have no guaranties attached.

During the periods ended on 31 March 2019 and 2018, no impairment losses have been recognised as accounts receivables of related parties.

24. Guarantees provided to third parties

Guarantees provided to third parties at 31 March 2019 and 2018 were as follows:

Company	Beneficiary	Description	2019	2018
Nextel, S21 Sec Gestion and WeDo	Administrador de Infraestructuras Ferroviarias; AENA; Arrow Ecs Internet Security, S.L.; Asociacion Navarra de Informatica Municipal; Autoridad Territorial del Transporte de Gipuzkoa; Ayuntamiento de Basauri; Ayuntamiento de Getxo; Ayuntamiento de Rivas; Ayuntamiento de Vitoria; Ayuntamiento Vitoria-Gazteiz; Banco de España; Barcelona de Serveis Municipals; Barcelona Serveis Municipals; Canal de Isabel II; Centro Informático Municipal de Bilbao; Centro Informático Municipal de Bilbao SA; Comunidad de Madrid; CTT Expresso - Serviços Postais E Logística S.A.; Euriates Telecommunications Corporation; Euskal Telebista S.A.; Euskaltel S.A.; Eusko Jaurlaritzaren Informatika Elkartea; Eusko Legebiltzarra; Eusko Trenbideak; Euskotrenbideak-Ferrocarriles Vascos S.A.; Fábrica Nacional da Moeda e Timbre; Fabrica Nacional de La Moneda y Timbre; Fabrica Nacional de Moneda; Generalitat Valenciana; Gobierno Vasco; Instituto de Mayores Y Servicios Sociales; Instituto Nacional de Ciberseguridad de España S.A.; IZFE; Metro Madrid; Ministerio de Energía; Turismo y Agenda Digital; National Intelligence Centre; Osakidetza; Parlamento Vasco; Red Nacional de Los Ferrocarriles Españoles; Sociedad Publica Eusko Trenbideak; Solred S.A.; SPRI - Agencia Vasca de desarrollo Empresarial; Universidad del Pais Vasco	Completion of work to be done	1,246,553	504,627
Inovretail, Nextel, S21 Sec Gestion and S21 Sec Labs	Agencia para o Desenvolvimento e Coesao, I.P.; Centro para Desarrollo Tecnológico Industrial; Ingenieria de Sistemas para la Defensa de España; Ministerio de Economia y Competitividad; Ministerio de Industria; Ministerio de Industria, Energia y Turismo	Grants	1,720,235	656,057
Sonaecom	Direção de Contribuições e Impostos and Autoridade Tributária e Aduaneira (Portuguese tax authorities)	IRC, IS, IVA – Tax assessment	2,311,861	2,311,861
Several	Others		624,000	698,783
			5,902,649	4,171,328

In addition to these guarantees were set up securities for the current fiscal processes. The Sonae SGPS consisted of Sonaecom SGPS surety to the amount of Euro 27,546,999 and Sonaecom SGPS consisted of Público for the amount of Euro 564,900.

At 31 March 2019, 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.

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25. Information by business segment

During the periods ended on 31 March 2019 and 2018 were identified the following business segments:

- Media;
- Technologies; 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 8).

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

Inter-segment transactions during the periods ended on 31 March 2019 and 2018 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 2019 and 2018, 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:

		Media		Technologies	На	olding Activities		Subtotal	Elimina	tions and others		Total
	March 2019	March 2018 (restated)	March 2019	March 2018 (restated)	March 2019	March 2018 (restated)	March 2019	March 2018 (restated)	March 2019	March 2018 (restated)	March 2019	March 2018 (restated)
Revenues:												
Sales and services rendered (restated)	3,588,051	3,469,982	44,119,434	31,379,653	89,769	142,048	47,797,254	34,991,683	(184,635)	(182,668)	47,612,619	34,809,015
Reversal of provisions (restated)	-	-	-	21,345	-	-	-	21,345	83,284	-	83,284	21,345
Other operating revenues (restated)	149,590	161,373	383,147	111,430	552	6,066	533,289	278,869	257,795	554	791,084	279,423
Total revenues	3,737,641	3,631,355	44,502,581	31,512,428	90,321	148,114	48,330,543	35,291,897	156,444	(182,114)	48,486,987	36,570,293
Depreciation and amortisation (restated)	(253,259)	(291,271)	(3,039,666)	(2,437,957)	(8,441)	(7,338)	(3,301,367)	(2,736,566)	(93,035)	227,030	(3,394,402)	(2,509,536)
Provisions and impairment losses (restated)	-	-	(102,841)	(9,194)	-	-	(102,841)	(9,194)		-	(102,841)	(9,194)
Net operating income / (loss) for the segment	(865,083)	(850,667)	(3,391,706)	(1,340,075)	(350,854)	(343,228)	(4,607,643)	(2,533,970)	303,342	610,708	(4,304,301)	(1,923,262)
Interest income (restated)	1,388	2,201	42,471	50,501	243,442	242,284	287,301	294,986	(142,218)	(192,810)	145,083	102,176
Interest expenses (restated)	(6,045)	(9,131)	(342,406)	(242,718)	(808)	(818)	(349,259)	(252,667)	160,602	152,613	(188,657)	(100,054)
Gains and losses in associated companies	48,438	63,470	(166,563)	(1,003,382)	9,587,500	7,625,388	9,469,375	6,685,476	(426)	1,003,382	9,468,949	7,688,858
Other financial results (restated)	(937)	(2,414)	115,922	(363,928)	(353,266)	(21,655)	(238,281)	(387,997)	344,238	28,449	105,957	(359,548)
Income taxation (restated)	289,197	(9,182)	109,642	(64,268)	20,582	8,171	419,421	(65,279)	195,401	(4,855)	614,822	(70,134)
Consolidated net income/(loss) for the period (restated)	(533,042)	(805,723)	(3,632,640)	(2,963,870)	9,146,596	7,510,142	4,980,915	3,740,549	860,938	1,597,487	5,841,853	5,338,036
Consolidated net income/(loss) for the period of discontinued operations	-	-	5,228,515	46,269	-	-	5,228,515	46,269	1	-	5,228,516	46,269
Attributable to:												
Shareholders of parent company (restated)	(533,042)	(805,723)	1.827.940	(3,058,250)	9.146.596	7,510,142	10.441.495	3,692,438	818.247	1,597,942	11,259,742	5.290.380
Non-controlling interests (restated)	(340,042)	(003,723)	(232.065)	94,380	- 0,041,6	7,510,172	(232.065)	94,380	42.692	(455)	(189.373)	93,925
Assets:			(232,003)	31,300			(232,003)	31,300	42,032	(133)	(105,575)	33,323
Tangible and intangible assets and goodwill (restated)	1.901.637	2,241,322	89,284,183	67,618,565	96.313	129,230	91.282.133	69.989.117	(11,320,157)	(11,473,788)	79.961.976	58.515.329
Inventories	285,519	126,314	59.807	270,856	50,515	,	345,326	397,170	(11,520,157)	-	345,326	397,170
Investiments in associated companies and												
companies jointly controlled	817,296	818,157	102,712,263	81,731,020	704,185,735	686,917,322	807,715,294	769,466,499	(18,602,201)	1,056,325	789,113,093	770,522,824
Otherinvestments	30,242	47,947	34,158,966	6,961,776	(47,413,812)	47,744,663	(13,224,604)	54,754,386	47,521,177	(47,744,663)	34,296,573	7,009,723
Other non-current assets (restated)	818,565	52,168	13,132,649	10,685,696	216,937,752	122,898,978	230,888,966	133,636,842	(215,549,268)	(122,548,523)	15,339,698	11,088,319
Other current assets of the segment (restated)	8,784,573	6,059,366	81,307,704	55,802,654	217,217,443	200,783,677	307,309,720	262,645,697	(11,084,728)	(4,964,150)	296,224,992	257,681,547
Liabilities:												
Liabilities of the segment (restated)	8,577,224	8,965,122	158,208,211	97,549,898	2,439,786	2,480,089	169,225,221	112,449,845	(32,031,623)	(34,681,589)	137,193,598	77,768,256
CAPEX	83,871	83,871	3,278,081	2,436,356	1,377	1,377	3,363,329	2,521,604	(4,910)	152,137	3,358,419	2,673,741

During the periods ended at 31 March 2019 and 2018, the inter-segments sales and services were as follows:

	Media	Information Systems	Holding Activities
2019			
Multimedia	-	36,560	-
Information Systems	30,000	-	39,953
HoldingActivities	-	109	-
External trade debtors	3,558,051	44,082,765	49,816
	3,588,051	44,119,434	89,769
2018			
Multimedia	-	45,959	-
Information Systems	-	-	118,965
Holding Activities	-	27	-
External trade debtors	3,469,982	31,333,667	23,083
	3,469,982	31,379,653	142,048

During the periods ended at 31 March 2019 and 2018, sales and services rendered of the segments of Multimedia and Activities Holding were obtained predominantly in the Portuguese market, this market represents approximately 100% of revenue.

Regarding the Information Systems' segment, the Portuguese market is also dominant, representing 49.5% of the revenue (52.6% in 2018), followed by the Spanish market with a share of 16.75% of revenue (11.97% in 2018).

The consolidated financial statements of NOS at 31 March 2019 and 2018 incorporated in the consolidated financial statements of Sonaecom through ZOPT by the equity method (note 9), can be summarised as follows:

Condensed consolidated balance sheets

(Amounts expressed in thousands of Euro)	March 2019	March 2018 (restated)
Assets		
Tangible assets	1,029,593	1,003,851
Intangible assets	1,018,924	1,019,047
Rights of use	189,557	202,878
Deferred tax assets	82,318	103,189
Other non-current assets	190,120	197,146
Non-current assets	2,510,512	2,526,111
Trade debtors	339,097	485,963
Cash and cash equivalents	2,954	2,330
Other current assets	176,687	93,539
Current assets	518,738	581,832
Total assets	3,029,250	3,107,943
Liabilities		
Loans	1,002,106	1,123,749
Provisions	127,020	141,572
Other non-current liabilities	18,482	26,985
Non-current liabilities	1,147,608	1,292,306
Loans	244,837	160,329
Trade creditors	243,341	228,649
Other current liabilities	295,382	321,476
Current liabilities	783,560	710,454
Total liabilities	1,931,168	2,002,760
Shareholders' funds excluding non-controlling interests	1,090,886	1,097,656
Non-controlling interests	7,196	7,526
Total Shareholders' funds	1,098,082	1,105,183
Total Shareholders' funds and liabilities	3,029,250	3,107,943

Condensed consolidated statements of income by nature

(Amounts expressed in thousands of Euro)	March 2019	March 2018 (restated)
Total revenue	385,316	383,002
Costs and losses		
Direct costs and External supplies and services	(151,076)	(150,806)
Depreciation, amortisation and impairment losses	(97,320)	(114,216)
Other operating costs	(76,848)	(62,722)
	(325,244)	(327,744)
Gains/ (losses) in associated companies	198	(6,314)
Financial results	(6,407)	(8,239)
Income taxation	(11,493)	(6,022)
Consolidated net income/(loss) for the period	42,371	34,684
Consolidated net income/(loss) for the period attributed to non-controlling interests	(90)	(260)
Attributed to shareholders of parent company	42,461	34,945

26. Discontinued units

The net income from the discontinued operations can be detailed as follows:

(Amounts expressed in Euro)	march 2019	march 2018 (restated)
Services rendered	2,067,305	1,799,811
Other operating revenues	-	104,477
	2,067,305	1,904,288
Cost of sales	-	-
External supplies and services	(554,167)	(671,130)
Staff expenses	(779,237)	(811,670)
Depreciation and amortisation	(417,135)	(299,963)
Provisions and impairment losses	-	(7,708)
Other operating costs	(11,452)	(6,120)
	(1,761,991)	(1,796,591)
Other financial expenses	(9,481)	5,614
Other financial income	(31,759)	(26,251)
Current income / (loss)	264,074	87,060
Income taxation	(67,484)	(40,791)
Consolidated net income/(loss) for the period of discontinued operations	196,590	46,269
Gain/ (loss) resulting from the alienation	5,031,926	<u>-</u>
Attributed to:		
Non-controlling interests (discontinued operations)	(225,239)	6,017

The net income at 31 March 2019 corresponds to the net income from the Saphety Group, amounting to Euro 196,590, and to the gain resulting from the alienation of the Group, in the amount of Euro 5,031,926, where the net amount of the non-controlling interests is Euro 4,832,163, as stated in note 3.c.

27. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the consolidated net income attributable to the Group (Euro 11,259,742 in 2019 and Euro 5,290,380 in 2018) by the average number of shares outstanding during the period ended 31 March 2019 and 2018, net of own shares (305,769,023 in 2019 and 2018).

28. Staff expenses

For the periods ended at 31 March 2019 and 2018, the caption 'Staff expenses' is as follows:

	2019	2018
Remuneration	15,912,204	12,015,414
Remuneration Charges	3,138,305	2,302,754
Medium Term Incentive Plan	311,617	187,560
Works for the Company	(1,199,692)	(1,078,820)
Others	801,463	723,260
	18,963,897	14,150,168

29. 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, being on 10 March 2014, Sonaecom shares plans were fully converted into Sonae SGPS shares. The exercise of the rights occurs three years after their attribution, provided that the employee stays in the company during that period.

The 2013 plan was delivered in April 2017 to all companies, except for Sonaecom that was delivered in March 2017.

The 2014 plan was delivered in April 2018 to all employees.

Accordingly, the plans outstanding on 31 March 2019 are as follows:

			Vesting period		31 March 2019
	Share price 29 March 2019	Award date	Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares					
2015 Plan	0.922	10-Mar-16	10-Mar-19	161	1,681,081
2016 Plan	0.922	10-Mar-17	10-Mar-20	6	395,668
2017 Plan	0.922	10-Mar-18	10-Mar-21	3	225,618
2018 Plan	0.922	10-Mar-19	10-Mar-22	2	275,988

During the period ended on 31 March 2019, the movements that occurred in the plans can be summarised as follows:

		Sonae SGPS shares
	Number of participants	Number of shares
Outstanding at 31 December 2018: Unvested	173	2,309,348
Total	173	2,309,348
Movements in the period:		
Award	2	275,988
Cancelled / corrected / transfers (1)	(3)	(6,981)
Outstanding at 31 March 2019:		
Unvested	172	2,578,355
Total	172	2,578,355
(1) T1	<u> </u>	

⁽¹⁾ The corrections are made based on the dividend paid and the employees' salaries during the plan period.

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

Share plans costs are recognised in the accounts over the year between the award and the vesting date of those shares. The costs recognised for the open plans and for the plans vested in previous periods and in the period ended on 31 March 2019, were as follows:

	Value
Costs recognised in previous years	1,544,525
Costs recognised in the period	319,858
Costs of plans vested in the year	
Total cost of the plans	1,864,383
Recorded in 'Other current liabilities'	1,549,957
Recorded in 'Other non-current liabilities	314,426

These financial consolidated presentations have been approved by the Executive Board and authorised to be issued on 13 May 2019, being, however, subject to approval by the Shareholders' General Meeting.

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.

1.3. Sonaecom separate financial statements

Statement of financial position

For the periods ended at 31 March 2019 and 2018 (restated – note 1) and for the year ended at 31 December 2018 (restated – note 1)

(Amounts expressed in Euro)	Notes	March 2019 (not audited)	March 2018 (not audited and restated)	December 2018 (restated)
Assets				
Non-current assets				
Tangible assets	1.a, 1.f, 1.t and 2	6,480	7,734	6,994
Intangible assets	1.b, 1.t and 3	2,289	3,008	2,480
Rights of use	1.f and 4	87,544	118,488	95,280
Investments in Group companies	1.c and 6	63,962,776	56,721,658	64,307,037
Companies jointly controlled	1.d and 7	597,666,944	597,666,944	597,666,944
Other non-current assets	1.c, 1.e, 1.n, 5, 8 and 22	211,957,605	228,797,381	215,399,891
Deferred tax assets	1.m and 9	122,350	124,604	117,821
Total non-current assets		873,805,988	883,439,817	877,596,447
Current assets				
Income tax receivable	1.m and 5	650,600	739,001	650,600
Other current debtors	1.e, 1.g, 5, 10 and 22	433,668	524,866	430,783
Other current assets	1.e, 1.n, 5 and 22	139,045	454,210	193,376
Cash and cash equivalents	1.e, 1.h, 5, 11 and 22	215,936,124	199,011,870	212,722,898
Total current assets		217,159,437	200,729,947	213,997,657
Total assets		1,090,965,425	1,084,169,764	1,091,594,104
Shareholder' funds and liabilities				
Shareholders' funds				
Share capital	12	230,391,627	230,391,627	230,391,627
Own shares	1.r and 13	(8,441,804)	(8,441,804)	(8,441,804)
Reserves	1.q	867,016,719	861,464,758	850,151,304
Net income / (loss) for the period		(440,904)	(1,671,177)	16,865,415
Total Shareholders' funds		1,088,525,638	1,081,743,404	1,088,966,542
Liabilities				
Non-current liabilities				
Provisions for other liabilities and charges	1.I and 15	266,695	269,665	349,979
Other non-current financial liabilities	1.e, 1.f, 5 and 16	69,583	89,712	69,583
Other non-current liabilities	1.e, 1.n, 1.u and 5	216,900	261,213	155,717
Total non-current liabilities		553,178	620,590	575,279
Current liabilities				<u> </u>
Income tax payable	1.m) and 5	22,255	-	-
Other creditors	1.e, 1.g, 5, 17 and 22	1,258,982	1,138,599	1,255,174
Other current financial liabilities	1.e, 1.f, 5 and 16	20,129	30,409	27,844
Other current liabilities	1.e, 1.n, 1.u and 5	585,243	636,762	769,265
Total current liabilities		1,886,609	1,805,770	2,052,283
Total liabilities		2,439,787	2,426,360	2,627,562
Total Shareholders' funds and liabilities		1,090,965,425	1,084,169,764	1,091,594,104
			-111	

The notes are an integral part of the financial statements.

The Chief Accountant

The Board of Directors

Income statement by nature

For the periods ended at 31 March 2019 and 2018 (restated – note 1) and for the year ended at 31 December 2018 (restated – note 1)

(Amounts expressed in Euro)	Notes	March 2019 (not audited)	March 2018 (not audited and restated)	December 2018 (restated)
Services rendered	1.o and 22	89,769	142,048	496,953
Other operating revenues	1.o and 22	83,836	6,066	65,449
		173,605	148,114	562,402
External supplies and services	1.f, 18 and 22	(181,876)	(156,005)	(640,581)
Staff expenses	1.u and 25	(322,895)	(322,463)	(1,054,569)
Depreciation and amortisation	1.a, 1.b, 2, 3 and 4	(8,441)	(7,338)	(33,059)
Provisions and impairment losses	1.l, 1.t and 15	-	-	(93,720)
Other operating costs		(11,246)	(11,538)	(47,097)
		(524,458)	(497,344)	(1,869,026)
Gains and losses on Group companies and companies jointly controlled	1.d, 1.o, 6, 7 and 19	(344,262)	(1,549,929)	16,748,327
Other financial expenses	1.c, 1.f 1.i, 1.j, 1.s, 1.t, 20 and 22	(18,949)	(22,577)	(97,944)
Other financial income	1.f, 1.s, 11, 20 and 22	252,578	242,388	1,076,619
Earnings before taxes		(461,486)	(1,679,348)	16,420,378
Income taxation	1.m, 9 and 21	20,582	8,171	445,037
Net income / (loss) for the period		(440,904)	(1,671,177)	16,865,415

The notes are an integral part of the financial statements.

The Chief Accountant

The Board of Directors

Statement of comprehensive income

For the periods ended at 31 March 2019 and 2018 (restated – note 1) and for the year ended at 31 December 2018 (restated – note 1)

(Amounts expressed in Euro)	Notes	March 2019 (not audited)	March 2018 (not audited and restated)	December 2018 (restated)
Net income / (loss) for the period		(440,904)	(1,671,177)	16,865,415
Comprehensive income for the period		(440,904)	(1,671,177)	16,865,415

The notes are an integral part of the financial statements.

The Chief Accountant

The Board of Directors

Statements of changes in Equity

For the periods ended at 31 March 2019 and 2018 (restated – note 1)

(Amounts expressed in Euro)							Reserves		
	Share capital (note 12)	Own shares (note 1r and 13)	Share premium	Legal reserves Ow	n shares reserves	Other reserves	Total reserves (note 1.q)	Net income / (loss)	Total
2019									
Balance at 31 December 2018 (restated)	230,391,627	(8,441,804)	775,290,377	17,701,887	8,441,804	48,717,236	850,151,304	16,865,415	1,088,966,542
Appropriation of the result of 2018									
Transfer to legal reserves and other reserves	-	-	-		-	16,865,415	16,865,415	(16,865,415)	-
Comprehensive income for the period ended at 31 March 2019	-	-	-	-	-	-	-	(440,904)	(440,904)
Balance at 31 March 2019	230,391,627	(8,441,804)	775,290,377	17,701,887	8,441,804	65,582,651	867,016,719	(440,904)	1,088,525,638

(Amounts expressed in Euro)							Reserves		
	Share capital (note 12)	Own shares (note 1r and 13)	Share premium	Legal reserves Owr	n shares reserves	Other reserves	Total reserves (note 1.q)	Net income / (loss)	Total
2018									
Balance at 31 December 2017	230,391,627	(8,441,804)	775,290,377	16,913,362	8,441,804	45,050,162	845,695,705	15,770,507	1,083,416,035
Appropriation of the result of 2017									
Transfer to legal reserves and other reserves	-	-	-	-	-	15,770,507	15,770,507	(15,770,507)	-
Impact of the application of IFRS 16 (restated)	-	-	-	-	-	(1,454)	(1,454)	-	(1,454)
Comprehensive income for the period ended at 31 March 2018 (restated)	-		-	-	-	-		(1,671,177)	(1,671,177)
Balance at 31 March 2018 (restated)	230,391,627	(8,441,804)	775,290,377	16,913,362	8,441,804	60,819,215	861,464,758	(1,671,177)	1,081,743,404

The notes are an integral part of the financial statements.

The Chief Accountant

The Board of Directors

Cash flow statements

For the periods ended at 31 March 2019 and 2018 (restated – note 1)

(Amounts expresses in Euro)	Notes		March 2019 (not audited)		March 2018 (not audited and restated)
Operating activities					
Receipts from trade debtors		154,020		127,744	
Payments to trade creditors		(262,521)		(216,733)	
Payments to employees		(233,219)		(219,811)	
Cash flows from operating activities		(341,720)		(308,800)	
Payments / receipts relating to income taxes		(61,455)		(2,072)	
Other payments / receipts relating to operating activities		(51,014)		99,650	
Cash flows from operating activities (1)			(454,189)		(211,222)
Investing activities					
Receipts from:					
Financial investments	6 and 8	2,000,000		-	
Interest and similar income	20	251,759		343,323	
Loans granted	8	8,140,000		9,470,000	
Payments for:					
Financial investments	6 and 8	(6,696,045)		(1,376,476)	
Tangible assets	2	(1,666)		(2,616)	
Cash flows from investing activities (2)			3,694,048		8,434,231
Financing activities					
Payments for:					
Interest and similar expenses	20	(18,109)		(105,668)	
Leases		(8,524)		(6,641)	
Cash flows from financing activities (3)			(26,633)		(112,309)
Net cash flows $(4)=(1)+(2)+(3)$			3,213,226		8,110,700
Cash and cash equivalents at the beginning of the period	11		212,722,898		190,901,170
Cash and cash equivalents at period end	11		215,936,124		199,011,870

The notes are an integral part of the financial statements.

The Chief Accountant

The Board of Directors

Notes to the cash flow statements

For the periods ended at 31 March 2019 and 2018

	Notes	March 2019 (not audited)	March 2018 (not audited)
1. Acquisition or sale of subsidiaries or other businesses activities			
a) Receipts from other business activities			
Loan repayment from Sonae Investment Management - Software and Technology, SGPS, S.A.	8	8,140,000	9,470,000
Reimbursement of supplementary capital from Sonae Investment Management - Software and Technology, SGPS, S.A.	8	2,000,000	
		10,140,000	9,470,000
b) Payments from other business activities			
Supplementary capital to Sonae Investment Management - Software and Technology, SGPS, S.A.	8	6,696,045	1,376,475
		6,696,045	1,376,475

	Notes	March 2019 (not audited)	
2. 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.

The Chief Accountant

The Board of Directors

1.4. Notes to the separate financial statements of Sonaecom

SONAECOM, 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. The corporate purpose of the Company is the management of shareholdings, as an indirect form of economic activities.

Sonaecom is owned directly by Sontel BV and Sonae SGPS, SA, and Efanor Investimentos SGPS, S.A. the ultimate controlling company.

By public deed of 30 September 1997, the scission-fusion of Pargeste, SGPS, S.A., was carried out, and the company started to include the financial participations in the companies related to the communication and information technologies of the spun-off company.

At 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 EUR 1 each.

At 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 EUR 10.

In addition, in this period, 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.

At 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.

At 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.

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 at 6 February and ending on 19 February 2014. At 20 February 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares. In 2014 Sonaecom reduced its share capital to EUR 230,391,627.

Following this result, Euronext Lisbon announced Sonaecom exclusion from the PSI-20 from 24 February 2014 forward.

The financial statements are presented in Euro, rounded to the unit.

1. Basis of presentation

The accompanying financial statements have been prepared with an on a going concern basis, based on the Company's accounting records in accordance with International Financial Reporting Standards (IFRS), as adopted and effective in the European Union on 1 January 2019 and in accordance with the IAS 34 – Interim Financial Reporting. These financial statements were prepared based on historical cost, except for the revaluation of certain 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 the financial years beginning on or after 1 January 2019 and were first adopted in the period ending at 31 March 2019:

Standard / Interpretation Effective date	ate (annual
	eginning on
periods ac	or after)
IFRS 16 - Leases	1-Jan-19

This new standard replaces IAS 17 with a significant impact on accounting by lessees who are now required to recognize a lease liability reflecting future lease payments and a "right of use" asset for all leases, except for certain short-term leases and for low value assets. The definition of a lease has also been modified, based on the "right to control the use of an identified asset." With regards to the transition regime, the new standard may be applied retrospectively or a modified retrospective approach can be followed.

Amendments to IFRS 9 - Prepayment features with 1-Jan-19 negative compensation

The objective of the amendments to IFRS 9 is examine whether amortized cost measurement would provide relevant and useful information for instruments that contain symmetric prepayment options and otherwise have contractual cash flows that are solely payments of principal and interest.

Standard / Interpretation

Effective date (annual periods beginning on or after)

IFRIC 23 - Uncertainty over income tax treatments

1-Jan-19

This is an interpretation of IAS 12 - 'Income tax', referring to the measurement and recognition requirements to be applied when there is uncertainty as to the acceptance of a certain tax treatment by the tax authorities in respect of income tax . In the event of uncertainty as to the position of the tax authority on a specific transaction, the entity shall make its best estimate and record the income tax assets or liabilities under IAS 12, rather than IAS 37 - 'Provisions, contingent liabilities and contingent assets', based on the expected value or the most probable value. The application of IFRIC 23 may be retrospectively or retrospectively modified.

Amendments to IAS 19 - Plan amendment, curtailment or settlement

1-Jan-19

This amendment to IAS 19 requires an entity: (i) to use updated assumptions to determine the current service cost and net interest for the remaining period after the change, reduction or settlement of the plan; and (ii) recognises in profit or loss as part of the past service cost, or as gain or loss in settlement any reduction in excess hedge, even if the hedge surplus has not previously been recognized due to the impact of the asset ceiling. The impact on the asset ceiling is always recorded in 'Other Comprehensive Income', and can not be recognised as a result of the year.

Amendments to IAS 28 - Long-term interests in associates and joint ventures

1-Jan-19

This amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investment in associates and joint ventures), which are not being measured using the equity method, are accounted for under IFRS 9. Long-term investments in associates and joint ventures are subject to the estimated impairment loss model, before being added to the impairment test for global investment in an associate or joint ventures, when there are impairment indicators.

Annual Improvements to IFRS Standards 2015-2017 Cycle

1-Jan-19

Annual Improvements to IFRSs 2015–2017 Cycle is a collection of amendments to IFRSs in response to issues addressed during the 2015–2017 cycle for annual improvements to IFRSs. This cycle afects the following standards: IAS 23, IAS 12, IFRS 3 e IFRS 11.

Disclosure of IFRS 16 impacts

IFRS 16 defined as the new accounting record of leases, both from the lessor's point of view and from the lessee's perspective, by introducing a new accounting regime for the lessee, which determines the registration of a right of use over leased assets and a lease liability relating to rental payable for all lease contracts.

The Company analysed all the contracts that contain the use of assets in order to identify the underlying conditions, the contract period, the nature of the rent payable and the interest rates implicit in the contracts.

On the date of transition to IFRS 16, the Company applied retrospectively to the beginning of each of the lease contracts analysed, with application on 1 January 2018 and restatement of the comparative amounts of the financial statements.

From the analysis of the contracts, the impact of the adoption of IFRS 16 in the financial statements at 31 March 2018 and 31 December 2018 was as follows:

(Amounts expressed in Euro)	March 2018 (reported)	IFRS 16	March 2018 (restated)
Balance			
Non-current assets			
Rights of use	-	118,488	118,488
Non-current liabilities			
Other non-current financial liabilities	-	89,712	89,712
Current liabilities			
Other current financial liabilities	-	30,409	30,409
Shareholders' funds			
Reserves	861,466,212	(1,454)	861,464,758
Profit and Loss			
External supplies and services	(162,646)	6,641	(156,005)
Depreciation and amortisation	(1,336)	(6,002)	(7,338)
Other financial expenses	(21,759)	(818)	(22,577)

(Amounts expressed in Euro)	December 2018 (reported)	IFRS 16	December 2018 (restated)
Balance			
Non-current assets			
Rights of use	-	95,280	95,280
Non-current liabilities			
Other non-current financial liabilities	-	69,583	69,583
Current liabilities			
Other current financial liabilities	-	27,844	27,844
Shareholders' funds			
Reserves	850,152,758	(1,454)	850,151,304
Profit and Loss			
External supplies and services	(672,791)	32,210	(640,581)
Depreciation and amortisation	(3,849)	(29,210)	(33,059)
Other financial expenses	(94,251)	(3,693)	(97,944)

No impact is expected from the adoption of the remaining standards.

The following standards, interpretations, amendments and revisions have not been approved (endorsed) by the European Union until 31 March 2019:

Standard / Interpretation	Effective date
	(annual periods
	beginning on

IFRS 17 - Insurance contracts

1-Jan-21

This new standard replaces IFRS 4 and applies to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete "building block approach" or "premium allocation approach". The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is retrospective application.

Amendments to references to the conceptual framework in IFRS standards

1-Jan-20

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. in order to clarify the application of the new definitions of asset / liability and expenditure / income, in addition to some of the characteristics of the financial information. These changes are retrospective, except if impractical.

andard / Interpretation

Effective date (annual periods beginning on

Amendments to IAS 1 and IAS 8: Definition of Material

1-Jan-20

This amendment introduces a modification to the concept of material. It includes clarifications regarding the reference to unclear information, corresponding to situations in which its effect is similar to omitting or distorting such information, within the overall context of the financial statements; as well as clarifications as to the term 'principal users of financial statements', which are defined as 'current and future investors, lenders and creditors' who rely on the financial statements to obtain a significant portion of the information they require.

Amendments to IFRS 3: Business Combinations

1-jan-20

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This amendment constitutes a review of business combinations for the purpose of accounting for business activities. The new definition requires that an acquisition include an input and a substantial process that together generate output. Output is defined as goods and services that are delivered to customers, which generate income from financial investments and other income, excluding returns in the form of cost reductions and other economic benefits to shareholders. Concentration tests are allowed to determine whether a transaction refers to the acquisition of an asset or a business.

These standards have not yet been approved ('endorsed') by the European Union and, as such, were not adopted by the company for the period ended at 31 March 2019, because their application is not mandatory.

The accounting policies and measurement criteria adopted by the Company at 31 March 2019 are comparable with those used in the preparation of 31 March 2018 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	20
Fixtures and fittings	4

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 they were identifiable and if it is likely that they will bring future economic benefits to the Company, if the Company controls them and if their cost can be reliably measured.

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

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

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

Impairment losses detected in the realisation value of intangible 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.

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

Sonaecom has control of subsidiaries in situations that cumulatively fulfils 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 recognised in accordance with the specific requirements of IFRS 3.

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 recognise 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 recognise 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 companies jointly controlled

Investments in companies jointly controlled (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 companies jointly controlled, 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 companies jointly controlled 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 companies jointly controlled 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 companies jointly controlled are recorded as cost when they are incurred.

e) Financial instruments

Financial assets

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, financial assets measured at amortised cost, financial assets at fair value through other comprehensive income. Its classification depends on the entity's business model to manage the financial assets and the contractual characteristics in terms of the cash flows of the financial asset.

Changes to the classification of financial assets can only be made when the business model is changed, except for financial assets at fair value through other comprehensive income, as equity instruments, which can never be reclassified to another category.

(i) Financial assets measured at amortised cost

Financial assets measured at amortized cost are those that are part of a business model with the purpose to hold financial assets in order to receive contractual cashflows, although these contractual cash flows can only be capital repayments and interest payments of capital in debt.

(ii) Financial assets at fair value through other comprehensive income

This category may include financial assets that qualify as debt instruments (contractual obligation to deliver cash flows) or equity instruments (residual interest in an entity);

- a) Of debt instruments, this category includes financial assets that correspond only to the payment of nominal value and interest, for which the business model followed by the management is the receipt of contractual cash flows or on time sale;
- b) Of equity instruments, this category includes the percentage of interest held in entities over which the Company does not exercise control, joint control or significant influence, and which the Company

irrevocably chose on the date of initial recognition to designate at fair value through other comprehensive income.

At 31 March 2019, the Company did not hold assets classified at fair value through other comprehensive income.

(iii) Financial assets at fair value through profit or loss

This category includes debt instruments and equity instruments that do not meet the criteria for qualification as financial assets at amortized cost and which the Comapny has not classified as financial assets through other comprehensive income at the time of initial recognition. This category also includes all financial instruments whose contractual cash flows are not exclusively capital and interest.

As 31 March 2019, the Company did not hold assets classified at fair value through profit or loss.

Gains and losses resulting from the change in the fair value of assets measured at fair value through profit or loss are recognized in income for the year in which they occur in the respective caption "Losses / (gains) on financial assets", which include income amounts interest and dividends.

Financial assets are recognised in the Company's statement of financial position on the trade or contracting date, which is the date on which the Company undertakes to acquire or dispose of the asset. At the initial moment, except for trade accounts receivable, financial assets are recognised at fair value plus directly attributable transaction costs, except for assets at fair value through profit or loss in which transaction costs are immediately recognised in the income statement. Trade accounts receivable, at the initial time, are recognised at their transaction price, as defined in IFRS 15.

Financial assets are derecognised when: (i) the contractual rights of the Company expire upon receipt of their cash flows; (ii) the Company has transferred substantially all the risks and benefits associated with its detention; or (iii) notwithstanding that it retains a portion, but not substantially all the risks and rewards associated with its detention, the Company has transferred control over the assets.

Financial assets at amortised cost are subsequently measured in accordance with the effective interest rate method and deducted from impairment losses. Interest income on these financial assets is included in "Interest earned on assets at amortised cost" in financial income.

Financial assets at fair value through other comprehensive income, which are debt instruments, are subsequently measured at fair value through fair value changes recognised

in other comprehensive income, except for variations related to the recognition of impairment, interest income and gains/(losses) due to foreign exchange differences, which are recognised in income for the year. Financial assets at fair value through other comprehensive income are subject to impairment.

Financial assets at fair value through other comprehensive income that are equity instruments are measured at fair value on the date of initial registration and subsequently, the fair value changes are recorded directly in the other comprehensive income, in the equity. Future reclassification is not possible, even after derecognition of the investment. Dividends obtained from these investments are recognised as gains, in results for the year, on the date they are attributed.

Financial assets and liabilities are offset and presented at net value, when and only when the Company has the right to offset the amounts recognised and intends to settle at the net value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the contractual substance regardless of their legal form. Equity instruments are contracts that show a residual interest in the Company's assets after deducting liabilities. The equity instruments issued by the company are recorded at the amount received, net of the costs incurred with their issuance. Financial liabilities are derecognised only when they are extinguished, that is, when the obligation is settled, cancelled or expired.

Financial liabilities are classified into two categories:

- (i) Financial liabilities at amortised cost
- (ii) Financial liabilities at fair value through profit or loss

In accordance with IFRS 9, financial liabilities are classified as subsequently measured at amortised cost, except for:

- a) Financial liabilities at fair value through profit or loss. These liabilities, including derivatives that are liabilities, should subsequently be measured at fair value;
- b) Financial liabilities that arise when a transfer of a financial asset does not meet the conditions for derecognition or when the continued involvement approach is applied;
- c) Financial guarantee contracts;
- d) Commitments to grant a loan at a lower interest rate than the market;
- e) The contingent consideration recognised by a purchaser in a business combination to which IFRS 3 applies. This contingent consideration should be

subsequently measured at fair value, with changes recognised in profit or loss.

The Company's financial liabilities include: loans obtained (note i), accounts payable and derivative financial instruments (note k).

f) Rights of use and leasing

A lease is defined as a contract, or part of a contract, that transfers the right to use a good (the underlying asset) for a period of time in exchange for a value.

At the beginning of each contract, it is evaluated and identified whether or not the contract contains a lease. This evaluation involves an exercise of judgment as to whether each contract depends on a specific asset, if the companies of Sonaecom group obtain substantially all the economic benefits from the use of that asset and whether they have the right to control the use of the asset.

All contracts that constitute a lease are accounted for on the basis of a single recognition model in the balance sheet as the IAS 17 established for financial leases.

At the date of commencement of the lease, the Company recognises the liability related to lease payments (i.e. the lease liability) and the asset that represents the right to use the underlying asset during the lease period (i.e. the right of use or "ROU").

The interest on the lease liability and the depreciation of the ROU are recognised separately.

Lease liabilities are remeasured if certain events occur (such as a change in the lease period, a change in future payments that result from a change in the reference rate or rate used to determine such payments). This remeasurement of the lease liability is recognised as an adjustment in the ROU.

Rights of use (assets)

The Company recognises the right to use the assets at the start date of the lease (that is, the date on which the underlying asset is available for use).

The right to use the assets is recorded at acquisition cost, less accumulated depreciation and impairment losses and adjusted for any new measurement of lease liabilities. The cost of the right to use the assets includes the recognised amount of the lease liability, any direct costs incurred initially and payments already made prior to the initial rental date, less any incentives received.

Unless it is reasonably certain that the Company obtains ownership of the leased asset at the end of the lease term, the recognised right to use the assets is depreciated on a straight-line basis over the shorter of its estimated useful life and the term of the lease.

Usage rights are subject to impairment.

Lease liabilities

At the date of commencement of the lease, the Company recognises the liabilities measured at the present value of the future payments to be made until the end of the lease.

Lease payments include fixed payments (including fixed payments on the substance), less any incentives to receive, variable payments, dependent on an index or rate, and expected amounts to be paid under residual value guarantees. The lease payments also include the exercise price of a call option if it is reasonably certain that the Company will exercise the option and penalties for termination of the lease if it is reasonably certain that the Company will terminate the lease.

Variable payments that do not depend on an index or a rate are recognised as an expense in the period in which the event giving rise to them occurs.

In calculating the present value of the lease payments, the Company uses the incremental loan rate at the start date of the lease if the implied interest rate is not readily determinable.

After the starting date of the lease, the value of the lease liability increases to reflect the increase in interest and reduces the payments made. In addition, the book value of the lease liability is remeasured if there is a change, such as a change in the lease term, fixed payments or the purchase decision of the underlying asset.

g) Other current debtors

'Other current debtors' are initially recognised at fair value and are subsequently measured at amortised cost, net of impairment adjustments. Impairment losses of 'Other current debtors' are recorded in accordance with the principles described in the policy in note 1.t. The identified impairment losses are recorded in the income statement and other comprehensive income in '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 with a maturity of less than three months, 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 statement of financial position 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, as well as cash flows from the shareholders' transactions in quality of shareholders.

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 initially recorded as liabilities by fair value and subsequently mensured 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 and are classified in current liabilities except when the company has an unconditional right to defer payment for at least 12 months.

j) Financial expenses relating to loans

Financial expenses relating to loans are generally recognised as expenses at the time they are incurred. Financial expenses related to loans for the acquisition, construction or production of 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 March 2019 and 2018, the Company did not have any derivative.

I) 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 statement of financial position 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 Taxes'.

Sonaecom's Group has been covered, since January 2008, by the special regime for the taxation of groups of companies, from which, the provision for income tax is determined on the basis of the estimated taxable income of all the companies covered by that regime. However, in the period ended in 2015, the Sonaecom Group, no longer has an independent group of companies covered by the special regime for taxation as start to integrate the special regime for taxation of groups of Sonae SGPS companies.

Therefore, since 1 January 2015, Sonaecom's Group is under the special regime for the taxation of groups of companies, from which Sonae, SGPS is the dominant company. In 2017, due to change of RETGS policy, the tax losses generated by the companies controlled in the tax group (RETGS) determine their allocation to the tax losses of the group, so that, since 2017, only the parent company has recognised the amounts corresponding to such tax losses, without giving rise to any financial. From fiscal year 2018 these tax losses generated by the companies controlled within the group were offset by the Group's dominant entity. With respect to tax losses generated by the dominated companies not compensated in the period the year, they will be compensated as the Group recovers, taking into account the future taxable profits of the Group, and the amount to be compensated is registered in noncurrent assets in an account receivable from the Group. Each company records the income tax on its individual accounts, and the tax recorded is recorded against the group companies account. 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 9).

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 relate 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.

n) Accrual basis

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 noncurrent liabilities', when it is possible to estimate reliably the amount and the timing of occurrence of the expense. If there is uncertainty regarding both the date of disbursement of funds, and the amount of the obligation, the value is classified as Provisions (note 1.1).

o) Revenue

Revenue includes the fair value of the consideration received or receivable for the sale or rendering of services resulting from the normal activity of the company. The revenue is recognized net from taxes and taking into account the amount of any trade discounts and volume rebates allowed by the Company.

Dividends

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

p) Fair value

The measurement of fair value presumes that an asset or liability is changed in an orderly transaction between market participants to see the asset or transfer the liability at the measurement date, under current market conditions. The measurement of fair value is based on the assumption that the transaction of sell the asset or transfer the liability may occur:

- (i) In the main asset and liability market, or
- (ii) In the main asset and liability does not exist in the market in which an orderly transaction would take place for the asset or liability

The Company use valuation techniques appropriate to the circumstances and for which there is sufficient data to measure fair value, maximizing the use of observable relevant data and minimizing the use of unobservable data.

All assets and liabilities measured at fair value or for which disclosure is mandatory are classified according to a fair value hierarchy, which allocates the data to be used in the fair value measurement, into three levels detail below.

- Level 1 Unadjusted quoted prices for identical assets and liabilities in active markets, which the entity can access at the measurement date;
- Level 2 Valuation techniques that use inputs that are not quoted are directly or indirectly observable;
- Level 3 Valuation techniques that use inputs not based on observable market data, ie, based on unobservable data:

The measurement of fair value is classified fully at the lowest level of the input that is significant for the measurement as a whole.

q) 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.

Own shares reserve

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

Other reserves and Shares Premium

This caption includes retained earnings from previous years that are available for distribution and the Shares Premium.

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 2019, Sonaecom, have free reserves distributable amounting approximately Euro 64 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 at 31 March 2019.

r) 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'. While shares are owned for the Company must maintain an unavailable reserve equivalent to its book value.

s) Balances and transactions in foreign currency

The euro is the functional currency of presentation. All transactions in foreign currency are translated for the functional currency at the exchange rate of the transaction date. At each closing date, the exchange restatement of outstanding balances is carried out, applying the exchange rate in effect at that 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 statement financial position date are recorded as income and expenses in the profit and loss statement in financial results.

The following rates were used for the translation into Euro:

		2019		2018
	31 March	Average	31 March	Average
Pounds Sterling	1.1179	1.1304	1.1430	1.1323
American Dollar	0.8734	0.8475	0.8116	0.8136

t) Assets impairment

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 tangible assets and intangible assets for the other assets under the caption 'Provisions and impairment losses', in relation to the other assets.

Non-financial assets impairment

Impairment tests are performed for assets with undefined useful life at the date of each statement of financial position

and whenever an event or change of circumstances indicates that the recorded amount of an asset may not be recoverable.

Impairment tests are performed for assets with defined useful lives and investments in associates whenever there is evidence that their book value is higher than the recoverable value.

The recoverable amount 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 investments in associated companies of the group and for assets with defined useful lives, the recoverable amount, calculated in terms of value in use, is determined based on the most recent business plans duly approved by the Company's Board of Directors. For Investments in companies jointly controlled, the recoverable amount is determined taking into account various information such as the most recent business plans duly approved by the Company's Board of Directors and the average of evaluations made by external analysts (researches).

Non-financial assets, for which impairment losses have been recorded, are reviewed at each reporting date for reversal of these losses.

Financial assets impairment

The Company assesses at each reporting date the existence of impairment in financial assets at amortized cost. The expected loss results from the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

The objective of this impairment policy is to recognise expected credit losses over the duration of financial instruments that have undergone significant credit risk increases since initial recognition, assessed on an individual or collective basis, taking into account all reasonable and sustainable information, including prospects. If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since the initial recognition, the Company measures the provision for losses relating to that financial instrument by an amount equivalent to the expected credit losses within a period of 12 months. If

there has been an increase in credit risk, the Company calculates the impairment corresponding to expected losses for all contractual flows until the maturity of the asset.

Regarding accounts receivable from related entities, which are not considered as part of the financial investment in these entities, credit impairment is assessed according to the following criteria: i) if the balance receivable is immediately due, ii) if the balance a low risk, or (iii) if it has a maturity of less than 12 months. In cases where the amount receivable is immediately payable and the related entity is able to pay, the probability of default is close to 0% and therefore the impairment is considered equal to zero. In cases where the receivable balance is not immediately due, the related entity's credit risk is assessed and if it is "low" or if the maturity is less than 12 months, then the Group only assesses the probability of a default occurring for the cash flows that mature in the next 12 months.

u) 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';
- (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 statement of financial

position 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'; and
- (iii) In the profit and loss statement, the 'elapsed' proportion continues to be charged as an expense under the caption 'Staff expenses'.

At 31 March 2019 and 2018 there are no outstanding hedge agreements.

For plans settled in cash, the estimated liability is recorded under the statement of financial position 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 statement of financial position date. When the liability is covered by a hedging contract, recognition is made in the same way as described above, but with the liability being quantified based on the contractually fixed amount.

Equity-settled plans to be liquidated through the delivery of shares of Sonae SGPS are recorded as if they were settled in cash, which means that the estimated liability is recorded under the statement of financial position captions 'Other noncurrent 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 statement of financial position date.

At 31 March 2019, the plans granted during the year 2016, 2017, 2018 and 2019 are not covered, by the contract and so a liability is recorded at fair value was record. The responsibility of all plans is recorded under the captions 'Other non-current liabilities' and 'Other current liabilities'. The cost is recognized on the income statement under the caption 'Staff expenses'.

v) Subsequent events

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

w) Judgements and estimates

The most significant accounting estimates reflected in the consolidated financial statements of the periods ended at 31 March 2019 and 2018 are as follows:

- (i) Useful lives of tangible and intangible assets (note la and lb);
- (ii) Impairment analysis of investments in group companies and joint ventures and of other tangible and intangible assets;
- (iii) Recognition of impairment losses on assets (Trade debtors and inventories), provisions and analysis of contingent liabilities; and
- (iv) Recoverability of deferred tax assets (note 9).

Estimates used are based on the best information available during the preparation of the financial statements and are based on the best knowledge of past and present events. Although future events are neither foreseeable nor controlled by the Company, 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.

Impairment of financial assets

The determination of impairment on financial assets involves significant estimates. In calculating this estimate, management assesses, among other factors, the duration and extent of the circumstances under which the recoverable amount of these assets may be lower than their book value. The balances of "Other current debtors" and "Other Current Assets" are valued for factors such as default history, current market conditions, and estimated prospective information by reference to the end of each reporting period, the most critical evaluation elements for the purpose of analysing estimated credit losses.

Rights of use

The Company determines the end of the lease as the noncancellable part of the lease term, together with any periods covered by an option to extend the lease if it is reasonably certain that it will be exercised, or any periods covered by an option to terminate the lease agreement, if it is reasonably certain that it will not be exercised.

The Company has the option, under some of its lease agreements, to lease its assets for additional periods. Sonaecom evaluates the reasonableness of exercising the option to renew the agreement. That is, the Company considers all the relevant factors that create an economic incentive for the renewal exercise. After the starting date, the

Company re-evaluates the termination of the contract if there is a significant event or changes in circumstances that are under control and affect its ability to exercise (or not exercise) the renewal option (e.g. a change in the strategy of the business).

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

In the period ended at 31 March 2019, Sonaecom has no indebtedness. However, 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 statement of financial position 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 not considered as fair value hedges or the ones that are considered not sufficiently effective for cash flow hedge, are recognised under statement financial position and changes in the fair value of such derivatives are recognised directly in the profit and loss statement for the period.

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.

At 31 March 2019 and 2018, 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; and
- (iii) Applications in the market.

The applications in the market are limited to eligible counterparties, with ratings previously established by the Board of Directors 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.

Taking into account the low value of the liabilities of the company is understood that the liquidity risk is very low.

Credit risk

The Company's exposure to credit risk is mainly associated with the accounts receivable related to current operational activities, cash investments and other non-current assets supplies.

(i) Cash and cash equivalents

Sonaecom holds financial assets arising from its relationship with subsidiary and with financial institutions (note 11). There is a credit risk associated with the potential pecuniary default of the Financial Institutions that are counterparts in these relationships, however, in general, the exposure related to this type of financial assets is widely diversified and of limited duration in time.

Credit risk associated with relationships with financial institutions is limited by the management of risk concentration and a rigorous selection of counterparties with a high prestige and national and international recognition and based on their respective ratings, taking into account the nature, maturity and size of operations.

The Company uses credit assessment agencies and has specific departments for credit control, collection and litigations' management, as well as credit insurance, which help to mitigate such risk. The management of this risk is aimed at ensuring the effective collection of its credits within the established deadlines without affecting the financial balance of the Company.

(ii) Loans granted to related parties

There are no impairment losses for Loans granted to related parties.

Loans granted to related parties (note 8) are considered to have low credit risk and, therefore, impairment losses recognised during the year are limited to estimated credit losses at 12 months. These financial assets are considered to have "low credit risk" when they have a low impairment risk and the borrower has a high capacity to meet its contractual cash flow liabilities in the short term.

(iii) Other current debtors

To measure the expected credit losses, the unpaid amounts and contractual assets were grouped based on the common credit risk characteristics and the days of late payment. The expected loss rates are based on the sales payment profiles over a period of 36 months (3 years) before 31 December 2018, and the corresponding historical credit losses verified during this period. Historical loss rates are adjusted to reflect current and prospective information on macroeconomic factors that affect customers' ability to settle outstanding amounts.

As such, the impairment losses at 31 March 2019 were determined taking into account these assumptions of IFRS 9.

Considering the aforementioned policies, the Board of Directors does not foresee the possibility of any occurrence of any material breach of contractual obligations.

The amounts related to cash and cash equivalents, other noncurrent assets (loans granted) and other third party debts presented in the financial statements, which are net of impairment, represent the maximum exposure of the Company to credit risk.

Capital risk

Sonaecom's capital structure, determined by the ratio of equity and net debt, is managed in a way that ensures the continuity and development of its operating activities, maximizes shareholder returns and optimizes the cost of financing.

Sonaecom periodically monitors its capital structure, identifying risks, opportunities and necessary adjustment measures in order to achieve the referred objectives.

In 2019, Sonaecom reported a negative average gearing (accounting) of 20.2%. The average gearing in market values in 2019 was negative in 28.9%.

2. Tangible assets

The changes in tangible assets and in the corresponding accumulated depreciation and impairment losses in the periods ended at 31 March 2019 and 2018 was as follows:

							2019
	Buildings and	Plant				Other	
	other constructions	and machinery	Vehicles	Tools	Fixtures and fittings	tangible assets	Total
Gross assets							
Balance at 31 December 2018	347,208	43,858	22,060	171	248,961	104	662,362
Balance at 31 March 2019	347,208	43,858	22,060	171	248,961	104	662,362
Accumulated depreciation and impairment losses							
Balance at 31 December 2018	343,709	43,858	22,060	171	245,466	104	655,368
Depreciation for the period	124	-	-	-	390	-	514
Balance at 31 March 2019	343,833	43,858	22,060	171	245,856	104	655,882
Net value	3,375	-	-		3,105		6,480

							2018
	Buildings and	Plant				Other	
	other constructions	and machinery	Vehicles	Tools	Fixtures and fittings	tangible assets	Total
Gross assets							
Balance at 31 December 2017	347,208	43,858	22,060	171	247,788	104	661,189
Balance at 31 March 2018	347,208	43,858	22,060	171	247,788	104	661,189
Accumulated depreciation and impairment losses							
Balance at 31 December 2017	341,953	43,858	22,060	171	244,152	104	652,298
Depreciation for the period	840	<u>-</u>	-	_	317	-	1,157
Balance at 31 March 2018	342,793	43,858	22,060	171	244,469	104	653,455
Net value	4,415				3,319		7,734

3. Intangible assets

The changes in intangible assets and in the corresponding accumulated amortisation and impairment losses in the periods ended at 31 March 2019 and 2018 was as follows:

			2019
	Brands patents and other rights		Total
Gross assets			
Balance at 31 December 2018	9,931	195,879	205,810
Balance at 31 March 2019	9,931	195,879	205,810
Accumulated amortisation and impairment losses			
Balance at 31 December 2018	9,896	193,434	203,330
Amortisation for the period	17	174	191
Balance at 31 March 2019	9,913	193,608	203,521
Net value	18	2,271	2,289

			2018
	Brands patents and other rights	Software	Total
Gross assets			
Balance at 31 December 2017	9,859	195,879	205,738
Balance at 31 March 2018	9,859	195,879	205,738
Accumulated amortisation and impairment losses			
Balance at 31 December 2017	9,812	192,739	202,551
Amortisation for the period	6	173	179
Balance at 31 March 2018	9,818	192,912	202,730
Net value	41	2,967	3,008

4. Rights of use

The changes in intangible assets related with "right of use" and in the corresponding accumulated depreciation and impairment losses in the periods ended at 31 March 2019 and 2018 was as follows:

		2019
	Vehicles	Total
Gross assets		
Balance at 31 December 2018 (restated)	154,723	154,723
Balance at 31 March 2019	154,723	154,723
Accumulated amortisation and impairment losses		
Balance at 31 December 2018 (restated)	59,443	59,443
Amortisation and impairment for the period	7,736	7,736
Balance at 31 March 2019	67,179	67,179
Net value	87,544	87,544

		2018
		(restated)
	Vehicles	Total
Gross assets		
Balance at 31 December 2017	50,659	50,659
Additions	104,064	104,064
Balance at 31 March 2018	154,723	154,723
Accumulated amortisation and impairment losses		
Balance at 31 December 2017	30,233	30,233
Amortisation for the period	6,002	6,002
Balance at 31 March 2018	36,235	36,235
Net value	118,488	118,488

5. Breakdown of financial instruments

At 31 March 2019 and 2018, the breakdown of financial instruments, according to IFRS 9, was as follows:

				2019
	Assets measured at amortised cost		Others not covered by IFRS9	Total
Non-current assets				
Other non-current assets (note 8)	17,957,332	17,957,332	194,000,273	211,957,605
	17,957,332	17,957,332	194,000,273	211,957,605
Current assets				
Income tax receivable	-	-	650,600	650,600
Other trade debtors (note 10)	360,192	360,192	73,476	433,668
Other current assets	71,047	71,047	67,998	139,045
Cash and cash equivalents (note 11)	215,936,124	215,936,124	-	215,936,124
	216,367,363	216,367,363	792,074	217,159,437

				2018
	Assets measured at amortised cost		Others not covered by IFRS9	Total
Non-current assets				
Other non-current assets (note 8)	13,794,287	13,794,287	215,003,094	228,797,381
	13,794,287	13,794,287	215,003,094	228,797,381
Current assets				
Income tax receivable	-	-	739,001	739,001
Other trade debtors (note 10)	439,375	439,375	85,491	524,866
Other current assets	391,860	391,860	62,350	454,210
Cash and cash equivalents (note 11)	199,011,870	199,011,870	<u> </u>	199,011,870
	199,843,105	199,843,105	886,842	200,729,947

			2019
Liabilities recorded at amortised cost	Total financial liabilities	Others not covered by IFRS 9	Total
69,583	69583	-	69,583
0	-	216,900	216,900
69,583	69,583	216,900	286,483
0	-	22,255	22,255
1,171,163	1,171,163	87,819	1,258,982
20,129	20,129	-	20,129
349,289	349,289	235,954	585,243
1,540,581	1,540,581	346,028	1,886,609
l	amortised cost 69,583 0 69,583 0 1,171,163 20,129 349,289	amortised cost liabilities 69,583 69583 0 - 69,583 69,583 0 - 1,171,163 1,171,163 20,129 20,129 349,289 349,289	amortised cost liabilities by IFRS 9 69,583 69583 - 0 - 216,900 69,583 69,583 216,900 0 - 22,255 1,171,163 1,171,163 87,819 20,129 20,129 - 349,289 349,289 235,954

				2018
	Liabilities recorded at amortised cost			Total
Non-current liabilities Other non-current financial liabilities (note 16) (restated) Other non-current liabilities	89,712 -	89,712 -	- 261.213	89,712 261,213
	89,712	89,712	261,213	350,925
Current liabilities				
Other creditors (note 17)	1,081,695	1,081,695	56,904	1,138,599
Other current financial liabilities (note 16) (restated)	30,409	30,409	-	30,409
Other current liabilities	438,072	438,072	198,690	636,762
	1,550,176	1,550,176	255,594	1,805,770

Considering the nature of the balances, the amounts to be paid and received to/from 'State and other Public Entities' as well as the specialised costs with the action plan, given its nature, were considered as financial instruments not covered by IFRS 9. On the other hand, the deferred costs/profits recorded in the caption other current and non-current assets and liabilities, were considered as non-financial instruments.

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.

6. Investments in Group companies

At 31 March 2019 and 2018, this caption included the following investments in Group companies was as follows:

Company	2019	2018
Sonae Investment Management - Software and Technology, SGPS, S.A. ("Sonae IM")	52,241,587	52,241,587
Público - Comunicação Social S.A. ('Público')	32,537,204	23,305,000
PCJ - Público Comunicação e Jornalismo S.A. ('PCJ')	17,690,000	15,690,000
Sonaecom - Serviços Partilhados S.A. ('Sonaecom SP')	4,050,000	2,050,000
	106,518,791	93,286,587
Impairment losses (note 15)	(42,556,015)	(36,564,929)
Total investments in Group companies	63,962,776	56,721,658

The changes that occurred in investments in this caption during the periods ended at 31 March 2019 and 2018 were as follows:

Company	Balance at 31 December 2018	Additions	Disposals	Balance at 31 March 2019
Sonae IM	52,241,587	-	-	52,241,587
Público	32,537,204	-	-	32,537,204
PCJ	17,690,000	-	-	17,690,000
Sonaecom SP	4,050,000	<u> </u>	<u>-</u>	4,050,000
	106,518,791	-	-	106,518,791
Impairment losses (note 15)	(42,211,754)	(545,563)	201,302	(42,556,015)
Total investments in Group companies	64,307,037	(545,563)	201,302	63,962,776

Company	Balance at 31 December 2017	Additions	Disposals	Balance at 31 March 2018
Sonae IM	52,241,587	-	-	52,241,587
PCJ	15,690,000	-	-	15,690,000
Público	23,305,000	-	-	23,305,000
Sonaecom Sp	2,050,000			2,050,000
	87,286,587	-	-	93,286,587
Impairment losses (note 15)	(35,015,000)	(1,549,929)	-	(36,564,929)
Total investments in Group companies	52,291,587	(1,549,929)	-	56,721,658

In the period ended 31 March 2019, the amount of EUR 545,563 of increases corresponds to the impairment of financial investments in Público. The amount of EUR 201,302 of disposals is related to the reversal of impairment in PCJ (note 15).

In the period ended 31 March 2018, the amount of EUR 1,549,929 of increases corresponds to the impairment of financial investments in Público (note 15).

At 31 March 2019 and 2018, the main financial information regarding the subsidiaries and jointly controlled directly owned by the company is as follows (values in accordance with IFRS standards):

(Amounts expressed in thounsand Euro)				2019			2018
Company	Head office	% holding	Shareholders' funds	Net profit / (loss)	% holding	Shareholders' funds	Net profit / (loss)
ZOPT (a) (note 7)*	Matosinhos	50%	2,336,999	37,630	50%	2,412,514	31,849
Sonae IM	Maia	100%	146,328	1,605	100%	119,401	(355)
PCJ	Maia	100%	4,283	16	100%	1,815	35
Sonaecom SP	Maia	100%	4,836	201	100%	2,316	40
Público	Maia	100%	2,339	(675)	100%	1,174	(894)

⁽a) Consolidated Financial Statements

The measurement of the existence or not of impairment of the main amounts of interests in group companies recorded in the accompanying financial statements is made taking into account the cash generating units, based on the last business plans approved by the Group's Board of Directors made on an annual basis unless there are indications of impairment, which are prepared using cash flows projected for periods of 5 years.

At 31 March 2019 and 2018, the assumptions used are based on the subsidiaries' various businesses and the growth in the various geographic areas where the subsidiaries operates:

2019		Media			
Assumptions	Telecomunications	Retail	Cybersecurity	Others	
Basis of recoverable amount	Value in use	Value in use	Value in use	Value in use	Value in use
Discount rate	6.25%-17%	10.5%	6.75%- 11,25%	7.0%-13.75%	7.0%
Growth rate in perpetuity	2.0%	3.0%	3.0%	1.0%-2.0%	0.0%

^{*} At 31 March 2019, the market capitalization of NOS amounted to 2,936 million euros.

2018		Media			
Assumptions	Telecomunications	Retail	Cybersecurity	Others	
Basis of recoverable amount	Value in use	Value in use	Value in use	Value in use	Value in use
Discount rate	6,75%-16,75%	10.5%	7,5%- 10,75%	9%-13,5%	8.5%
Growth rate in perpetuity	1.0%	3.0%	3.0%	1,0%-2,0%	0.0%

The average growth rate considered for the 5-year turnover was 6.3% for the Technologies sector. For the Media sector, the average growth rate of the considered volume was about 2.6%. The discount rates used are based on the weighted average capital costs estimated based on the segments and geographies where the companies are included. In Europe, discount rates are used between 6.25% and 10.5%, in Asia 10.25%, in Latin America rates are used between 11.25% and 13.75% and in Africa 17%.

The analysis 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 2019, beyond registered in the income statement (note 15).

At 31 March 2019 it was presumed that the assumptions used in the impairment tests at 31 December 2018 did not have significant changes, and such there would not be any additional impairment.

7. Investments in companies jointly controlled

At 31 March 2019 and 2018, this caption included the following investments in companies jointly controlled and was as follows:

Company	2019	2018
ZOPT SGPS S.A. ('ZOPT')	597,666,944	597,666,944

The changes that occurred in this caption during the periods ended at 31 March 2019 and 2018 were as follows:

Company	Balance at 31 December 2018	Additions	Disposals	Transfers	Balance at 31 March 2019
ZOPT	597,666,944	-	-	-	597,666,944
Company	Balance at 31 December 2017	Additions	Disposals	Transfers	Balance at 31 March 2018
ZOPT	597,666,944	-	-	-	597,666,944

ZOPT is a joint venture of Sonaecom, Kento Holding Limited and Unitel International Holdings BV, created for as a holding for participation in NOS SGPS, SA ("NOS"). At the period at 31 March 2019 ZOPT held 52.15% of participation in NOS.

The recoverable amount of this asset and its associates and the average valuation made by external analysts (researches) was about 5% above its book value, and the existence or not of impairment was determined taking into account various information such as the business plan approved by the Board of Directors of NOS, which presents an implicit average growth rate of the operating margin of 4%.

	NOS SGPS
Assumptions	
Basis of recoverable amount	Value in use
Discount rate	7.2%
Growth rate in perpetuity	1.3%

The consolidated financial statements of ZOPT have a significant exposure to the African market, particularly through financial holdings that Group holds in associated companies operating in the Angolan and Mozambican markets, which are engaged in providing satellite and fiber television services. The net book value of the associates in the financial statements of ZOPT at 31 March 2019 amounts to approximately Euro 100 million.

At 31 March 2019 it was understood that the assumptions made in the impairment tests carried out in 2018 did not change significantly.

8. Other non-current assets

At 31 March 2019 and 2018, this caption can be decomposed as follows:

	2019	2018
Financial assets		
Medium and long-term loans granted to group companies and joint-ventures:		
Sonae IM	17,735,000	22,555,000
PCJ	-	70,000
	17,735,000	22,625,000
Supplementary capital:		
Zopt	115,000,000	115,000,000
Sonae IM	79,000,273	89,913,093
Público	2,007,796	7,240,000
PCJ	2,850,000	2,850,000
	198,858,069	215,003,093
	216,593,069	237,628,093
Accumulated impairment losses (note 15)	(4,857,796)	(9,046,994)
Others	222,332	216,282
	211,957,605	228,797,381

During the periods ended at 31 March 2019 and 2018, the movements that occurred under the caption 'Medium and long-term loans granted' to Group companies and companies jointly controlled were as follows:

				2019
Company Sonae IM	Opening balance 25,875,000	Increases	Decreases (8,140,000)	Closing balance 17,735,000
	25,875,000	-	(8,140,000)	17,735,000
				2018
Company	Opening balance	Increases	Decreases	
Sonae IM	32,025,000	Increases -	Decreases (9,470,000)	Closing balance 22,555,000
				Closing balance

In the period ended at 31 March 2019, the value of EUR 8,140,000 of decreases in Sonae IM corresponds to the loan repayment.

In the period ended on 31 March 2018 the amount of Euro 9,470,000 of decreases in Sonae IM correspond to the loan repayment.

During the periods ended at 31 March 2019 and 2018, the movements in the caption 'Supplementary Capital' were as follows:

				2019
Company	Opening balance	Increases	Decreases	Closing balance
ZOPT	115,000,000	-	-	115,000,000
Sonae IM	74,304,228	6,696,045	(2,000,000)	79,000,273
Público	2,007,796	-	-	2,007,796
PCJ	2,850,000	-	-	2,850,000
	194,162,024	6,696,045	(2,000,000)	198,858,069

				2018
Company	Opening balance	Increases	Decreases	Closing balance
ZOPT	115,000,000	-	-	115,000,000
Sonae IM	88,536,618	1,376,475	-	89,913,093
Público	7,240,000	-	-	7,240,000
PCJ	2,850,000	-	-	2,850,000
	213,626,618	1,376,475	-	215,003,093

In the period ended at 31 March 2019, the amount of EUR 6,696,045 of increases in Sonae IM corresponds to the granting of supplementary capital by Sonaecom and the amount of EUR 2,000,000 correspond to the reimbursement of supplementary capital.

In the period ended at 31 March 2018 the amount of EUR 1,376,475 of increases in Sonae IM correspond to the granting of supplementary capital.

During the periods ended at 31 March 2019 and 2018, the loans granted to Group companies and companies jointly controlled earned interest at market rates with an average interest rate of 2.23%. Supplementary Capital is non-interest bearing and has no reimbursement turn.

The supplementary capital has a repayment term of more than one year, and the repayment period is not defined after one year, so no information is presented on their maturity.

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 6 and 7.

9. Deferred taxes

The changes in deferred tax assets for the periods ended at 31 March 2019 and 2018 were as follows:

	2019	2018
Opening balance	117,821	114,706
Record of deferred tax assets	4,529	9,898
Closing balance	122,350	124,604

At 31 March 2019 and 2018, 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.

At 31 March 2019, the values of deferred taxes assets not recorded were EUR 1,989,007 (generated in 2014 and available for use up to 2026). In addition, there are impairment losses in amount of EUR 47,413,812 that did not give rise to the registration of deferred tax assets, but which could be used in the case of liquidation of the companies.

In the periods ended at 31 March 2019 and 2018 the tax rate used to calculate deferred tax assets related to tax losses was 21%. In the case of temporary differences, in particular of provisions not accepted and impairment losses, the rate used in 2019 and 2018 was 22.5%.

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 2019 and 2018 is as follows:

	2019	2018
Earnings before tax	(461,486)	(1,679,348)
Tax (21%)	96,912	352,663
Autonomous taxation surcharge and correction of the tax of the previous year	(2,473)	(1,727)
Tax losses of the year without record	-	(15,182)
Temporary differences from the exercise without record deferred tax assets	(76,071)	(334,723)
Adjustments of results not tax deductible	(2,315)	(2,758)
Recorded of deferred tax assets	4,529	9,898
Income taxation recorded in the year (note 21)	20,582	8,171

The tax rate used to reconcile the tax expense and the accounting profit was 21% in the year of 2019 and 2018 because it is the standard rate of the corporate income tax in Portugal in 2019 and 2018.

The adjustments of results not tax deductible referring to 2019 and 2018 also includes adjustments that do not contribute to the formation of taxable income for the year.

Portuguese Tax administration 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. 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 registered or disclosed in the accompanying financial statements, at 31 March 2019.

10. Other current debtors

At 31 March 2019 and 2018, this caption can be detailed as follows:

	2019	2018
Trade debtors	360,192	439,375
State and other public entities	73,476	85,491
	433,668	524,866

At 31 March 2019 and 2018, the caption 'Trade debtors' included amounts receivable from various group companies, related to interest on supplies, interest on treasury applications and various services rendered. Given the nature of this heading, it is the Board Directors believes that it does not present a credit risk.

At 31 March 2019 and 2018, the caption 'State and other public entities' corresponds to value added tax in the amount of EUR 73,476 and EUR 85,491 respectively.

11. Cash and cash equivalents

At 31 March 2019 and 2018, the breakdown of cash and cash equivalents was as follows:

	2019	2018
Cash	426	520
Bank deposits repayable on demand	202,300,698	97,201,350
Treasury applications	13,635,000	101,810,000
	215,936,124	199,011,870

At 31 March 2019 and 2018, the caption 'Treasury applications' had the following breakdown:

	2019	2018
Bank applications	-	100,000,000
Sonae IM	13,635,000	1,810,000
Público	-	-
	13,635,000	101,810,000

In the periods ended at 31 March 2019 and 2018, Sonaecom entered into financial transaction contracts with Sonae and Sonae IM. In relation to these financial transactions, was registered income referred in note 22.

The treasury applications immediately available, mentioned above, are remunerated during the periods ended at 31 March 2019 and 2018, with an interest average rate of 0.26% and 0.20%, respectively.

12. Share capital

At 31 March 2019 and 2018, the share capital of Sonaecom was comprised by 311,340,037 ordinary shares registered of EUR 0.74 each. At those dates, the Shareholder structure was as follows:

		2019		2018	
	Number of shares	%	Number of shares	%	
Sontel BV	194,063,119	62.33%	194,063,119	62.33%	
Sonae SGPS	81,022,964	26.02%	81,022,964	26.02%	
Shares traded on the Portuguese Stock Exchange ('Free Float')	30,682,940	9.86%	30,682,940	9.86%	
Own shares (note 13)	5,571,014	1.79%	5,571,014	1.79%	
	311,340,037	100.00%	311,340,037	100.00%	

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

13. Own shares

During the periods ended at 31 March 2019 and 2018, Sonaecom did not acquired, 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 EUR 1.515.

14. Loans

Short-term loans and other loans

In the period ended at 31 March 2019, Sonaecom is not using a short-term credit line, although it has a bank credit line in the form of current or overdraft account commitments, in the amount of EUR 1 million. This credit line has maturities up to one year, automatically renewable, except in case of termination by either party, with some periods of notice.

The credit line bear interest at market rates, indexed to the EURIBOR of the respective term.

At 31 March 2019 and 2018, the available credit lines are as follows:

					Maturity
		Amount			More
Credit	Limit	outstanding	Amount available	Until 12 months	than 12 months
2019					
Authorised overdrafts	1,000,000	-	1,000,000	X	
	1,000,000	-	1,000,000		
2018					
Authorised overdrafts	1,000,000	-	1,000,000	X	
	1,000,000	-	1,000,000		

At 31 March 2019 and 2018, there are no financial instruments of interest rate hedging.

15. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the period ended at 31 March 2019 and 2018 were as follows:

	Opening balance	Increases	Reductions	Closing balance
2019				
Accumulated impairment losses on investments in Group companies (notes 6 and 19)	42,211,754	545,563	(201,301)	42,556,015
Accumulated impairment losses on other non-current assets (notes 8 and 19)	4,857,796	-	-	4,857,796
Provisions for other liabilities and charges	349,979	<u>-</u>	(83,284)	266,695
	47,419,529	545,563	(284,585)	47,680,507
2018				
Accumulated impairment losses on investments in Group companies (notes 6 and 19)	35,015,000	1,549,929	-	36,564,929
Accumulated impairment losses on other non-current assets (notes 8 and 19)	9,046,994	=	-	9,046,994
Provisions for other liabilities and charges	269,665	-	-	269,665
	44,331,659	1,549,929	-	45,881,588

The increases in provisions and impairment losses are registered 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 under the caption "Gains and losses on Group companies" (note 19).

At 31 March 2019 and 2018, the changes in the caption 'Accumulated impairment losses on investments in Group companies' corresponds to an increase and a reduction in the impairment of financial investments in Público and PCJ, respectively (nota 6).

16. Other current financial liabilities

The commitments assumed, at 31 March 2019 and 2018, under financial lease agreements are as follows:

	2019		21 (restat	
		Update of		Update of
	Leasing payments	leasing payments	Leasing payments	leasing payments
2018			25,569	22,694
2019	22,135	20,129	30,657	27,843
2020	26,064	24,154	26,065	24,155
2021	22,585	21,421	22,585	21,421
2022	22,585	22,131	22,585	22,131
2023	1,882	1,877	1,882	1,877
	95,251	89,712	129,343	120,121
Interest	(5,539)	-	(9,222)	-
	89,712	89,712	120,121	120,121
Shor-term	-	(20,129)	-	(30,409)
	89,712	69,583	120,121	89,712

17. Other creditors

At 31 March 2019 and 2018, this caption was detailed as follows:

	2019	2018
Other creditors	1,171,163	1,081,695
State and other public entities	87,819	56,904
	1,258,982	1,138,599

At 31 March 2019 and 2018, the caption "State and other public entities" were detailed as follows:

	2019	2018
Social security contributions	14,902	17,325
Personal income tax	72,917	39,579
	87,819	56,904

18. External supplies and services

At 31 March 2019 and 2018, this caption was detailed as follows:

	2019	2018 (restated)
Specialised work	107,982	77,416
Travel and accommodation	36,776	31,110
Insurance	12,018	12,514
Communications	6,607	11,269
Other external supplies and services	18,493	23,696
	181,876	156,005

19. Gains and losses related to investments

At 31 March 2019 and 2018, these captions 'Gains and losses on investments in group companies and jointly controlled' and 'Gains and losses on investments recorded at fair value through profit or loss' were detailed as follows:

	2019	2018
Gains and losses on investments in Group companies and companies jointey controlled	(5, 5, 5, 5, 7)	<i>(</i>)
Losses related to Group companies (notes 6 and 15)	(545,563)	(1,549,929)
Gains related to Group companies (note 6 and 15)	201,301	
	(344,262)	(1,549,929)

At 31 March 2019 and 2018, losses on the Group companies include the reinforcement e reduction of impairment losses on investments in Público and PCJ, respectively.

20. Financial results

The financial results for the periods ended at 31 March 2019 and 2018 are detailed as follows ((costs)/gains):

	2019	2018 (restated)
Other financial expenses		
Interest expenses	(809)	(818)
Foreign currency exchange losses	(31)	(223)
Other financial expenses	(18,109)	(21,536)
	(18,949)	(22,577)
Other financial income		
Interest income (note 22)	243,442	242,283
Foreign currency exchange gains	218	105
Other financial income	8,918	
	252,578	242,388

21. Income Taxation

Income taxes recognised during the periods ended at 31 March 2019 and 2018 were detailed as follows ((costs) / gains):

	2019	2018
Current tax	16,053	(1,727)
Deferred tax assets (note 9)	4,529	9,898
Closing balance	20,582	8,171

22. Related parties

During the periods ended at 31 March 2019 and 2018, the most significant balances and transactions with related parties were as follows:

						Balances at 31 March 2019
	Accounts receivable	Accounts payable	Treasury applications			Loans granted
	(note 10)	(note 17)	(note 11)	Other assets	Other liabilities	(note 8)
Parent Company	356,166	238,949	-	220,522	20,936	-
Companies jointly controlled	13,869	-	-		-	-
Associated companies	-	-	-		-	-
Others related parties	-	79,378	-	55,127	1,262	-
Subsidiaries	-	746,897	13,635,000	56,152	-	17,735,000
	370,035	1,065,224	13,635,000	331,801	22,198	17,735,000

						Balances at 31 March 2018
	Accounts receivable	Accounts payable	Treasury applications			Loans granted
	(note 10)	(note 17)	(note 11)	Other assets	Other liabilities	(note 8)
Parent Company	-	87,530	-	215,557	23,262	-
Companies jointly controlled	13,869	8,333	-	-	-	-
Others related parties	23,575	27,362	-	332,775	-	-
Subsidiaries	396,988	900,013	1,810,000	55,408	1,926	22,625,000
	434,432	1,023,239	1,810,000	603,739	25,188	22,625,000

				Transactions at 31 March 2019
	Sales and services	Supplies and services	Interest and similar	Supplementary
	rendered	received (note 18)	income (note 20)	income
Parent Company	-	50,000	92,821	-
Companies jointly controlled	-	-	-	-
Others related parties	-	47,530	-	-
Subsidiaries	89,769	45,449	150,286	508
	89,769	142,979	243,107	508

				Transactions at 31 March 2018
	Sales and services	Supplies and services	Interest and similar	Supplementary
	rendered	received (note 18)	income (note 20)	income
Parent Company	-	-	70,881	-
Companies jointly controlled	=	6,775	=	=
Others related parties	-	20,993	-	4,950
Subsidiaries	142,048	35,425	165,336	565
	142,048	63,193	236,218	5,515

All the above transactions were made at market prices.

Both accounts receivable and payable with related companies will be settled in cash and have no guarantees attached.

23. Guarantees provided to third parties

Guarantees provided to third parties at 31 March 2019 and 2018 were as follows:

Beneficiary	Description	2019	2018
Direção de Contribuições e Impostos (Portuguese tax authorities)	Additional tax assessments (Stamp and Income tax)	2,311,861	2,311,861
		2,311,861	2,311,861

In addition to these guarantees were set up sureties for the current fiscal processes. Sonae SGPS consisted of Sonaecom surety to the amount of 28,111,899 EUR and Sonaecom consisted of Público for the amount of EUR 564,900.

At 31 March 2019, 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.

At 31 March 2019 and 2018, the contingencies for which guarantees, and sureties were considered as remote.

24. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the net income of the year (EUR 440,904 negative in 2019 and EUR 1,671,177 negative in 2018) by the average number of shares outstanding during the periods ended at 31 March 2019 and 2018, net of own shares (305,769,023 in 2019 and 2018).

25. 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 share plans been converted into Sonae shares. The exercise of the rights occurs three years after their attribution, provided that the employee stays in the Company during this period.

Therefore, the outstanding plans at 31 March 2019 are as follows:

			Vesting period		31 March 2019
	Share price 29 March 2019		Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares		/ Ward date	resting date	paradiparan	
2015 Plan	0.922	mar/16	mar/19	4	258,524
2016 Plan	0.922	mar/17	mar/20	2	245,526
2017 Plan	0.922	mar/18	mar/21	2	204,925
2018 Plan	0.922	mar/19	mar/22	2	275,988

During the period ended at 31 March 2019, 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 2018:		
Unvested		708,975
Total	8	708,975
Movements in period:		
Awarded	2	275,988
Outstanding at 31 March 2019:		
Unvested	10	984,963
Total	10	984,963

The responsibility for all plans was recognised under 'Other current liabilities' and 'Other non-current liabilities'.

Share plan costs are recognised in the accounts over the period between the award and the vesting date of those plans. The costs recognized for the outstanding plans and for the plan delivered in the period ended 31 March 2019 are as follows:

	Value
Costs recognised in previous periods	349,440
Costs recognised in the period	103,414
Costs of plans vested in the period	
Total cost of the plans	452,854
Recorded in 'Other current liabilities'	235,954
Recorded in 'Other non-current liabilities'	216,900

These financial statements have been approved by the Board of Directors and authorized for issue at 13 May 2019, however subject by the Shareholders' General Meeting.

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.

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 HARROUR

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that are not historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, the telecommunications industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors, analysts and, generally, the recipients of this document are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

Report available on Sonaecom's corporate website

www.sonae.com

Investor Relations Contact

Investor.relations@sonae.com

Tlf: +351 22 013 23 49