ANNUAL REPORT & ACCOUNTS 2016

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MANAGEMENT REPORT

1. MACROECONOMIC BACKGROUND

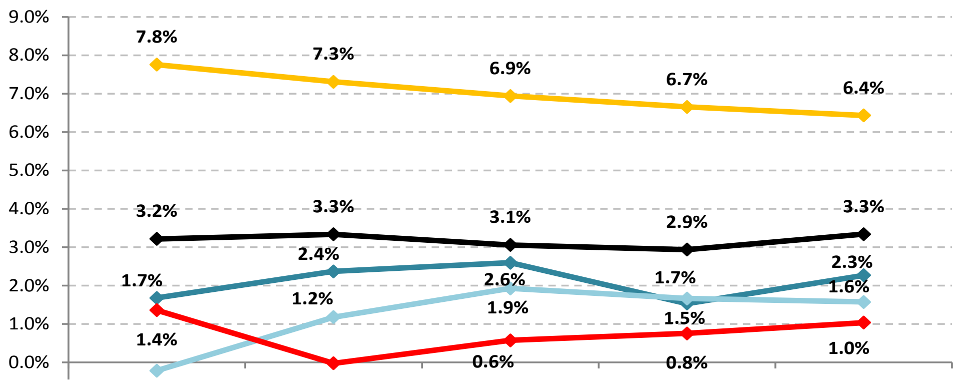
1.1. GLOBAL ENVIRONMENT

The year of 2016 was marked by diverse events, in particular the recovery of the price of oil after signs that the Organisation of the Petroleum Exporting Countries (OPEC) could restrict production, the rise in the principal world stock exchanges, especially the North American which warmly received the election of the new administration of the country and the increase of reference rates promoted by the Federal Reserve (FED) at the end of the year, the temporary refuge of investors in gold in view of the low rates of return of other assets, and the slowdown of the Chinese economy. Interest rates remained at very low or even negative levels in the developed economies, and were reduced significantly in the emerging economies, aimed at encouraging consumption and investment. At a political level, there has been a growing trend in various countries of the electorate shifting their preference towards unconventional candidates who are not linked to the traditional party systems.

According to the OECD, world Gross Domestic Product (GDP) grew by 2.9%, thus reflecting, and for the second consecutive year, a slight deceleration of the world economy. This is actually the lowest growth of the decade and is likely to have been largely the result of the slowdown of the Chinese and North American economies.

Concerning the latter, the new administration of the USA intends, among other measures, to restore the investment in the country's production and job-creation capacity so as to double GDP growth by 2018. In this context, the forecasts for world GDP of 2017 are optimistic, with a moderate recovery of the global economy being expected, showing growth of 3.3% which should be driven by the USA and by the resumed growth of the emerging economies.

GDP Growth



Source: OECD

China recorded the lowest growth rate of the last 26 years, despite the increased public expenditure and credit granted to the economy aimed at stimulating household consumption. The forecasts point to the continued slowdown of the growth of the Chinese economy, as the Chinese government transforms domestic consumption into the main driver of growth, and taking into account that any possible protectionist measures implemented by the new administration of the USA could limit, in particular, Chinese exports.

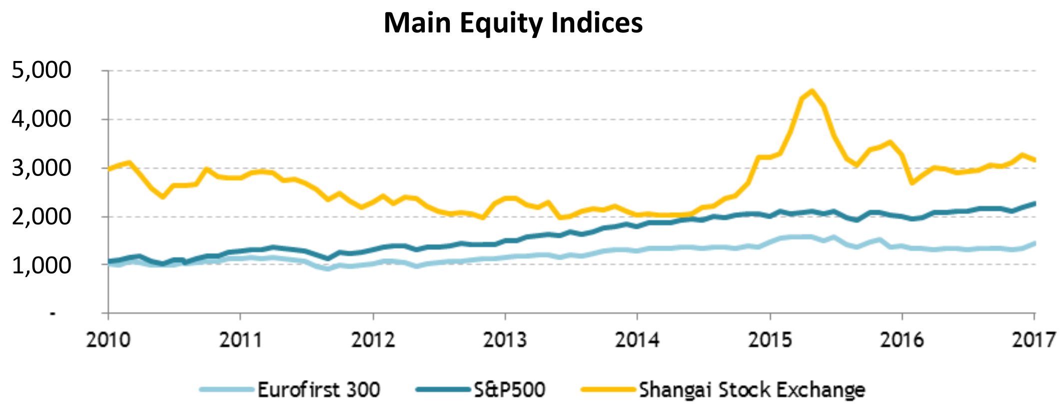
The main economies of the world continued to show significant public budget deficits in 2016, especially in the USA whose budget deficit has already surpassed 5.0% of its GDP. The Chinese budget deficit is already triple the value recorded in 2014 and, according to OECD estimates, should exceed 2.0% of GDP in 2017. Note should also be made of the Brazilian budget deficit which, for the second consecutive year, stands above 10.0% of GDP.

Public debt exacerbated during 2016, surpassing 115.0% of GDP in the USA and 230.0% in Japan. In both countries, renewed increases are expected in 2017 and 2018.

Concerning interest rates, 2016 started with a slight depreciation of the Dollar in relation to the Euro which was maintained up to May. This evolution was subsequently reversed, with an appreciation of the Dollar throughout the second semester, reaching a rate of 1.04 at the end of the year, and reflecting the possibility of the acceleration of economic growth as intended by the administration of the USA due to increased expenditure and lower taxes. This reinforces the expectations of some specialists on a new Euro-Dollar parity, which has not happened since 2002. On the other hand, the Pound continued to lose ground in relation to the Euro in 2016, as a result of the referendum which dictated the beginning of "Brexit", the process of the United Kingdom leaving the European Union.

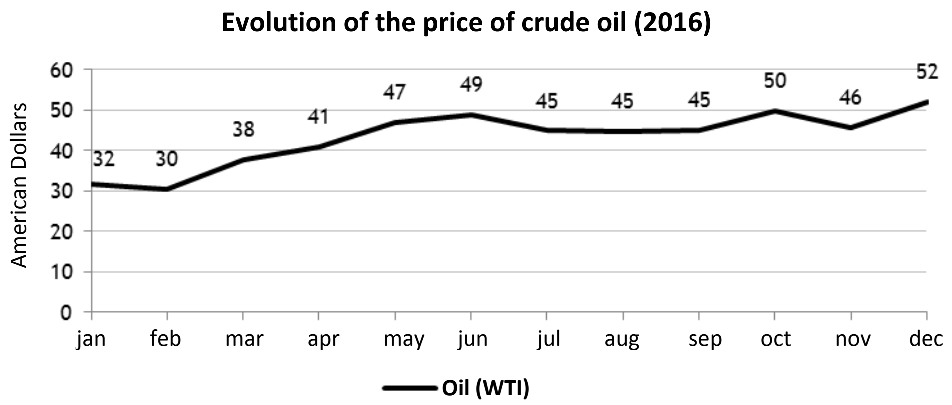
With respect to reference interest rates, the FED ended the year with a rise, already announced, of short term rates for the intervals between 0.50% and 0.75%, which was justified by the increased inflation and by the improvements observed in the domestic labour market. This was only the second time after the 2008 that the FED increased interest rates and the outlook is for new increases in 2017. This led, in combination with other factors, to USA Treasury Bond yields at 10 years to have recovered from their historic low point of the last 200 years recorded in July 2016. Also in 2016 and after long years of interest rates close to 0%, the Bank of Japan adopted negative interest rates, an unprecedented measure aimed at combating the deflation installed in this year and stimulating the economy, which was showing signs of slowdown in a scenario of the fall in the price of oil and deceleration of growth of the emerging markets. The performance of the Chinese economy, which surpassed expectations, in spite of its slowdown in relation to 2015, led the central bank of this country to issue indications that it might increase interest rates, which had been cut 6 times in 2015.

Source: Financial Times



International trade slowed down once again in 2016, with growth of merely 2.3%, below the figures recorded in 2015 and below the forecasts launched in early 2016. It is expected that 2017 should be a year of recovery, with growth that may come close to 4.0%. In the USA a slight recovery was recorded in its current account balance in 2016 to -2.5% of GDP. However, there are expectations of renewed aggravation over the next few years to close to -3.0%, which may or may not occur, according to the foreign trade policy of adopted by the country's new administration. The appreciation of the American Dollar caused a reduction of its exports, namely of vehicles, aircraft and agricultural products. However, the increased price of crude led to an increase of its imports. Japan continued to show good performance in international trade, with its current account balance having stood at close to 4.0%, a balance which is foreseen to possibly be maintained in 2017 and 2018. On the other hand, the Chinese current account balance fell to 2.4%, after 3 consecutive years of growth.

In 2016 there was a reversal in the evolution of the price of oil, with the barrel of crude having recovered from 30 American Dollars in February to 52 in December. Gold also appreciated significantly in American Dollars up to September, but ended the year on a downward path. The value of agricultural commodities appreciated throughout the entire year.



Source: Indexmundi (World Bank)

The main stock exchanges of the world showed a recovery in 2016, reacting positively to the collapse of the Chinese stock exchanges in the second semester of 2015 which spread to the other markets. Special note should be made of the North American index S&P500 which recorded historic peaks following growth above 10.0%, driven by the 25.0% gains in the energy sector and 22.0% in the financial sector.

A final note on unemployment rates which remained at 5.8% at a worldwide level. In the USA, the unemployment rate fell to below 5.0% for the first time since early 2008, while in Japan this rate approached 3.0%, the lowest value in two decades.

1.2. EURO ZONE

In 2016, according to the OECD, the GDP of the Euro Zone showed growth of 1.7%, slightly below the 1.9% recorded in 2015. This growth was driven by the strengthening of domestic markets which benefited from fairly low inflation rates and improvements in labour markets.

The growth of the main European economies was widespread, inclusively with a residual acceleration in comparison to the previous year. However, the limited growth of some Eastern economies and the Italian economy penalised the overall growth of the Euro Zone. Greece returned to show growth of its GDP, albeit only slightly above 0.0%.

The outlook for 2017 and 2018 in the Euro Zone is of the maintenance of the GDP growth rate recorded in 2016, partly sustained by the expected growth of exports following the recent devaluation of the Euro in relation to other currencies used in international trade.

The unemployment rate in 2016 decreased by almost 1 percentage point to 10.0%, having actually fallen to a 7-year minimum. The reduction was widespread among the main European economies, with Germany continuing to have the lowest unemployment rate (around 4.2%) while Greece leads the economies with most unemployment, even so, having recorded a decrease for the third consecutive year to stand at 23.5%. The unemployment rate projections for 2017 and 2018 point to renewed and generalised reductions in all the economies of the Euro Zone, which should be underpinned by the increased domestic consumption which should, in turn, boost the dynamics of the labour market in the Euro Zone.

The inflation rate of the Euro Zone remained very low but recovered to 0.2%, reversing the trend of the last 2 years and reflecting the upsurge in oil prices. Notwithstanding this, the European Central Bank (ECB) considered that the evolution of the inflation rate had not yet stabilised, which was why it decided to extend and enlarge the quantitative easing measures. However, it should be noted that deflation was a reality in countries such as Spain, Holland and Italy. In effect, the ECB adjusted the quantitative easing measures in March by increasing asset purchases from 60 billion euros to 80 billion euros per month, through the inclusion of bonds of companies based in the Euro Zone. With this measure and the launch of new long term loans, the ECB aimed to endow the banks with conditions to grant more credit to households and companies.

For 2017, OECD projections indicate that all the main economies should record inflation levels above 1.0%, which should slightly limit the purchasing power of the Europeans but not cause significant impacts on expected economic growth.

Concerning reference interest rates, the downward trend of Euribor rates was maintained to slightly more negative values than those observed in 2015. These measures of action of the ECB continue to reflect the considerable reduction of the long-term interest rates of treasury bonds of the member countries. This reduction was widespread among the main European economies in 2016, with interest rates approaching 0.0% and only Greece and Portugal showing interest rates above 3.0%. It should be noted that in Luxembourg, treasury bonds at 10 years were actually negative in 2016.

Once again, the Euro Zone showed a current account surplus which has been increasing over the last few years and that came to 4.1% in 2016, thus exceeding the historic peak achieved in 2015. This increase was undoubtedly influenced by the devaluation of the Euro against the Dollar, enabling the increase of European exports. Germany continues to show the highest current account surplus (9.2%) of the main economies of the Euro Zone, having recorded its fourth consecutive year of improvements and thus surpassing Holland whose current account balance has been falling since 2012. Spain and Italy improved their foreign trade current account balances slightly, having recorded new historic peaks. France and Greece showed current account deficits after a good performance in 2015. In the case of Greece, 2015 was actually a year when the balance showed a surplus for the first time in a very long period of time. The outlook of the OECD for the current account balance of the Euro Zone points to a stagnation of the surplus, at 4.0%.

With regard to public accounts, the scenario is more homogeneous. With the exception of Germany, the Euro Zone countries show budget deficits, although with a decreasing trend which is likely to be maintained in 2017. Particular note should be made of the significant reduction of the Greek deficit, which fell from 7.5% of GDP in 2015 to only 2.0% in 2016. Note should also be made of the case of Holland, which is expected to show a budget surplus over the next few years.

Public debt continued at around 109.0% of the GDP of the Euro Zone. Some of the main economies of the region show excessive values with a continued upward trend. On the other hand, the public debt of Germany and Holland stands at around 75.0% of GDP.

In 2016, the Euro continued to devalue against the Dollar, a trend that might continue in 2017, which would make European exports more attractive to foreign markets and draw the two currencies closer towards parity, which has not happened since 2002.

Euro Zone Key Indicators	2011	2012	2013	2014	2015	2016F	2017F	2018F
Real GDP Growth (1)	1.6%	-0.9%	-0.2%	1.2%	1.9%	1.7%	1.6%	1.7%
Inflation Rate (2)	2.7%	2.5%	1.3%	0.4%	0.0%	0.2%	1.2%	1.4%
3-month TB interest rate (3)	1.4%	0.6%	0.2%	0.2%	0.0%	0.0%	0.1%	0.0%
10-year TB interest rate (4)	4.2%	3.7%	2.9%	2.0%	1.1%	0.8%	0.6%	0.6%
Unemployment Rate (4)	10.2%	11.3%	12.0%	11.6%	10.9%	10.0%	9.5%	9.1%
Current Account (5)	0.8%	2.2%	2.8%	3.0%	3.9%	4.1%	4.0%	4.0%
Budget Deficit (6)	-4.2%	-3.6%	-3.0%	-2.6%	-2.1%	-1.8%	-1.5%	-1.3%
Public Debt (6)	93.6%	104.1%	105.3%	111.9%	109.5%	108.9%	108.1%	106.9%
EUR / USD exchange rate (3)	1.32	1.32	1.38	1.21	1.09	1.06	n.a.	n.a.

Sources: OECD
Notes: (1) Annual growth rate; (2) Annual year-on-year change; (3) Spot rate at the end of the year; (4) Average quarterly rate for each year; (5) Average quarterly rate for each year as % of GDP; (6) Accumulated at the end of each year as % of GDP

2017 should be a positive year in economic terms with the possible depreciation of the Euro boosting exports and the quantitative easing measures combined with low inflation stimulating the domestic consumption of European households. In political terms, this may be a year of some uncertainty with the holding of elections, namely in Germany and France, countries which may experience changes in view of the recent occurrences of diverse nature. The situation in Italy should also merit attention considering the warnings that have recently emerged in relation to the banking sector and the outcomes of the constitutional referendum held at the end of 2016. 2017 shall also be a year when new development of the Brexit affair may be unveiled, now that we now that the United Kingdom has decided to abandon all the institutions linked to the European Union, the so-called hard Brexit. Throughout this year, some impacts of this decision may already be felt in aspects such as trade, the circulation of people and goods and the transfer of services, namely in the financial sector, to other Continental European capitals.

1.3. PORTUGAL

The year of 2016 began with the election, on the first round, of the new President of the Republic. This was a year when some of the austerity measures were reversed, in particular by the restoration of civil service salaries, the promulgation of the Law of 35 work hours for civil servants, the recovery of various public holidays (religious and civil) and the reduction of VAT for restaurants. Even so, the reversal of the austerity also took place under the supervision of the Troika that continues attentive to the evolution of the national economic and financial situation.

The banking sector was once again a protagonist, this time through Caixa Geral de Depósitos, whose Administration resigned as a whole in the month of July, and only two months later this bank failed to pass the ECB stress tests. This failure will force the implementation of a recapitalisation plan that had already been agreed upon between the Government and the European Commission. Also in the banking sector, the process of sale of Novo Banco was not completed but, by the end of the year, the candidates had been selected for the final negotiations that the Government intends to have terminated in early 2017.

This was a year when tourism gained an even more significant prominence in the national economy. The dynamics of this sector, combined with factors such as the low attractiveness of traditional financial products, have created a strong increase of the investment in the real estate sector. Entrepreneurism was likewise a highlighted topic with the country hosting one of the largest conferences at a worldwide level on technology and innovation. The year ended with the ascension of a Portuguese national to the highest position of world diplomacy, as Secretary

General of the United Nations.

A new slowdown of the economy was recorded in Portugal in 2016, with GDP having grown by 1.4%. This growth fell rather short of that recorded in 2015 due to the negative variation of investment and the lower contribution of domestic demand, which, furthermore, had a negative impact on imports.

Exports contributed positively to GDP, although slightly below that observed in 2015 as a result of the lower volume of trade with economies outside the European Union, in particular, China and Angola.

The projections of Banco de Portugal for GDP are prudent, with its growth for 2017 estimated at 1.4%, and stabilising at 1.5% in the following years. These forecasts are substantiated by prospects of a renewed buoyancy of private consumption driven by improvements in the labour market and by the resumed rate of growth of exports and business investment.

The average inflation rate was 0.6% in 2016. The continuously upward trend observed since 2015 was maintained, with inflation standing at 0.8% in the last quarter. The projections of Banco de Portugal for 2017 point to an average inflation rate of 1.4%, in line with the projections for the Euro Zone and reflecting the effects of the expected increase of domestic consumption and exports.

According to the Government, the budget deficit of 2016 should be the lowest of the last 40 years, standing at 2.3% of GDP, corresponding to 0.2% below the target established by the European Commission for activation of the exit from the Excessive Deficit Procedure. The historical record of 40 years of deficit, the recording of 2.3% in 2016, still far from equilibrium, added to the considerable public debt, illustrates that the country still has a long way to go on matters of public accounts.

Despite the compliance with this target, measures such as salary restoration, the 35 work hours and the reduction of VAT for restaurants exerted pressure and even placed at risk the compliance with this target over the last quarter, the reason for which the European institutions still maintain some monitoring and supervision of the Portuguese economy.

It should also be noted with regard to this issue that the Government will postpone the process of recapitalisation of Caixa Geral de Depósitos to 2017; otherwise the deficit would be above 3.0%. For the second consecutive year, the bank rescue operations have led to the compliance or not of the Portuguese budget deficit (the Banif case in 2015 should be recalled here). The forecasts for 2017 point to a budget deficit of 1.6%.

In the third quarter of 2016 the Portuguese public debt reached a new historic peak of 133.4% of GDP, thus making it the second highest of the European Union in 2016. In the last quarter there was a significant reduction to 130.5% of GDP, even so not compliant with the target of 129.7% that the Government had forecast for 2016.

The lower than expected performance of the Portuguese economy and, above all, the continuous increase of public debt throughout 2016, conveyed a less positive image to the international markets, which was reflected in the reversal of the downward trend of the yields of Portuguese treasury bonds with 10 year maturity. Indeed, the yield of Portuguese treasury bonds with 10 year maturity at the end of the year was 3.7%, above the 2.5% of the end of 2015.

It is important to note that Portugal will seek to keep treasury bond yields below 4%, as this is the limit imposed by the DBRS financial rating agency to not lower Portugal’s rating to “junk”. This would leave the country outside the ECB’s quantitative easing programme as DBRS is the only agency that classifies Portugal above “junk”.

Regarding the credit market, 2016 was marked by a trend of stabilisation of financing conditions, following various years of reduction of spreads, which may not have fostered the appearance of new business investment projects or private consumption of households. The growth of the loan default ratio of companies was further enhanced throughout the year to 17%, renewing the historical peaks of 2015.

The current account balance continued to follow the good performance of 2015 relative to international trade. Data relative to the fourth quarter is not available but the forecasts of Banco de Portugal point to a surplus balance of 1.1% which, should it be confirmed, will surpass that of 2015. The projections for 2017 are conservative, with the trade surplus staying at 1%, after the downward revision made in mid-2016 by Banco de Portugal.

In the labour market, the downward trend of the unemployment rate continued in 2016, to stand at 10.4% at the end of the year, which had not happened since 2009. The Government's expectations point to a new reduction in 2017, thus continuing the movement towards an unemployment rate of 10.0%. These expectations are founded on the creation of new jobs derived from the foreseen recovery of business investment.

Macroeconomic Indicators Portugal	2013	2014	2015	2016 mar	2016 jun	2016 sep	2016 dec	2016F	2017F
Real GDP Growth (1)	-1.4%	1.0%	1.5%	0.9%	0.9%	1.6%	1.9%	1.4%	1.4%
Inflation Rate (2)	0.3%	-0.3%	0.5%	0.5%	0.5%	0.7%	0.8%	0.6%	1.4%
Interest Rate (10 years)(3)	6.0%	2.7%	2.5%	2.8%	3.0%	3.3%	3.7%	3.7%	n.a.
Unemployment Rate(1)	16.5%	14.1%	12.7%	12.1%	11.3%	10.9%	10.4%	11.2%	10.3%
Current Account Balance (1)	1.5%	0.1%	0.4%	0.8%	-0.7%	0.3%	n.a.	1.1%	1.0%
Budget Deficit(4)	-5.1%	-7.3%	-4.4%	-1.3%	-1.6%	-2.1%	-2.3%	-2.3%	-1.6%
Public Debt (4)	129.7%	130.2%	129.0%	128.9%	131.7%	133.4%	130.5%	130.5%	128.3%

Sources: OECD, Banco de Portugal, INE
Notes: (1) Quarterly values correspond to the monthly average of the quarter and annual values correspond to the average of the quarters; (2) Quarterly year-on-year change; (3) Spot rate of the last day of each quarter; (4) Accumulated at the end of each quarter as % of GDP

1.4. SPAIN

In Spain, the year of 2016 started with the taking of office of a provisional Government which would remain until November, at which time, after almost a year of stalemate and two general elections, an agreement was reached to form a new Government, led by Mariano Rajoy.

In 2016, Spanish GDP repeated the good performance of 2015, growing at a rate of 3.2%, double that of the Euro Zone, to levels similar to those of 2008. This growth was more marked at the beginning of the year, having waned in the second semester.

Private consumption, which accelerated in relation to 2015, due to the increased disposable income of households, continues to be the main driver of the Spanish economy. Business investment also made a significant contribution with growth that, albeit more moderate than in 2015, came close to 4.0%. It should be noted that the Business Confidence Index reached historical peaks in July 2016.

The Government's projections for GDP in 2017 are conservative, pointing to growth of 2.5%, which should reflect a decreasing contribution of private consumption and business investment against a growing contribution of exports.

After two years of a scenario of deflation in Spain, the last quarter of 2016 marked the return of price increases. Even so, the annual inflation rate stood at -0.2% which, in a context of improvement in the labour market and higher disposable income of households, benefited from the performance of private consumption in the country. The Government's projections for 2017 are fairly optimistic, indicating a positive inflation rate of 1.4%.

Spain continues to implement the necessary measures aimed at correcting its budget deficit that enabled it to leave the Excessive Deficit Procedures imposed by the European Commission to countries which surpassed the barrier of 3.0% of GDP. Although lacking final data, it is expected that the budget deficit should stand at 4.6% of GDP in 2016 which, should this be confirmed, would be the best result since 2008 and would enable Spain to comply with the target established with ECOFIN, board composed of the ministers of the economy and of finance of all the Member States of the European Union. The goals established for 2017 imply that the Spanish budget deficit should stand at 3.1% of GDP. This target will essentially be achieved by reducing the deficit of the Central Government to half but also through correction of the deficits of Social Security and the Autonomous Communities.

The public debt of the Spanish State actually surpassed 101.0% of GDP in 2016, the highest value in over 100 years, however, it should reach 99.0% at the end of the year. It should be noted that 75% of Spanish debt has medium and long term maturity. The projections for 2017 concerning public debt point to a stabilisation around 99.0%, which should be underpinned by the plan to cut Public Administration expenditure and by some various tax reforms covering measures to combat tax fraud and improve efficacy in tax collection, among others.

Despite the historic peak reached by public debt in 2016, the yields of Spanish treasury bonds at 10 years declined to reach a historic low point of 0.9% in the third quarter. However, in the last quarter they started to increase gain, having closed the year at 1.4%.

In 2017, Spain will face repayments of around 170 billion euros (15% of GDP), which is why the State foresees the issue of a total of 200 billion euros throughout the year (550 million per day). Even so, this will be the lowest value of debt issued since 2012.

Concerning international trade, Spain managed to maintain the growth of the current account balance in 2016, which should show a surplus close to 2.0%, although data up to the end of the year data is not yet available. The foreign trade balance thus stands at the highest levels of the last few years, and it is estimated that exports may grow by 6% in 2017, driven by the motor vehicle sector.

The year of 2016 showed a new reduction of unemployment in Spain, to a large extent sustained by the tourism sector. The average unemployment rate of the year was 19.6%, while in the last quarter it was 18.7%. This is the low unemployment rate in Spain since 2009 and the Spanish Government foresees that 2017 will bring in new reductions, lowering it to 17.6%.

Macroeconomic Indicators Spain	2013	2014	2015	2016 mar	2016 jun	2016 sep	2016 dec	2016F	2017F
Real GDP Growth (1)	-1.2%	1.4%	3.2%	3.4%	3.4%	3.2%	3.0%	3.3%	2.5%
Inflation Rate (2)	1.4%	-0.2%	-0.5%	-0.7%	-0.9%	-0.2%	1.0%	-0.2%	1.4%
Interest Rate (10 years)(3)	4.2%	1.7%	1.8%	1.4%	1.2%	0.9%	1.4%	1.4%	n.a.
Unemployment Rate	26.1%	24.5%	22.1%	20.5%	20.1%	19.3%	18.7%	19.6%	17.6%
Current Account Balance(1)	1.5%	1.1%	1.4%	1.8%	2.1%	1.8%	n.a.	n.a.	n.a.
Budget Deficit (4)	-6.9%	-5.9%	-5.1%	-0.7%	-3.0%	-2.8%	n.a.	-4.6%	-.1%
Public Debt (4)	93.7%	99.3%	99.2%	101.1%	101.0%	100.3%	99.0%	99.0%	99.0%

Sources: OECD, Banco de España

Notes: (1) Quarterly values correspond to the monthly average of the quarter and annual values correspond to the average of the quarters; (2) Quarterly year-on-year change; (3) Spot rate of the last day of each quarter; (4) Accumulated at the end of each quarter as % of GDP

2. SECTORAL REVIEW

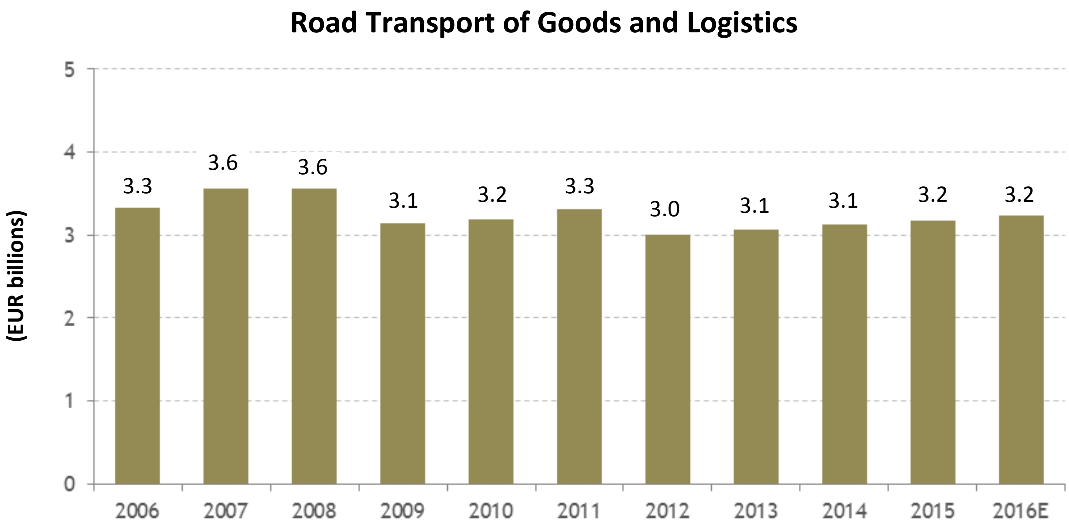
2.1. THE ROAD TRANSPORT OF GOODS AND LOGISTICS SECTOR

2.1.1. PORTUGAL

The market providing Road Transport of Goods and Logistics services in Portugal grew by 1.6% in 2016 to 3,230 million euros, showing a deceleration in relation to the increase of 2015.

The Road Transport of Goods is the predominant sector accounting for about 85% of this business. This sector grew by 1.5% in 2016, benefiting from the recovery of the national economy, namely via the dynamics created by international trade, in particular by exports but also the increased price of oil.

Logistics accounts for about 42% of the business, having grown by 2.0% in 2016, also slightly below the growth recorded in 2015. This is the sector with strongest potential growth due to being a service of greater added value, with higher innovation indices and with better prospects of increasing its penetration rate among producers who still have in-house logistics operations.

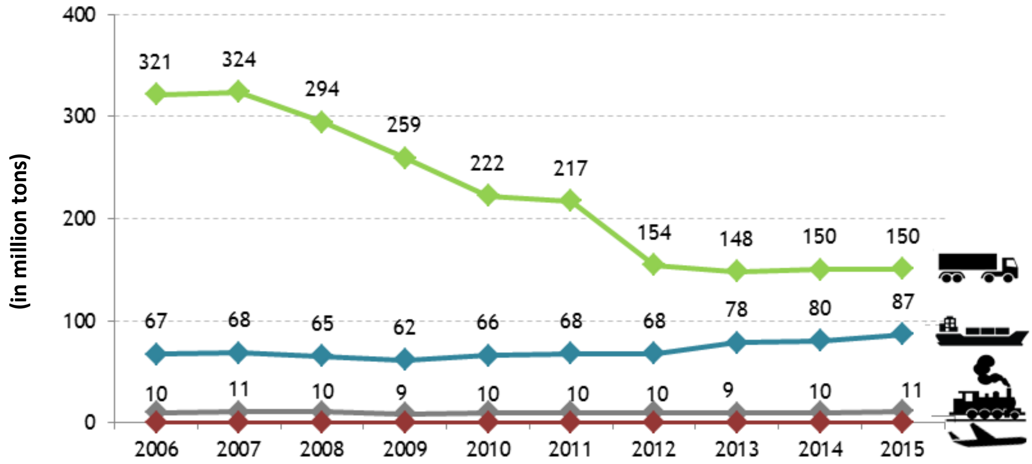


Source: DBK

Although they are different services, it makes sense to analyse the Road Transport of Goods and Logistics together as many operators offer both services. There are, however, companies specialised exclusively in the Transport, specialised in segments such as international transport, bulk, motor vehicle, among others, and others specialised only in Logistics.

The volume of goods moved in Portugal by all forms of transport grew by 3.3% in 2015, the year with the most recent public information. Road transport remains the most common form of transport of goods in the country, representing more than 60% of flows. Maritime transport moved over 8.3% of goods in 2014, which now accounts for 35% of the total flows in Portugal. The port of Sines grew by 17.0% and was primarily responsible for the new dynamics of the national port sector, although 2015 was also a record year in Porto and Aveiro.

Transport of goods by mode

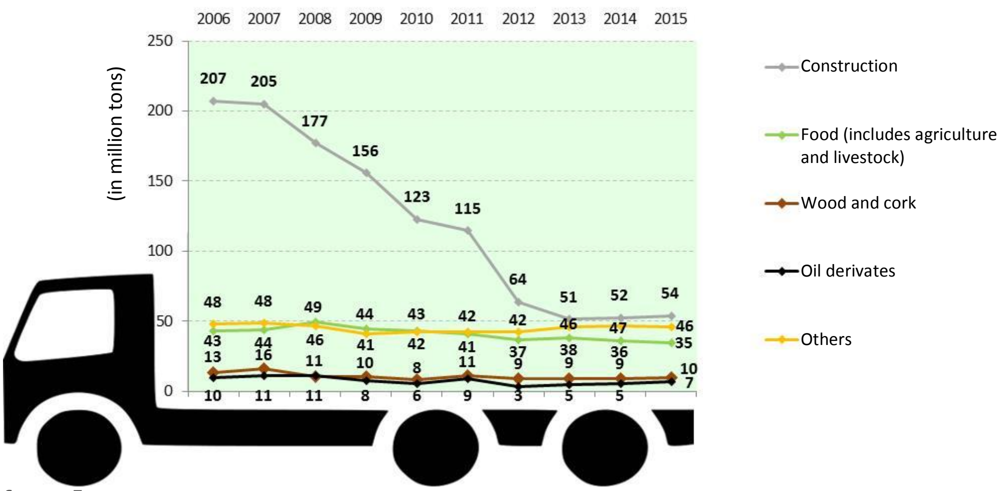


Source: Eurostat

Rail transport, which accounts for 4% of flows, grew by 8.1%, maintaining the good performance of 2014. Air transport continues to remain a residual activity in the transport of goods in Portugal.

2015 was the second consecutive year showing a recovery of the tonnes transported for the construction segment (+2.7%), which represents 36% of the total market in Portugal. The main leverage of growth was, however, the oil derivatives segment which, in spite of only representing 6% of the total, recorded very significant growth of 28.8% in relation to 2014. A positive reference should also be made of the wood and cork segment with growth of 3.5%. On the other hand, the food segment, which accounts for 23% of the total, decreased by 4.1% in terms of transported cargo.

Road transport by type of goods



Source: Eurostat

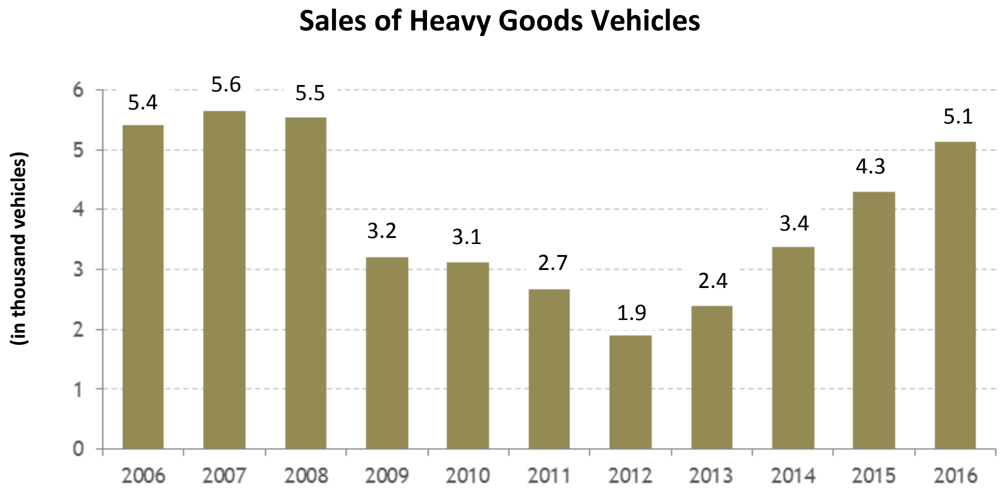
The Portuguese business climate for the Road Transport of Goods continues its trend towards consolidation, in line with other European markets. In 2015, it was composed of around 7,700 companies, corresponding to around 250 companies or 3% less than the total of 2014. In terms of business concentration, the 10 largest companies of the sector in Portugal continued to represent only 26% of the total market in 2015, which illustrates the strong dispersion of this sector.

Focusing on the 60 largest companies of the Road Transport of Goods sector, we find that in 2015 (most recent data available) these companies grew by 3.4%, below the 5.1% recorded in 2014.

Sector margins continue to show a modest upward trend, with the 60 largest companies having increased their average operating profitability (EBIT) to 3.3% of turnover in 2015. The sector has companies with good financial performance. In spite of having different specialisations, these companies share some common features, in particular being national and being most focused on the transport business.

There are 4 multinational companies in the Top 10 of the sector in 2015, two of which are integrated in groups of companies controlled by the Governments of their countries. In general, these companies show lower profitability levels than the national companies.

Sales of heavy goods vehicles grew more than 19.0% in 2016, thus maintaining the strong evolution observed since 2012 and moving closer to the sales levels of 2008.



Source: ACAP

The events with impact on the sector in 2016 included, in particular, the 20% scaling-up of corporate income tax granted to Transport companies to neutralise the effect of the increased tax on petroleum products (ISP) (only for supplies on national territory) and the implementation of the pilot project relative to the professional diesel regime at specific frontiers service stations and, subsequently, its extension to the entire country.

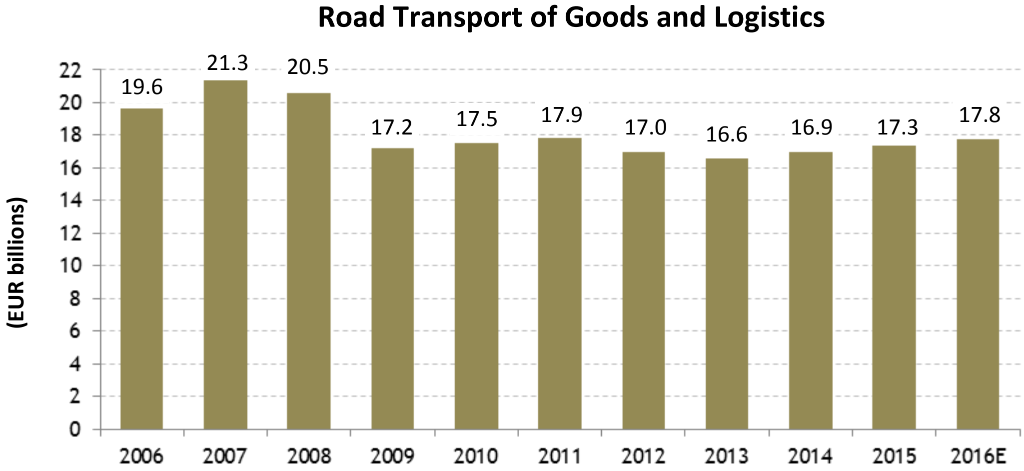
For 2017, it is expected that the country’s economic recovery will boost the sector’s activity which should, also in that year, become more updated by following some of the more important technological evolutions that are transforming the transport of goods.

2.1.2. SPAIN

The Road Transport of Goods and Logistics services sector in Spain showed a slight acceleration in 2016 compared to 2015, having grown by 2.4% to approximately 17.8 billion euros.

The Road Transport of Goods represents 77% of the business and it is estimated that it growth reached 2.2% in 2016, corresponding to a better performance than in 2015, when the sector grew by 1.9%.

Logistics, whose weight has been progressively increasing, already accounts for 23% of the business after showing 4.0% growth in 2016, consolidating the solid performance of 2015. This is the sector with strongest potential growth due to being a service of greater added value, with higher innovation indices and with better prospects of increasing its penetration rate among producers who still have in-house logistics operations.

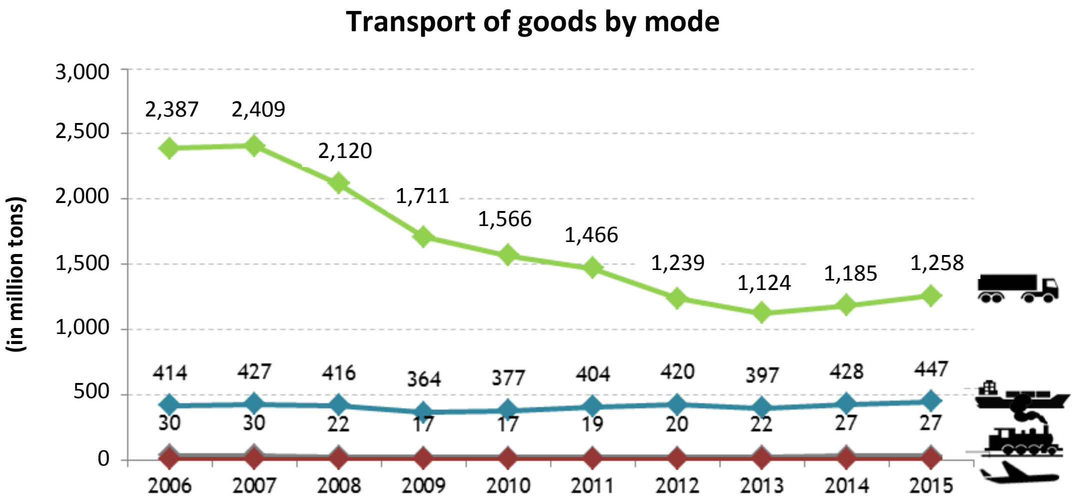


Source: DBK

Although they are different services, the Road Transport of Goods and Logistics are very often analysed together as many operators offer both services. There are, however, companies specialised exclusively in the Transport, specialised in segments such as international transport, bulk, motor vehicle, among others, and others specialised only in Logistics.

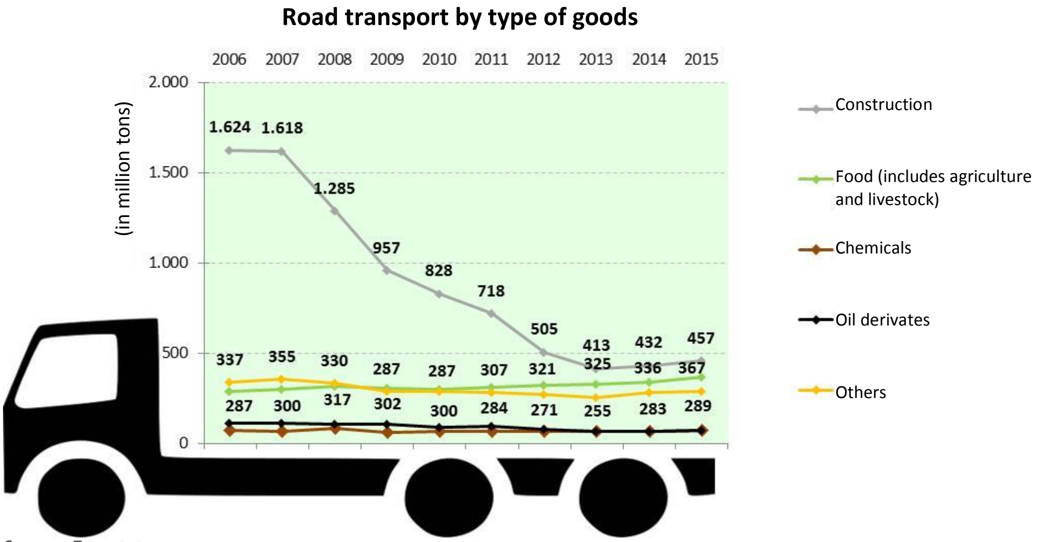
The volume of goods moved in Spain by all forms of transport grew by 5.6% in 2015, a little below the 6.2% recorded in 2014.

Road transport continues to be the primary mode of circulation of goods, with 73% of the total transported cargo, and was the main driver of overall growth with an increase of 6.2%, improving on the growth of 5.3% observed in 2014. Maritime transport interrupted a series of 10 years in which it had been gradually becoming more prominent due to its growth of only 4.5%, much below the 7.6% of 2014. This currently represents 26% of the total transported cargo. Highlighted for its negative performance, rail transport fell by 1.9%. Air transport continues to remain a residual activity in the transport of goods, similarly to the case in Portugal. In this context, the transfer of transported cargo to road transport occurred in 2016.



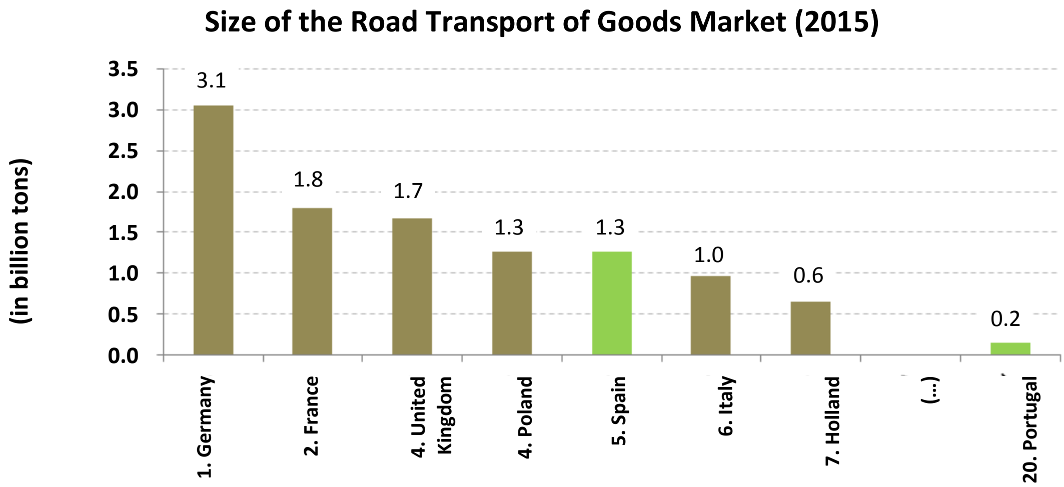
Source: Eurostat

As happened in Portugal, also in Spain, for the second consecutive year, there was a recovery of the tonnes transported for the construction segment (+5.8%). This segment is the most important with 36% of the total market. The main leverage of growth was, however, the food segment, the second most important in terms of transported cargo, which recorded very significant growth of 9.2% in relation to 2014. A positive reference also to the chemical and petroleum derivative segments with growth of 7.5% and 10.6%, respectively. Both sectors account for approximately 6% of the total. Only the machinery and electronic equipment segments showed a relevant decrease, having fallen by 10.5% in relation to 2014.



Source: Eurostat

Spain continues to be the 5th largest market of the Euro Zone in terms of Road Transport of Goods, with 1.3 billion tons transported annually.



Source: Eurostat

According to the most recent data, the 10 largest companies of the sector in Spain may represent only 18% of the total market, which illustrates the strong dispersion of the Road Transport of Goods. In 2015, there were about 104,000 companies of Road Transport of Goods in Spain.

Concentrating the analysis on the 60 largest companies of the sector, we find there was very significant growth in 2015 (most recent information) of around 12.0%, approximately double that observed in 2014. The estimation of this growth does not exclude the effect created by the dynamics of mergers and acquisitions in Spain, with multinationals having led major business concentration operations in 2015 (examples being the acquisition of Logiters by ID Logistics, of SLi-UTi by DSV, and of Wallenius Wilhelmsen and Sintax by the CAT Group).

Sector margins continue to show an upward trend, with the 60 largest companies having increased their average operating profitability (EBIT) from 3.2% of turnover in 2014 to 4.0% of turnover in 2015. Debt levels continue to decline, maintaining the trend of the previous year.

In Spain there is an even more pronounced presence of multinational companies in these sectors than in Portugal. Indeed, among the top ten companies, six are held by international groups, and of these, two are integrated in groups of public companies controlled by the Governments of their countries.

In 2016, the number of new registrations (license plates) of industrial vehicles in the country increased by 11% to over 25 thousand units, consolidating the sales recovery to pre-crisis levels.

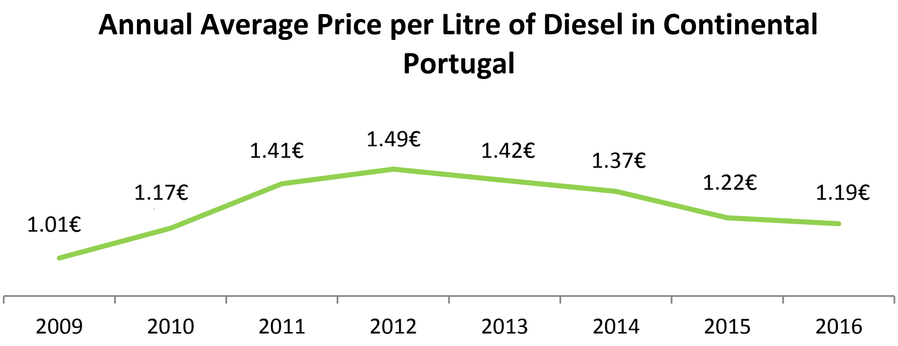
The relevant events for the sector in 2016 include, in particular, the approval of the procedure for authorisation of circulation of mega-trucks, the increased circulation of East European transport operators in Spain which took the topic of transnational unfair competition to Congress and the possibility of access to the road transport market being restricted to companies with a minimum fleet of 3 vehicles.

For 2017, it is expected that e-commerce and the fruit and vegetable sector should continue to drive the internal and external growth, respectively, of Spanish transport and logistics operators.

2.2. RENTAL, SALE, MAINTENANCE AND REPAIR OF HEAVY VEHICLES

This activity sector focuses on transport and logistics operators, involving the marketing of products and services related to the heavy vehicle market, with particular emphasis on the tractor, truck and semi-trailer segment.

The road transport of goods sector, of crucial importance for this activity, due to depending on it, in spite of the difficulties that it has faced due to the contraction of the market and the pressure of increased production costs of the transport activity, has experienced a gradual improvement, as a consequence of the decreased cost of fuel and the gradual recovery of economic growth and of the confidence of economic agents.



Source: www.maisgasolina.com/estatisticas-dos-combustiveis

Since 2013 there has been a higher demand for investment assets by transport operators, namely heavy vehicles. This is especially the case of heavy goods vehicles (trucks and tractors). The new semi-trailer market grew in 2016, for the fourth consecutive year. In 2016, 3,018 new units were registered, 31.5% more than in 2015, corresponding to the third best year since 2007, inclusive.

2.3. INSURANCE MEDIATION AND BROKERAGE

The national insurance sector clearly reflects the evolution of the economy, as the subscription of insurance, whether personal or related to business, is very dependent on Portuguese economic health.

In times of crisis, households and companies tend to reduce expenses related to accessory products and services, selecting, in the case of insurance, only those that are compulsory. On the other hand, the insurable amount is also reduced as households and companies invest less in the acquisition of vehicles and properties and, in the case of the business sector, due to the slowdown of activity (for example: the decrease of transactions of goods in total wages is reflected in the reduction of civil liability insurance of transported goods, multi-risk and work accident insurance). This was the reality experienced in Portugal over the last few years that, apparently, according to the positive evolution of the economic indicators, is changing to the better.

According to the provisional data of the Supervisory Authority for Insurance and Pension Funds (ASP), the insurance market contracted between 2006 and 2016, with distinct performance in the Life and Non-Life branches.

The Life branch (Retirement Saving Plans (PPR), Capitalisation Products, Insurance Linked to Investment Funds) has proved to be very volatile, with a downward trend, and is expected to record its lowest value of the last 10 years in 2016.

thousand euros

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*
Life	8,761,319	9,368,934	11,015,509	10,383,620	12,173,449	7,536,092	6,922,395	9,248,442	10,439,186	8,670,933	6,648,371
Variation	-	6.9%	17.6%	-	17.2%	-38.1%	-	33.6%	12.9%	-16.9%	-23.3%
Non-Life Branch	4,358,528	4,380,862	4,318,163	4,133,721	4,166,557	4,109,652	3,982,769	3,855,467	3,848,657	3,993,198	4,190,232
Variation	-	0.5%	-	-	0.8%	-	-	-	-	3.8%	4.9%
Market Total	**13,119,847**	**13,749,796**	**15,333,672**	**14,517,341**	**16,340,006**	**11,645,744**	**10,905,164**	**13,103,909**	**14,287,843**	**12,664,131**	**10,838,603**
Variation	**-**	**4.8%**	**11.5%**	**-**	**12.6%**	**-28.7%**	**-**	**20.2%**	**9.0%**	**-11.4%**	**-14.4%**

** Provisional

Source: ASF

In the Non-Life segment, the area of action of most mediators, the market evolved unfavourably between 2006 and 2014, in this last year having recorded its lowest value since 2006.

However, despite not yet having fallen to the values recorded in 2006, the Non-Life segment grew by 3.8% in 2015 and is estimated that to grow by 4.9% in 2016, for this reason being a positive indicator and consistent with the current and future trend of this segment.

The positive evolution of the Non-Life branch is based on the recovery of the Portuguese economy and upward revision of the pricing rates by the insurers, in particular the Work Accident segment, whose feasibility of the branch was being placed in question, and Motor Vehicle segment, with special incidence on heavy vehicles.

The branches that most grew in 2016 were Work Accidents (+12.2%), Sickness (+9.6%) and Motor Vehicle (+3.5%), which account for 68% of Non-Life insurance.

In the insurance sector capital movements have been evident since 2015, with the sale of various insurance companies, such as Macif (now Caravela), Fidelidade, Tranquilidade and, more recently AXA (now AGEAS) and Açoreana. In the case of Tranquilidade and Açoreana, in spite of still keeping these brands, there was a merger of the two companies, which are now named Seguradoras Unidas.

As a result, the largest national companies of the insurance sector are now majority-owned by foreign capital. This trend of the sale of insurers and market concentration is likely to be maintained in 2017.

This sales movement is largely related to the contraction/stagnation of the insurance market, namely of the Non-Life branch, during the period 2006-2014, to the loss of financial capacity of the groups that these insurers held (or hold), to the loss of profitability of the insurers, and to the need to maintain greater investment as a result of Solvency II. On the other hand, the last two factors mentioned above are exerting upward pressure on pricing, especially in the Work Accident branch.

3. DESCRIPTION OF THE BUSINESS

3.1. THE LUÍS SIMÕES GROUP

The activity of Luís Simões, S.G.P.S., S.A. ("LS SGPS" and together with its subsidiaries "Luís Simões") originated in 1948, initially providing transport services primarily for agricultural products and construction materials. The company Transportes Luís Simões, Lda. was incorporated in Loures in 1968.

In the 1970s, the company specialised further in the construction materials transport business segment and expanded its geographical scope to Porto.

In the 1980' the company focused on training its management team and diversifying towards the road transport of goods of other activity sectors, especially consumption products, significantly reducing its presence in the transport of agricultural products and construction materials. In 1989, Luís Simões extended its services to Spain, and in 1989 further diversified its business, by constituting a heavy vehicle maintenance company and an insurance mediation company.

In 1990, Luís Simões incorporated the company Distribuição Luís Simões, S.A., a logistics services provision company, and a company in Spain, starting with a delegation in Madrid. RETA – Serviços Técnicos e Rent-a-Cargo S.A. was incorporated in 1991 ("RETA" is a company dedicated to the marketing and rental of heavy vehicles, which currently also includes heavy vehicle maintenance and repair). In 1993, Luís Simões expanded its activity in Spain with the opening of a delegation in Barcelona, and in Seville in 1994. In 1995, the premises of Luís Simões in Vila Nova de Gaia were inaugurated, and in 1997 the first of two warehouses in Carregado, covering an area of over 30,000 m2.

In 2000, Luís Simões initiated the partial outsourcing of the fleet of trucks managed by its road transport of goods business, and in 2001 it acquired a logistics company in Spain. In 2002, it entered the positive cold logistics business in Portugal. In 2004, the two companies held in Spain were merged, giving rise to Luís Simões Logística Integrada, S.A. ("Luís Simões Spain"). In 2008, the automatic warehouse of Carregado was inaugurated, with an area of over 20,000 m2 and a storage capacity in excess of 50,000 pallets, which is still today a reference in the logistics business at an Iberian level, due to the introduction of innovation in terms of automation and processes.

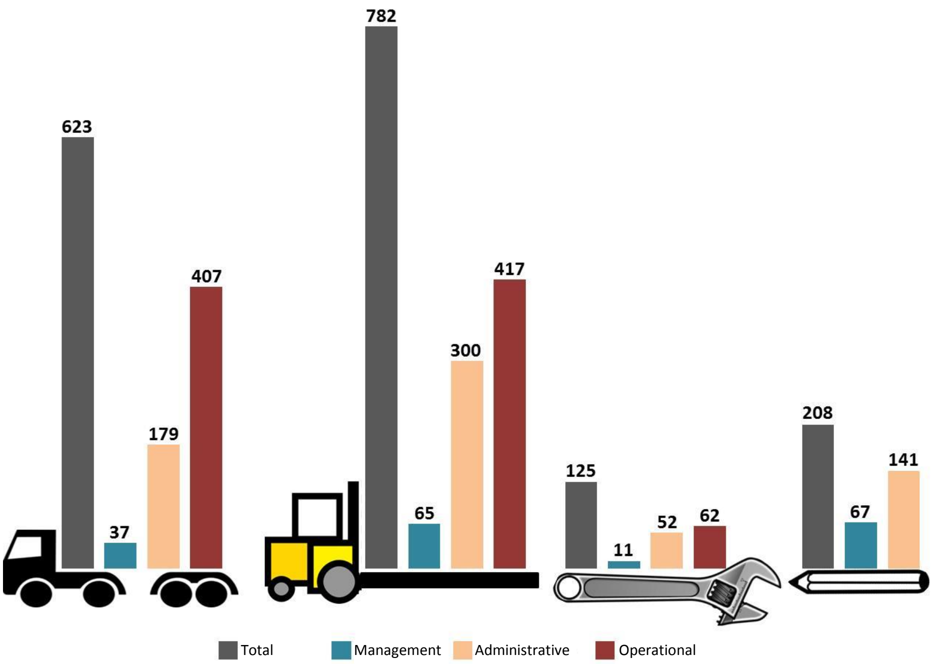
In 2010, the road transport of goods and logistics companies were integrated, giving rise to Luís Simões Logística Integrada, S.A in Portugal ("LSLI Portugal"). In 2012, Luís Simões Espanha moved its head office to a new office in San Fernando, Madrid, where approximately 38 employees are currently working, out of a total of 466 in Spain. In 2013 and 2014, Luís Simões acquired Diagonal - Corretores de Seguros S.A. ("Diagonal") and Espaçotrans – Gestão de Entrepostos Aduaneiros Lda. ("Espaçotrans"), respectively. In 2015, the new Logistic Operations Centre of Leixões was inaugurated which, due to its proximity to the Port of Leixões, helps to illustrate Luís Simões' commitment to the import and export activity, of vital importance for the Portuguese economy. Gaia Logistic Operations Centre was also upgraded in 2015.

Luís Simões currently manages a fleet of around 2,000 trucks and a storage space of close to 260,000 m2, being an integrated logistics operator with full coverage of the Iberian Peninsula, involving over 200 million kilometres covered per year and 3,750 distribution routes per day. Luís Simões is present in Portugal with its own resources in Loures, Carregado, Vila Nova de Gaia, Leixões, Perafita, Azambuja, Porto, Lisbon, Coimbra, Sines, Guarda and Faro, as well as in Spain in Madrid, Barcelona, Seville, Valencia, Zaragoza, Bilbao and Mérida (excluding regional agents).

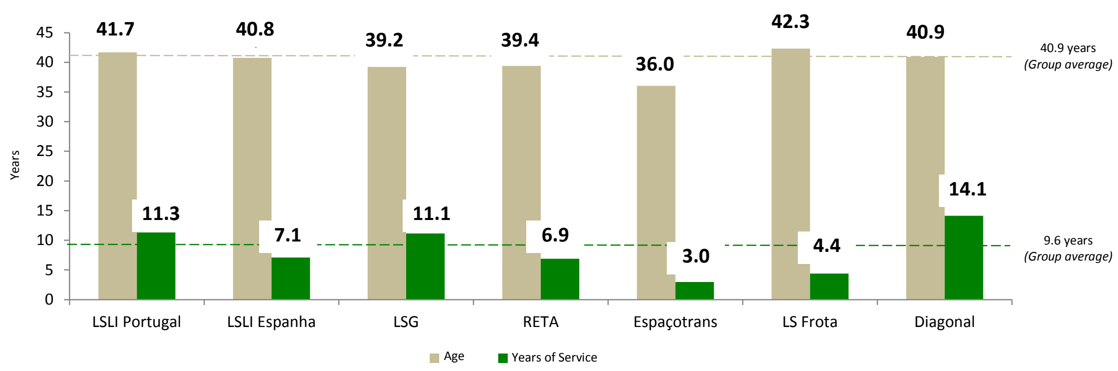

La Coruña
Oviedo
Bilbao
Navarra
León
Burgos
Girona
OPORTO ZONE
Leixões
Gaia
Perafita
Perafita
Gaia
Gaia
Guilhabreu
Porto
MADRID ZONE
Daganzo
La Quinta
Cabanillas
Alovera
Getafe
Madrid
San Sebastián de los Reyes
Valladolid
Zaragoza
Barcelona
Vila Real
Segovia
Ávila
Islas Baleares
Mallorca
Coimbra
Castelo Branco
Toledo
Cuenca
LISBON ZONE
Leiria
Santa Iria da Azóia
Azambuja
Alverca
Carregado
Carregado
Loures
Lisboa
Albarraque
Benavente
Carregado
Carregado
Loures
Cáceres
Valencia
Mérida
Ciudad Real
Évora
Jaén
Alicante
Sines
Córdoba
Sevilla
Granada
Faro
Almería
Málaga
Cádiz
Açores
Madeira
Islas Canarias
Tenerife
Headquarters
Cross-Docking Platforms
Logistic Operating Centres (COL's)
Transport Operating Centres (COT's)
Technical Assistance Centres (CAT's)
In House Operations
Insurance

3.2. HUMAN RESOURCES

Luís Simões employs a total of 1,738 workers, 623 of whom work in the road transport of goods business, 782 in logistics, 125 in the diversification businesses (RETA and Diagonal), and 208 in the Shared Services. Currently, 28% of the Group's employees are female and 72% are male. If we exclude operational positions, the ratio of female employees rises to 51%.



The average age of the Group's employees was 40.9 years old in 2016, where Espaçotrans is the company with the youngest team, with an average age of 36 years old and LS Frota the company with the team at the opposite extreme, with an average age of 42.3 years old. This indicator is fairly homogeneous within the Group. Illustrating this are the largest companies, LSLI Portugal and a LSLI Spain whose average ages are 41.7 and 40.8 years old, respectively. Looking at seniority, the Group's average stands at 9.6 years, although this indicator is rather diverse among the companies, with Espaçotrans showing an average seniority of only 3 years while LSLI Portugal has 11.3 years, a sign of the stability of the business over the years.



Concerning work accidents and in absolute terms, 9 less accidents occurred in 2016 compared to 2015. The reduction was observed above all in the transport business in Portugal where 15 fewer accidents occurred, representing a 25% reduction in relation to 2015. In the logistics business in Portugal there was one less work accident. In Spain, there was an increase in the number of work accidents compared to 2015, 3 more in the logistics business and 4 more in the transport business. However, it should be noted that reductions occurred in the indices on frequency and severity per work accident, as a consequence of the increased hours worked in 2016. Also on a positive note, the indicator of number of days lost showed an absolute reduction of 53 days in 2016.

4. ECONOMIC AND FINANCIAL REVIEW

During 2016, LS continued the work started in previous years of preparing the organisation for the opportunities that will be encountered in the future.

Significant investment is being made in the area of innovation with developments for the introduction of a new Transportation Management System which is expected to give rise to considerable savings due to the optimisation of the operations.

Major investments are also being made in a new centrality in Madrid which will endow LS with a very large-scale unit in the region. This unit should begin to be used in the first quarter of 2017, and is expected to contribute with significant synergies derived from the consolidation of various operations in a single platform.

The Porto region received the upgrading of its logistics facilities, culminating with the entrance of new clients, which should be reflected in the growth of sales in 2017. The investment in Porto required a partial vacancy during some months of 2016 with impact in terms of sales and profitability. The current facilities are differentiating in the regional panorama, being endowed with state of the art equipment and infrastructures, including an area specifically developed for the urban logistics business, on which LS shall focus in the future. A very important multinational client entered the Porto facilities at the end of 2016, which has enabled lowering the available capacity to practically residual levels.

On a final note, the Group's own fleet was fully renewed over the last 2 years, meaning that LS currently has a fleet with an average age of 2 years. The effects of the fleet renewal on profitability are not immediate, but should start to be visible from 2017 onwards.

Hence, considering all the developments that are being accomplished by LS, a recovery of the rates of growth and profitability are expected as of 2017, which should enable LS to continue to stand firmly as a reference player in the market of the Iberian Peninsula.

The following summary table lists the key consolidated financial indicators of Luís Simões.

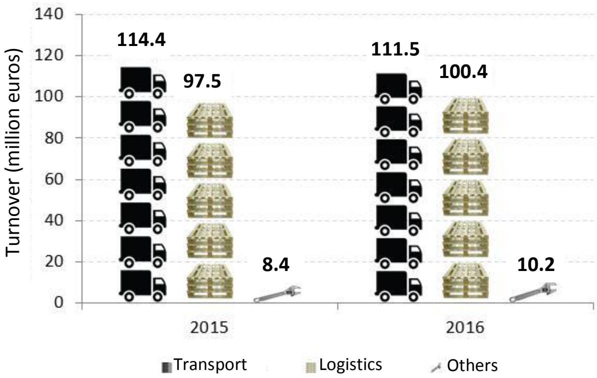
CONSOLIDATED				
(values in million euros)	**2014**	**2015**	**2016**	**Δ 2015-16**
Turnover	**219.2**	**220.3**	**222.1**	**0.8%**
EBITDA	**15.2**	**16.4**	**14.6**	**(11.0%)**
% Turnover	*7.0%*	*7.4%*	*6.6%*	*(11.8%)*
EBIT	**3.2**	**4.3**	**3.0**	**(32.0%)**
% Turnover	*1.5%*	*2.0%*	*1.3%*	*(32.6%)*
Net Income for the Year (1)	**1.1**	**1.8**	**1.7**	**(4.7%)**
% Turnover	*0.5%*	*0.8%*	*0.8%*	*(5.4%)*
Total Assets	**157.7**	**156.0**	**157.3**	**0.8%**
Equity	**49.0**	**42.0**	**42.8**	**2.1%**
Net Financial Debt(2)	**53.6**	**43.8**	**43.9**	**0.2%**
Net Debt / EBITDA	3.5 x	2.7 x	3.0 x	12.6%

(1) Excludes non-controlling interests.
(2) Includes bank loans, fixed asset suppliers, factoring and confirming, and excludes debts to shareholders and provisions.

In 2016, Luís Simões achieved 0.8% growth of the consolidated turnover which stood at 222.1 million euros, primarily influenced by the logistics activity, and corresponds to a slight acceleration compared to the growth of 0.5% recorded in 2015. It should be noted that the turnover of Luís Simões almost exclusively consists of services rendered, with sales of goods showing a residual value.

Although Luís Simões started its activity in road transport of goods, the logistics activity currently represents 45.2% of the consolidated turnover, maintaining the growth trend of the last few years. The logistics figure includes the turnover of Espaçotrans, a company which complements the logistics business area of Luís Simões with its customs logistics activity that has progressively contributed positively to the increased turnover of the Group. The business areas relative to RETA and Diagonal concern other businesses.

LSLI Portugal and LSLI Spain account for approximately 95% of the Group's Turnover, having recorded, respectively, growth of 0.3% and 1.0% in turnover. Among the remaining companies, we highlight the growth of 46.7% at Espaçotrans and 14.4% at Diagonal. RETA maintained the turnover achieved in 2015.



In the road transport of goods business, Luís Simões provides a vast array of services in various sectors of activity, with emphasis on the transport of complete and partial cargo, the hire of vehicles with driver and integrated management of flows, transport of industrial production, plant management and dedicated transport. In view of the increased logistics business, the transport business, which has a higher level of maturity, has gradually lost weight in the Group's total turnover. Even so, it still represents close to 50% of the total.

With regard to the logistics business, Luís Simões offers a comprehensive portfolio of services, including transport, storage, movement in and out, picking, distribution, other value added services such as packaging, labelling, preparation of promotional packs and product customisation, in addition to customs logistics services and all the administrative treatment required for the development of the activities provided to its customers. Logistics turnover grew by 3.0% in 2016, due to the good performance of this business in Spain and at Espaçotrans. At Espaçotrans, the opening of a new warehouse at Alverca led to growth above 100% in sales of the South region. At LSLI Spain, the distribution, storage and co-packing activities were the main drivers of the 1.0% growth recorded by the company in 2016. At LSLI Portugal, it was also logistics that gave the most positive contribution to the 0.3% growth recorded in 2016, where special note should be made of the two-digit growth of the co-packing activity.

It should also be noted that both businesses experienced an increased involvement of some of the Group's largest customers, providing evidence of the good performance and trustworthiness that Luís Simões has been showing in the Iberian market. In terms of profitability, two consecutive years of growth were interrupted, with the Group having generated consolidated EBITDA of 14.6 million euros in 2016.

The Group's operating profitability in 2016, reflected in the EBITDA margin, received the positive impact on the business of RETA, Espaçotrans and Diagonal. We also highlight Diagonal, which reversed the trend of the last 5 years and generated a two-digit EBITDA margin, which was the result of 14.4% growth in turnover combined with a greater control of operating costs and staff costs. Espaçotrans benefited from the significant increase of turnover while RETA's EBITDA margin increased largely due to the good results achieved in the sale of vehicles, an activity that grew by 17.3% in 2016.

On the other hand, LSLI Portugal and LSLI Spain had a less favourable impact on the Group's EBITDA margin, but still presented positive indicators. LSLI Portugal showed an increase of 4.5% in costs related to transport and distribution subcontractors, which currently represent 55% of the company's turnover. On the other hand, the new policy on fleet renewal had mixed impacts through the 16.8% growth in the renting of vehicles and, consequently, the slowdown of vehicle sales activity. Staff costs increased by 3.6%, to a large extent due to the incorporation of temporary workers in the Logistics business. A decrease in the purchase and sale of fuel was also evident.

LSLI Spain showed an increase of 1.0% in costs related to transport and distribution subcontractors, which currently represent 76% of turnover. On the other hand, staff costs increased and the stronger activity in Logistics led to increased hire and rental charges related to premises.

The profitability of 2016 was furthermore marked by some non-recurring events such as the return of the sanitary cent, an extraordinary tax on hydrocarbons that was charged in previous years.

The investment in fixed assets essentially occurred in the sphere of RETA, as a consequence of the normal vehicle purchase and sales activity and at LSLI Spain, due to the investment in a new centrality of the logistics operations in Madrid, which shall be completed in 2017 and shall aggregate 4 logistics platforms in a single one covering 65,000m2. Particular note should also be made of the fleet renewal that occurred in all companies of the Group, and of the investment in an information system that supports the transport and distribution business.

In 2016, a Luís Simões continued to reduce its debt level, as has been progressively the case over these last few years. It should be noted that LSLI Portugal and LSLI Spain have shown an increase of debt due to the investments referred to above.

5. MAIN EVENTS IN 2016

Some of the main events of 2016 are listed below.

- Renewal of the fleet of tractors and semi-trailers, seeking further technological innovation and new sources of productivity.

- Centralisation of logistics activity in the Madrid zone, consolidating at Cabanillas del Campo a centre with capacity above 80,000 pallets, the largest of the LS Group, which will concentrate 4 warehouses that are currently dispersed, enabling the creation of synergies and the optimisation of operative processes. This warehouse will also contain a revolutionary automatism that will manage the entire cross-docking for distribution in Spain in a centralised form using an automatic storage system and specific management software.

- Consolidation of the logistics platform at Azambuja with an area of 40,000 m^2, which will enable sustaining the growth in this region, and complementing the reality of Carregado, in the south of the country.

- Opening of a new warehouse in the Free Zone in Barcelona which should bring the logistics and transport business closer to the port activities.

- Start-up of operations south of the River Tejo, namely Barreiro and Montijo, which enable positioning Luís Simões in a structural form on this bank of the river, increasing the range of opportunities for growth and constituting a structural axis to supply the south of Portugal.

- Start-up of structural projects transversal to the entire organisation aimed at improving the warehouse load factors, increasing productivity in in-house operations and in the transport business, and reducing costs related to subcontracting.

- Opening of the Alverca Warehouse of Espaçotrans covering an area of 13,000m^2, boosting visibility to the south, and 129% growth of sales in this region.

- Launch of new training and qualification programmes that are transversal to all positions, covering areas such as operations, sales and human resources.

- Strengthening of corporate social responsibility especially in assisting the Food Bank not only by the collection of food in Portugal and Spain but also through a variety of transport operations for other institutions, the launch of a solidarity workshop in Porto, and the distribution of customer donations to charity entities.

- Consolidation of the conditions for the development of logistics activities in the North of Portugal with the completion of the works at Gaia 1 to enlarge the warehouse, build a new entrance, a drivers' room, outdoor arrangements and change the fuel station;

- Completion of the intervention to change the warehouse and surrounding area, adapting it to Reta's activity with construction of a building and commercial area at Gaia 2, and obtaining the respective permits;

- Asset management from an owner's perspective, with the management actions under its competence and responsibility having been accomplished, namely concerning maintenance, licensing and support in the resolution of specific situations derived from its operation.

- New Human Resources software has been implemented, which covers all the companies and businesses of Luís Simões in Portugal and Spain.

- Consolidation of the implementation of the Compliance area, integrated in the Processes and Compliance division.

- Continued development of the software for joint management of transport and distribution (TMS) with a first pilot to test concepts.

- Selection of the new information technology started.

6. OUTLOOK FOR 2017

Some of the main initiatives for 2017 are listed below.

- Improvement of the profitability of the Transport business through optimisation of flows, reduction of costs and operative inefficiency, monitoring and control of fuel consumption and reduction of accident rates.

- Consolidation of the logistics centrality in the Madrid region, which shall be a reference of Luís Simões in Spain and at an Iberian level, and consolidation of the logistics platforms at a national level, which sustain structured growth.

- Completion of the fleet renewal cycle and expansion of the use of mega-trucks.

- Entry of new clients and consolidation of customer service levels.

- Implementation of the strategic plan for development of the promotional logistics in a transversal manner across the business.

- Structuring of growth in the regions of Barcelona, Valencia and Seville.

- Opening of the new Warehouse of Leixões of Espaçotrans covering an area of 8,600m2, which will boost activity in the North Region. New business opportunities, differentiation from the competition, larger offer and higher quality.

7. RISK MANAGEMENT POLICY

Under the strategic plan of companies the Luís Simões companies and in the light of national and international best practices, a Compliance corporate organisation area was created in December 2015.

Whenever Compliance is mentioned, we mean acting in conformity with the legislation and regulations applicable to LS, and likewise with the in-house policies that LS decides to follow, such as for example: Code of Ethics and Conduct; Policy on Offers; Policy on Risk Management; Internal Regulation; among others.

The origin of Compliance at LS does not derive from its regulatory imposition as its endorsement is voluntary. Its purpose is the pursuit of educational ends, including aspects of ethics and conduct, and the spreading of knowledge and "best practices" aimed at mitigating risks for business continuity.

In view of the best practices, and from a hierarchical and functional point of view, the positioning of the Compliance function at LS assures the necessary concept of independence, by:

- The creation of a specific department, with total independence from the business areas of LS – the Compliance and Risk Management Department;
- The direct communication with the Board of Directors, through the Director of the Innovance area;
- The absence of any potential conflicts of interest; and
- Access to the necessary information to carry out their duties.

Based on the principal constructive elements that a Compliance function should address, and in conformity with the best practices recommended by the specialised bodies, we have defined a simple but effective Compliance Programme, duly adapted to the reality of LS.

This Programme was built around an approach based on three pillars: Preventing — Detecting — Responding.

One of the central components of the Compliance Programme is founded on compliance with the Risk Management Policy, which establishes a methodology that assures the knowledge and assessment of the risks faced by LS, as well as an efficient way to respond effectively to these same risks.

The Compliance and Risk Management Department is responsible for centralising the recording of the existing risks, their classification (Strategic; Environmental; Legal; Technological; Fraud, Personnel; Operational; and Financial) and assessment relative to Severity and Probability of Occurrence, thus keeping the "Risk Management Matrix" updated.

The identification of risks can take place in two forms:

- Risks derived from structural initiatives of the Compliance Programme, identified by the Compliance and Risk Management Department; and

- Risks derived from the different activities and business of LS, identified by any area of LS.

Each risk is allocated a Risk Owner, thus assuring the necessary accountability for the processes of assessment, definition of actions based on the impact of the risk, and its subsequent control.

The management of financial risks, including credit, interest rate and liquidity risks, is the responsibility of the Group's Financial Division.

Special attention is given to risks whose probability of occurrence by its severity is medium or high.

The Compliance and Risk Management Department also monitors the effectiveness of the implemented actions, follows up on the risks at the Compliance Committees, Executive Committees and Business/area Committees. This Department is also responsible for preparing and submitting, on a regular basis or when requested, reporting to the Board of Directors on the evolution of risks and corresponding mitigation plans.

Moninhos, 30 March 2017

The Board of Directors:	Signature
José Luís Soares Simões - Chairman	
Leonel Fernando Soares Simões - Member	
Jorge Manuel Soares Simões - Member	
Fernanda Maria Oliveira Simões - Member	
Daniela Alexandra Lopes Simões - Member	
Rui Miguel Marcos Simões - Member	
Maria Celeste Morgado Venâncio dos Santos - Member	

FINANCIAL STATEMENTS

BALANCE SHEET

LS - LUIS SIMÕES, SGPS, S.A. (CONSOLIDATED)

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2016 — Euros

HEADINGS	NOTES	DATES 31/12/2016	31/12/2015
NON-CURRENT ASSETS			
Tangible fixed assets	8	76,917,951.46	80,108,151.38
Investment properties	10	1,159,862.67	1,381,088.14
Intangible assets	7	1,860,106.18	1,321,596.23
Other financial investments	18.1	57,583.48	874,698.63
Credit receivable	18.1	1,343,970.97	-
Deferred tax assets	17	642,937.60	727,823.89
		81,982,412.36	84,413,358.27
CURRENT ASSETS			
Inventories	11	1,470,910.12	1,755,706.61
Customers	18.1	64,770,981.31	59,875,282.82
State and other public entities	21.4	1,734,141.74	2,561,508.00
Other credit receivable	18.1	6,582,569.97	6,629,834.06
Deferrals	21.1	730,312.32	418,939.92
Cash and bank deposits	4 | 18.1	274,792.23	243,424.07
		75,563,707.69	71,484,695.48
Total assets		157,546,120.05	155,898,053.75
EQUITY AND LIABILITIES			
EQUITY			
Underwritten capital	18.4	30,000,000.00	30,000,000.00
Legal reserve	21.2	213,343.60	124,681.38
Other reserves	21.2	4,562,969.49	4,562,969.49
Retained earnings	21.2	5,770,842.50	4,515,827.14
Adjustments / other changes in equity	21.2	268,414.41	268,414.41
		40,815,570.00	39,471,892.42
Net income for the period		1,690,786.49	1,773,244.37
Non-controlling interests	21.3	340,610.73	725,882.48
Total equity		42,846,967.22	41,971,019.27
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	13	614,267.77	547,435.87
Loans received	18.2	32,642,783.45	29,432,392.45
Deferred tax liabilities	17	2,426,424.67	2,340,296.62
Other debts payable	18.2	90,000.00	105,000.00
		35,773,475.89	32,425,124.94
CURRENT LIABILITIES			
Suppliers	18.2	36,507,171.63	34,880,594.37
State and other public entities	21.4	2,417,851.05	2,198,620.72
Loans received	18.2	22,183,636.82	27,269,923.52
Other debts payable	18.2	17,040,913.17	15,903,479.51
Deferrals	21.1	776,104.27	1,249,291.42
		78,925,676.94	81,501,909.54
Total liabilities		114,699,152.83	113,927,034.48
Total equity and liabilities		157,546,120.05	155,898,053.75

The notes attached herewith are an integral part of these financial statements.

The Chartered Accountant:	Signature
Vítor José Caetano de Sousa	
The Board of Directors:	
José Luís Soares Simões - Chairman	
Leonel Fernando Soares Simões - Member	
Jorge Manuel Soares Simões - Member	
Fernanda Maria Oliveira Simões - Member	
Daniela Alexandra Lopes Simões - Member	
Rui Miguel Marcos Simões - Member	
Maria Celeste Morgado Venâncio dos Santos - Member	

INCOME STATEMENT BY NATURE

LS - LUIS SIMÕES, SGPS, S.A. (CONSOLIDATED)
CONSOLIDATED INCOME STATEMENT BY NATURE
PERIOD ENDED ON 31 DECEMBER 2016

HEADINGS	NOTES	PERIODS 2016	PERIODS 2015
Sales and services rendered	12	222,076,686.78	220,330,160.87
Operating grants	14	61,182.95	176,235.26
Gains / losses imputed to subsidiaries, associates and joint ventures		(0.00)	12,055.88
Own work capitalised	21.5	477,816.96	610,873.81
Cost of goods sold and materials consumed	11	(13,016,272.13)	(15,146,880.64)
External supplies and services	21.6	(161,319,160.52)	(158,491,350.98)
Staff costs	19	(46,775,953.28)	(44,368,145.10)
Impairment of inventories (losses/reversals)	11	(274,991.21)	-
Impairment of debts receivable (losses/reversals)	18.1	(299,124.77)	(8,571.58)
Provisions (increases / reductions)	13	(429,169.53)	175,841.59
Other income	21.7	16,091,218.86	14,811,185.16
Other costs	21.8	(2,031,406.87)	(1,731,430.49)
Earnings before interest, taxes, depreciation and amortisation		14,560,827.24	16,369,973.78
Depreciation and amortisation costs/reversals	21.9	(11,402,030.47)	(12,026,184.10)
Impairment of depreciable / amortisable investments (losses / reversals)	10	(206,448.31)	-
Net operating income (earnings before interest and taxes)		2,952,348.46	4,343,789.68
Interest and similar income received	21.10	8.33	409.39
Interest and similar costs paid	21.11	(1,056,773.50)	(1,071,807.78)
Earnings before taxes		1,895,583.29	3,272,391.29
Income tax for the period	17	(565,739.32)	(1,359,298.35)
Net income for the period		1,329,843.97	1,913,092.94

Net income for the period attributable to:			
Shareholders of the parent company		1,690,786.49	1,773,244.37
Non-controlling interests		(360,942.52)	139,848.57
Earnings per basic share	21.13	0.28	0.30

The notes attached herewith are an integral part of these financial statements.

The Chartered Accountant:	**Signature**
Vítor José Caetano de Sousa	
The Board of Directors:	
José Luís Soares Simões - Chairman	
Leonel Fernando Soares Simões - Member	
Jorge Manuel Soares Simões - Member	
Fernanda Maria Oliveira Simões - Member	
Daniela Alexandra Lopes Simões - Member	
Rui Miguel Marcos Simões - Member	
Maria Celeste Morgado Venâncio dos Santos - Member	

CASH FLOW STATEMENT

LS - LUIS SIMÕES, SGPS, S.A.
CONSOLIDATED CASH FLOW STATEMENT
PERIOD ENDED ON 31 DECEMBER 2016

HEADINGS	NOTES	Periods	
		2016	2015
Cash flow from operating activities			
Revenue from customers		271,829,835.14	271,381,705.95
Payments to suppliers		(209,068,542.86)	(207,410,956.38)
Staff payments		(29,835,717.63)	(28,195,678.41)
Cash generated by the operations		32,925,574.65	35,775,071.16
Income tax payment/revenue		(153,717.77)	(367,684.93)
Other revenue/payments		(24,440,523.49)	(23,565,706.95)
Cash flow from operating activities (1)		8,331,333.39	11,841,679.28
Cash flow from investment activities			
Payments relative to:			
Tangible fixed assets		(11,870,280.84)	(13,646,504.90)
Intangible assets		(100,660.23)	(225,079.64)
Financial investments		-	(1,044,000.00)
Revenue derived from:			
Tangible fixed assets		7,329,883.17	5,598,837.16
Financial investments		54,093.25	6,353.56
Other assets		499.37	499.37
Interest and similar income		762.70	-
Cash flow from investment activities (2)		(4,585,702.58)	(9,309,894.45)
Cash flow from financing activities			
Revenue derived from:			
Loans received		21,006,271.32	39,236,452.47
Payments relative to:			
Loans received		(21,303,102.77)	(29,635,979.54)
Interest and similar costs		(1,132,956.38)	(1,207,840.16)
Dividends	21.2	(429,566.79)	(1,037,802.93)
Reductions of capital and other equity instruments	18.4	-	(6,830,400.00)
Other financing operations		(1,854,908.03)	(3,391,648.43)
Cash flow from financing activities (3)		(3,714,262.65)	(2,867,218.59)
Change of cash and cash equivalents (1)+(2)+(3)		31,368.16	(335,433.76)
Cash and cash equivalents at the beginning of the period	4	243,424.07	578,857.83
Cash and cash equivalents at the end of the period	4	274,792.23	243,424.07

The notes attached herewith are an integral part of these financial statements.

The Chartered Accountant:	Signature
Vítor José Caetano de Sousa	
The Board of Directors:	
José Luís Soares Simões - Chairman	
Leonel Fernando Soares Simões - Member	
Jorge Manuel Soares Simões - Member	
Fernanda Maria Oliveira Simões - Member	
Daniela Alexandra Lopes Simões - Member	
Rui Miguel Marcos Simões - Member	
Maria Celeste Morgado Venâncio dos Santos - Member	

STATEMENT OF CHANGES IN EQUITY

LS - LUIS SIMÕES, SGPS, S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 2015

Euros

	Notes	Underwritten Capital	Other equity instruments	Legal reserve	Other reserves	Retained earnings	Adjustments in financial assets	Net income for the period	Total	Non-controlling interests	Total equity
Position at the beginning of 2015		30,000,000.00	6,830,400.00	68,088.82	4,562,969.49	4,515,827.05	268,414.41	1,131,851.12	47,377,550.89	1,653,653.41	49,031,204.30
Changes in the period:											
Other changes recognised in equity:											
Appropriation of Net Income		-	-	56,592.56	-	1,075,258.56	-	(1,131,851.12)	-	-	-
Adjustments for deferred taxes		-	-	-	-	-	-	-	-	(2,891.35)	(2,891.35)
Effect of acquisition / divestment of stakes		-	-	-	-	-	-	-	-	(1,032,335.21)	(1,032,335.21)
Other changes recorded directly under equity		-	-	-	-	-	-	-	-	279.33	279.33
	18.4 | 21.2	30,000,000.00	6,830,400.00	124,681.38	4,562,969.49	5,591,085.61	268,414.41	-	47,377,550.89	618,706.18	47,996,257.07
Net income for the period								1,773,244.37	1,773,244.37	139,848.57	1,913,092.94
Comprehensive net income								1,773,244.37	1,773,244.37	139,848.57	1,913,092.94
Operations with shareholders in the period											
Additional paid-in capital	18.4	-	(6,830,400.00)	-	-	-	-	-	(6,830,400.00)	-	(6,830,400.00)
Other transactions											
Distribution of dividends		-	-	-	-	(1,075,258.47)	-	-	(1,075,258.47)	(32,672.27)	(1,107,930.74)
		-	(6,830,400.00)	-	-	(1,075,258.47)	-	-	(7,905,658.47)	(32,672.27)	(7,938,330.74)
Position at the end of 2015	18.4 | 21.2	30,000,000.00	-	124,681.38	4,562,969.49	4,515,827.14	268,414.41	1,773,244.37	41,245,136.79	725,882.48	41,971,019.27

LS - LUIS SIMÕES, SGPS, S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 2016

Euros

	Notes	Underwritten Capital	Other equity instruments	Legal reserve	Other reserves	Retained earnings	Adjustments in financial assets	Net income for the period	Total	Non-controlling interests	Total equity
Position at the beginning of 2016		30,000,000.00	-	124,681.38	4,562,969.49	4,515,827.14	268,414.41	1,773,244.37	41,245,136.79	725,882.48	41,971,019.27
Changes in the period:											
Other changes recognised in equity:											
Appropriation of Net Income		-	-	88,662.22	-	1,684,582.15	-	(1,773,244.37)	-	-	-
	18.4 | 21.2	30,000,000.00	-	213,343.60	4,562,969.49	6,200,409.29	268,414.41	-	41,245,136.79	725,882.48	41,971,019.27
Net income for the period								1,690,786.49	1,690,786.49	(360,942.52)	1,329,843.97
Comprehensive net income								1,690,786.49	1,690,786.49	(360,942.52)	1,329,843.97
Operations with shareholders in the period											
Other transactions											
Distribution of dividends	21.2	-	-	-	-	(429,566.79)	-	-	(429,566.79)	(24,329.23)	(453,896.02)
		-	-	-	-	(429,566.79)	-	-	(429,566.79)	(24,329.23)	(453,896.02)
Position at the end of 2016	18.4 | 21.2	30,000,000.00	-	213,343.60	4,562,969.49	5,770,842.50	268,414.41	1,690,786.49	42,506,356.49	340,610.73	42,846,967.22

The notes attached herewith are an integral part of these financial statements.

The Chartered Accountant:	Signature
Vítor José Caetano de Sousa	
The Board of Directors:	
José Luís Soares Simões - Chairman	
Leonel Fernando Soares Simões - Member	
Jorge Manuel Soares Simões - Member	
Fernanda Maria Oliveira Simões - Member	
Daniela Alexandra Lopes Simões - Member	
Rui Miguel Marcos Simões - Member	
Maria Celeste Morgado Venâncio dos Santos - Member	

NOTES

(Amounts in euros)

1. IDENTIFICATION OF THE ENTITY

The Luis Simões Group ("Group") is composed of LS – Luis Simões, SGPS, S.A. and its subsidiaries.

LS - Luís Simões, SGPS, S.A. ("Company"), a public limited liability company, with head office in Moninhos, Loures, was incorporated on 5 August 1996 and its corporate object is the management of holdings of other companies, as an indirect way of exercising economic activities.

The entity's head office is at Rua Fernando Namora in Moninhos, municipality of Loures.

The Group operates in the following business areas:

1- The road transport of goods activity which represents about 48% of Group turnover, leading the national transport market and the road flow market in the Iberian Peninsula.

2- Logistics activity accounts for approximately 45% of Group turnover, leading the Logistics and Distribution of mass consumption products in Portugal, providing integrated transport, storage, order preparation, inventory control and distribution services, as well as other value added services. In Spain, this activity is also specialised in the Logistics and Distribution of mass consumption products.

3- The other activities which represent about 7% of the Group-s total turnover aimed to meet two vital objectives: support the Group-s core business activities and develop autonomous business in its specific markets.

The corporate name of the parent company is LS – Luís Simões, SGPS, S.A.

The company is held by the entities described in the table below:

Shareholders	Number Shares Held	% Voting Rights	% Stake
Leonel Simões & Filhas, SGPS,S.A.	1,999,700	33.33%	33.33%
Varanda do Vale, SGPS, S.A.	1,999,700	33.33%	33.33%
Mira Serra, SGPS, S.A.	1,999,700	33.33%	33.33%
José Luís Simões	300	0.01%	0.01%
Leonel Fernando Simões	300	0.01%	0.01%
Jorge Manuel Simões	300	0.01%	0.01%
	6,000,000	100.00%	100.00%

These financial statements were approved by the Board of Directors at the meeting held on 30 March 2017. The Board of Directors believes that these financial statements are a true and appropriate reflection of the Company's operations, as well as its financial position and cash flow.

These consolidated financial statements will be approved at the General Meeting of Shareholders.

2. ACCOUNTING FRAMEWORK USED TO PREPARE THE FINANCIAL STATEMENTS

2.1. BASIS OF PREPARATION

These financial statements were prepared in accordance with the Accounting and Financial Reporting Standards (NCRF) in force at the present date.

The preparation of financial statements in accordance with the Accounting Standardisation System (SNC) requires the use of estimates, assumptions and critical judgements in the process of determining the accounting policies to be adopted by the Group, with significant impact on the book value of the assets and liabilities, as well as the income and expenses of the reporting period.

Although these estimates are based on the best experience of the Board of Directors and its best expectations for the current and future events and actions, current and future results could differ from these estimates. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are presented in Note 3.22.

The Board of Directors appraised the Group’s capacity to operate as a going concern, based on the relevant information, facts and circumstance, of financial, commercial or other nature, including events that occur after the reporting date of the financial statements that are available about the future. Although the current assets are lower than the current liabilities as at 31 December 2016 by 3,266,646.21 euros, it should be noted that the operating cash flow generated by the Group, as at 31 December 2016 and 2015, stood at 8,331,33.39 euros and 11,841,679.28 euros, respectively, with the Group having recorded positive operating results of 14,560,827.24 euros and 16,369,973.78 euros. Furthermore, the Group can use the available and unused credit lines which, as at 31 December 2016, reached 15,460,101.90 euros.

3. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of the financial statements attached herewith are described below. These policies have been consistently applied to all financial years submitted, unless stated otherwise.

3.1. BASIS OF CONSOLIDATION

The corporate universe of the Group is made up of the Subsidiaries described in Note 6.

In compliance with the provisions in article 6 of Decree-Law 158/2009, of 2 June, re-published by the SNC, the entity presents consolidated Group accounts constituted by itself and all the Subsidiaries in which:

- Regardless of the ownership of capital, it is the case that, alternatively:

- It may exercise, or effectively exercises, dominant influence or control;

- It exercises management as if both constituted a single entity;

- If it owns equity:

- It has the majority of voting rights, unless it should be demonstrated that these rights do not confer control;

- It is entitled to appoint or dismiss the majority of the holders of the management body of an entity empowered to manage the financial and operating policies of this entity;

- It exercises a dominant influence over an entity pursuant to a contract signed with the latter or another clause of the memorandum of association thereof;

- It holds at least 20% of the voting rights and the majority of the officers of the management body of an entity empowered to manage the financial and operating policies of this entity which have been in office during the financial year to which the consolidated financial statements refer, as well as in the preceding financial year and until the time when they are drawn up, have been exclusively appointed as a consequence of exercising its voting rights;

- It holds, alone or pursuant to an agreement with other shareholders of this entity, the majority of the voting rights of the shareholders thereof.

Despite holding a stake of less than 20%, Solmoninhos – Consultoria, Gestão e Execução Imobiliária, S.A. is considered a subsidiary, and consolidated by the full method, as it is possible to demonstrate that the Group exercises effective control over it.

The existence and effect of the potential voting rights which can currently be exercised or converted are considered when it is assessed as to whether control exists or not.

The subsidiaries are consolidated by the full method, as of the date when control is transferred to the Group, being excluded from the consolidation as of the date when this control ceases.

The purchase method is used to record the acquisition of the Subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition.

Any excess cost of acquisition with regard to the fair value of the Group's share of the identifiable assets and liabilities acquired is recognised as goodwill.

If the acquisition cost is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly in the consolidated income statement for the period in which acquisition occurs.

In the consolidation process, the transactions, balances and unrealised gains in intra-group transactions and dividends distributed between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction reveals evidence of the existence of impairment in the assets that have been transferred and have not yet been divested.

The accounting policies used by the Subsidiaries to prepare their individual financial statements were changed, whenever necessary, so as to ensure consistency with the policies adopted by the Group.

Any temporary differences which arose from the elimination of the results derived from intra-group transactions were subject to the provisions of NCRF 25 - Income Taxes.

The Equity and Net Income of the Subsidiaries which are held by third parties from outside the Group are presented in the Minority Interests headings of the Consolidated Balance Sheet (autonomously within the Equity) and Consolidated Income Statement, respectively.

3.2. CURRENCY CONVERSION

The Group’s financial statements and respective items of these Notes are presented in euros, unless stated otherwise, being the Group’s functional currency.

3.3. TANGIBLE FIXED ASSETS

Tangible fixed assets are valued at cost or considered cost (for assets acquired before the NCRF transition date), minus accumulated depreciation and any impairment losses.

The acquisition cost includes the purchase price of the asset, costs directly attributable to the acquisition and costs incurred for preparation of the asset so that it is under adequate conditions of use.

Costs of major repairs and replacements are capitalised whenever they increase the useful life of the fixed asset to which they refer and are depreciated over the remaining period of useful life of this fixed asset or its actual useful life, if lower.

Maintenance and repair costs (subsequent expenditure) that are not likely to generate future economic benefits are recorded as costs for the period when they are incurred.

Costs incurred with the dismantling or removal of assets installed in the property of third parties will be considered as part of the initial cost of the assets when the amounts are significant.

The depreciation rates arising from the determination of estimated useful lives for more relevant tangible fixed assets are as follows:

Asset	2016
Buildings and other constructions	2.00 | 33.33
Basic equipment	5.00 | 33.33
Transport equipment	10.00 | 33.00
Administrative equipment	8.33 | 33.33
Other tangible fixed assets	10.00 | 33.00

Depreciation is measured on a duodecimal basis after the moment the asset is able to be used in accordance with the estimated useful life for each group of assets.

Depreciation costs are recognised in the income statement under the heading “Depreciation and Amortisation costs/reversals”.

Whenever there are indications of loss of value in tangible fixed assets, impairment tests are performed in order to estimate the recoverable amount of the asset, and when required, to record an impairment loss. The recoverable value is determined as the highest level between the net selling price and the asset’s value in use. The value in use is calculated based on the current value of the estimated future cash flow, derived from the continued use and divestment of the asset at the end of its useful life.

The useful lives of assets are reviewed in each financial reporting period so that depreciation is in accordance with the expected consumption patterns of the assets. Changes to useful lives are treated as a change in accounting estimate and are applied prospectively, affecting the net income for the period.

The gain (or loss) derived from the divestment or write-off of a tangible fixed asset is determined as the difference between the amount received in the transaction and the book value of the asset and it is recognised through profit or loss for the period when the divestment occurs.

Tangible fixed assets in progress refer to assets that are still under construction or development and are measured at acquisition cost and depreciated only when they are available for use.

3.4. LEASES

Financial leases are capitalised at the beginning of the lease at the lower value between the fair value of the leased asset and the current value of minimum lease payments, each determined at the starting date of the contract. The debt resulting from a financial lease is recorded net of financial costs under the "Loans received" heading. The financial costs included in the lease payment and depreciation of leased assets are recognised in the income statement for the period to which they refer, under the heading of interest and similar costs paid.

Tangible fixed assets acquired through financial leases are depreciated at the lower value between the useful life period of the asset and the lease period if, at the end of the contract, the Group does not have the purchase option, or over an estimated useful life period if the Group intends to acquire the assets at the end of the contract.

For leases classified as operating, the lease payments are recognised as a cost in the profit and loss account on a linear basis during the lease period.

3.5. INVESTMENT PROPERTIES

Investment properties are immovable assets (land, buildings or parts of buildings) held for the purpose of capital appreciation, achievement of rents, or both. Investment properties were valued at cost or deemed cost (corresponding to their fair value on the NCRF transition date, minus accumulated depreciation and impairment losses).

According to the adopted accounting standards, and in particular regarding the valuation criterion according to the depreciated cost model, the disclosure of the fair value of the investment properties in the complete financial statements is required.

The fair value of other land and financial years is determined based on assessments undertaken by external valuators taking into account the conditions of their use or the best use, depending on whether it is rented or not.

3.6. INTANGIBLE ASSETS

Initial recognition

The cost of intangible assets acquired separately reflects, in general, the expected future economic benefits and includes:

- The purchase price, including costs related to intellectual property rights and taxes on non-refundable purchases, after deducting trade discounts and rebates; and
- Any cost directly attributable to the preparation of the asset, for its intended use.

The Group values its intangible assets, after initial recognition, through the Cost Model as defined in NCRF 6 – Intangible Assets, which defines that an intangible asset should be recorded at its cost minus accumulated amortisation and any accumulated impairment losses.

The Group determines the useful life and the amortisation method of intangible assets based on the consumption estimate of the economic benefits associated with the asset.

The remainder of intangible assets are amortised on a systematic basis as of the date when they are available for use, throughout their estimated useful life.

Amortisation costs are recognised in the income statement under the heading "Depreciation and Amortisation costs/reversals".

The useful lives and the amortisation method of various intangible assets are reviewed on an annual basis.

The effect of any changes to these estimates is recognised in the consolidated income statement prospectively.

The amortisation rates resulting from the determination of estimated useful lives for the most significant intangible assets are as follows:

Asset	2016
Computer programmes	16.66 | 33.33
Other intangible assets	10.00

3.7. IMPAIRMENT OF ASSETS

At each reporting date, a review of the book values of the Group's assets is carried out to determine whether there is any indication of impairment.

In cases where the book value of the asset or cash-generating unit is higher than its recoverable amount, an impairment loss is recognised. The impairment loss is immediately recorded in the consolidated income statement under the heading of "Impairment losses", unless this loss offsets a revaluation surplus recorded under equity. In the latter case, this loss will be treated as a revaluation decrease.

The recoverable amount is the highest between the asset's fair value less sales costs and its value in use. For the determination of impairment, assets are allocated to the lowest level of the separately identifiable cash flows (cash generating units).

Non-financial assets other than goodwill, for which impairment losses have been recognised, are assessed at each reporting date on the possible reversal of impairment losses.

The reversal of impairment losses recognised in previous financial years is recorded when there is evidence that the impairment losses no longer exist or have decreased. The reversal of impairment losses is recognised in the income statement under the heading "Reversals of impairment losses". The reversal of the impairment loss is carried out up to the limit of the amount that would have been recognised (net of depreciation) if the impairment loss had not been recorded.

When impairment is recorded or reversed, the amortisation and depreciation of the assets are recalculated prospectively in accordance with the recoverable amount.

3.8. FINANCIAL HOLDINGS – OTHER METHODS

The Group uses the cost model for the initial recognition of financial holdings in entities in which the use of the equity method is not compulsory and in which the conditions are not in place for the use of fair value, namely financial holdings in unlisted companies.

According to the cost model, financial holdings are initially recognised at acquisition cost, which includes transaction costs, with their value being subsequently reduced by impairment losses whenever there are any.

3.9. INCOME TAX

Corporate income tax corresponds to the sum of current taxes and deferred taxes. Current taxes and deferred taxes are recorded through profit or loss, unless they refer to headings recorded directly under equity. In these cases, current and deferred taxes are also recorded under equity.

Current tax payable is based on taxable profit for the financial year of the various entities included in the consolidation perimeter. The taxable profit differs from the accounting profit as it excludes various costs and income which will only be taxable or deductible in other financial years. Taxable also excludes costs and income that will never be deductible or taxable.

Deferred tax refer to temporary differences between the amounts of assets and liabilities for accounting reporting purposes and their amounts for tax purposes.

Deferred tax assets and liabilities are measured using the tax rates expected to be in force at the date of reversal of the corresponding temporary differences, based on tax rates (and tax legislation) formally or substantively enacted at the reporting date.

Deferred tax assets are recognised to the extent that there are likely to be future taxable profits available for the use of the temporary difference. Deferred tax liabilities are recognised over all taxable temporary differences.

Deferred tax assets are reviewed annually and always reduced when it is no longer probable that they may be used.

3.10. INVENTORIES

Inventories are recorded at acquisition cost, adopting the weighted average cost as the inventory outgoing costing method.

Whenever the net realisable value is lower than the acquisition or production cost, the value of the inventories is reduced by recognition of an impairment loss, which is reversed when its underlying reasons cease to exist.

To this end, the net realisable value is the estimated selling price during the ordinary course of business activity minus the estimated completion costs and the costs required for the effective sale. The estimates take into account the variations related with events occurring after the end of the period insofar as said events confirm conditions in place at the end of the period.

3.11. FINANCIAL ASSETS AND LIABILITIES

The Board of Directors determines the classification of financial assets and liabilities, at the initial recognition date, according to NCRF 27 – Financial instruments.

Financial assets and liabilities can be classified/measured:

(a) At cost or amortised cost minus any impairment loss; or

(b) At fair value with changes in fair value being recognised in the income statement.

The Group classifies and measures financial assets and liabilities at cost or amortised cost:

i) that in terms of maturity are at sight or have a defined maturity;

ii) whose return corresponds to a fixed amount, a fixed interest rate or variable rate corresponding to a market reference rate; and

iii) that have no contractual clause which may result in the loss of nominal value and accrued interest (in the case of assets) or a change in the liability for repayment of the nominal value and accrued interest payable (in the case of liabilities).

With respect to assets and liabilities recorded at amortised cost, the interest received to be recognised in each period is determined according to the effective interest rate method, which corresponds to the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument.

The following are recorded at amortised cost:

(i) financial assets consisting loans granted, accounts receivable (customers, other debtors, etc.) and equity instruments, as well as any associated derivative contracts, which are not negotiated in an active market or whose fair value cannot be determined reliably and

(ii) financial liabilities consisting in loans received, accounts payable (suppliers, other creditors, etc.) and equity instruments, as well as any associated derivative contracts which are not negotiated in an active market or whose fair value cannot be determined reliably.

The Group classifies and measures at fair value the financial assets that do not comply with the conditions to be measured at cost or amortised cost, as described above. Financial assets that are equity instruments listed in an active market, derivative contracts and financial assets held for trading are recorded at fair value. Changes in fair value are recorded in the income statement, except for derivative financial instruments that qualify as a cash flow hedge relationship.

The Group assesses at each financial reporting date the existence of indicators of loss of value of financial assets that are not measured at fair value through profit or loss. If there is objective evidence of impairment, an impairment loss in the income statement is recognised by the Group.

Financial assets are derecognised when the rights to receive cash flows generated by these investments expire or are transferred, as well as all risks and benefits of ownership. An entity should derecognise a financial liability (or part of it) only when it is extinguished, i.e. when the obligation under the contract is settled, cancelled or expires.

3.12. CASH AND CASH EQUIVALENTS

The amounts included under the heading of Cash and bank deposits correspond to bank deposits with a maturity of less than twelve months and which can be immediately mobilised with insignificant risk of change in value. These values are stated at cost.

For cash flow statement purposes, the "Cash and cash equivalents" heading, apart from Cash and Bank deposits with a maturity of less than three months, is also composed of bank overdrafts, which are included in the Balance Sheet heading of “Loans received”, when these overdrafts result from one-off situations.

3.13. LOANS RECEIVED

The loans received are initially recognised at fair value, net of transaction and assembly costs incurred. Loans are subsequently submitted at amortised cost, which is the difference between the nominal value and the initial fair value recognised in the consolidated income statement over the loan period, using the effective interest rate method.

Loans received are classified as current liabilities, unless the Group has an unconditional right to defer the payment of liabilities by, at least, 12 months after the reporting date, in which case they are classified as non-current liabilities.

Interest costs related to loans received are recorded under the heading of financing costs and losses through profit or loss for the year.

3.14. GOVERNMENT GRANTS

Government grants are only recognised when there is a reasonable certainty that the Group will meet the conditions for their assignment and that they will be received.

Government grants associated with the acquisition or production of non-current assets (Investment grants) are initially recognised under equity, being subsequently imputed on a systematic basis (in proportion to the amortisation of the underlying assets) as income for the financial year during the useful lives of the assets with which they are related.

Other Government grants (Operating grants) are, generally speaking, recognised as income in a systematic manner during the periods required to balance them with the costs which they are supposed to offset. Government grants whose purpose is to offset losses which have been incurred or which do not have associated future costs are recognised as income for the period when they become receivable.

Government assistance in the form of attribution of repayable financing at a subsidised interest rates should be discounted on the initial recognition date, with the discount value corresponding to the value of the subsidy to be amortised over the financing period.

3.15. PROVISIONS

Provisions are only recognised when the Company has a present obligation (legal or constructive) resulting from a past event, when it is more likely than not that an outflow of resources will be required to settle this liability and that the amount of this obligation can be reasonably estimated.

The recognised amount of provisions consists of the best estimate, on the reporting date, of the resources required to settle the liability. This estimate is determined bearing in mind the risks and uncertainties associated with the obligation that are known and assessed by the management on the reporting date.

3.16. ACCRUAL BASED ACCOUNTING

Costs and income are recorded in the period to which they refer, regardless of the payment or receipt, in accordance with the accrual based accounting system. The differences between the amounts received and paid and those corresponding to revenue and costs are recognised as assets or liabilities, should they be classified as such, under the Balance Sheet headings of “Other accounts payable” and “Deferrals”.

3.17. REVENUE

Revenue is measured at the fair value of the consideration received or receivable. The revenue to be recognised is deducted by the estimated amount of refunds, discounts and other write-offs, and does not include VAT or other taxes settled in relation to the sale.

Revenue from the sale of assets is recognised when all the following conditions are met:

- All significant risks and rewards of asset ownership have been transferred to the buyer;
- The Group no longer maintains any control over the sold assets;
- The amount of the revenue can be measured reliably;
- It is likely that future economic benefits associated with the transaction will flow to the Group;
- The costs incurred or to be incurred with the transaction can be measured reliably.

Revenue derived from the provision of services is recognised according to the stage of completion of the transaction at the reporting date, provided that all the following conditions have been met:

- The amount of the revenue can be measured reliably;
- It is likely that future economic benefits associated with the transaction will flow to the Group;
- The costs incurred or to be incurred with the transaction can be measured reliably;
- The stage of completion of the transaction at the reporting date can be measured reliably.

3.18. BORROWING COSTS

Borrowing costs (financial costs related to loans) are generally recognised as expenses as they are incurred under the Income Statement heading of "Interest and similar costs paid".

3.19. CONTINGENT ASSETS AND LIABILITIES

A contingent asset is a possible asset arising from past events and whose existence will only be confirmed by the occurrence or otherwise of one or more uncertain future events not totally under the control of the entity.

Contingent assets are not recognised in the financial statements so as not to give rise to the recognition of income which might never be realised. However, they are disclosed whenever a future influx is likely to occur.

A contingent liability is:

- A possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or otherwise of one or more uncertain future events not totally under the control of the entity

or

- A present obligation that arises from past events, but which is not recognised because:
    - It is not likely that an outflow of resources will be required to settle the obligation,
    - The amount of the liability cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the financial statements so as not to give rise to the recognition of costs that might never become effective. However, they are disclosed whenever future outflows are likely to occur.

3.20. EQUITY

Ordinary shares are classified under equity. Costs directly attributable to the issue of new shares or options are stated under equity as a deduction, net of taxes, of the amount issued.

Own shares acquired through a contract are recognised under equity, under a separate heading. Pursuant to the Commercial Company Code, the Company must ensure at all times the availability of reserves under Equity to cover the value of those quotas, limiting the amount of reserves available for distribution.

Own shares are recorded at acquisition cost, should the purchase be made in cash, or at estimated fair value, should the purchase be deferred.

Dividends distributed to shareholders are recognised as liabilities on the date when this approved by the shareholders.

3.21. ENVIRONMENTAL MATTERS

Provisions for environmental matters are recognised whenever the Group has a legal or constructive obligation, as a result of past events, regarding which it is probable that an outflow of resources will become necessary to settle this obligation and a reliable estimate can be made of the amount of the obligation.

The Group incurs environmental costs which, in accordance with their nature, are capitalised or recognised as operating costs for the period.

Accordingly, expenditure on equipment and operating techniques that ensure compliance with applicable legislation and regulations, as well as the reduction of environmental impacts to levels that do not exceed those representing a viable application of the best available technologies, which permit minimising energy consumption, atmospheric emissions, the production of residues and noise, are capitalised when they are intended to serve the Group’s business in a durable way, as well as those associated with future economic benefits and which serve to prolong useful life, increase capacity or improve the safety or efficiency of other assets under Group ownership.

3.22. MAIN ESTIMATES AND JUDGEMENTS PRESENTED

The estimates and judgements that have an impact on the consolidated financial statements of the Luís Simões Group are assessed continuously, representing as of the date of each report the best estimate of the Board, taking into account the historical performance, accumulated experience and expectations about future events that, under the circumstances, are believed to be reasonable.

The intrinsic nature of the estimates may lead to the real reflection of the situations that have been estimated, for financial reporting purposes, being different from the estimated amounts. The following estimates and judgements present a significant risk of causing a material adjustment to the book values of assets and liabilities during the next financial year:

3.22.1. TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

The determination of the useful lives of assets as well as the method of depreciation/amortisation to be applied is essential to determine the amount of depreciation/amortisation to be recognised in the income statement for each financial year.

These two parameters are defined according to the best judgement of the Board of Directors for the assets in question, considering the practices adopted by the companies of the sector whenever possible.

3.22.2. IMPAIRMENT LOSSES

The determination of: a possible impairment loss can be triggered by the occurrence of different events, many of which are outside the sphere of influence of the Group, such as the availability of future financing, the cost of capital or any other changes, both inside and outside the Group The Company.

The identification of impairment indicators, the future estimated cash flows and the determination of the fair value of assets involve a high degree of judgement by the Board of Directors as to the identification and evaluation of different impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

In particular, from the analysis carried out periodically to the accounts receivable may result the need to record impairment losses, which are determined on the basis of available information and estimates made by the Group of cash flows expected to be received.

3.22.3. PROVISIONS

The Group periodically analyses possible obligations arising from past events that must be recognised or disclosed.

The subjectivity inherent in determining the likelihood and amount of resources necessary for the payment of the obligations could lead to adjustments of the registered values, namely with respect to the proceedings in progress and the contingencies.

3.22.4. DEFERRED TAXES

Deferred tax assets are only recognised when there is reasonable certainty that there will be sufficient future taxable profits to use them or when there are deferred tax liabilities whose reversal is expected to occur in the same period of the reversal of the deferred tax assets. The book value of deferred tax assets is reviewed by the Board of Directors at the end of each reporting period and takes into consideration the expectation of future performance.

3.23. SUBSEQUENT EVENTS

Events after the reporting date which provide additional information on the conditions existing on the reporting date (adjusting events) are reflected in the financial statements. Events after the balance sheet date which provide additional information about conditions which occurred after the balance sheet date "non-adjusting events") are disclosed in the financial statements, if considered material.

4. CASH AND CASH EQUIVALENTS

As at 31 December 2016 and 2015, the heading of Cash Equivalents is broken down as follows:

	2016	2015
Cash	16,006.05	16,359.95
Demand Deposits	258,786.18	227,064.12
Total cash and bank deposits	274,792.23	243,424.07

5. ACCOUNTING POLICIES, ALTERATIONS TO ACCOUNTING ESTIMATES AND ERRORS

During the financial years of 2016 and 2015 there were no changes in the accounting policies used and no material errors were detected.

6. RELATED PARTIES

For the purpose of presentation of these financial statements, all the subsidiaries of LS – Luís Simões, SGPS, S.A. and their key management staff are considered related parties.

6.1. ENTITIES OF THE GROUP

The following Group Companies are included in the consolidation as at 31 December 2016 and 2015:

Subsidiaries	Head Office	Activity	% Stake 2016	% Stake 2015	% Stake 2014	Effective Control 2016	Effective Control 2015	Effective Control 2014	Effective Control 2013	RETGS (*)
LS - Luís Simões, SGPS, S.A. (Holding)	Moninhos - Loures	Holding company								Yes
Luís Simões Logística Integrada, S.A. (Portugal)	Moninhos - Loures	Logistics and transport	100%	100%	100%	100%	100%	100%	100%	Yes
Luís Simões Logística Integrada, S.A. (Spain)	Madrid - Spain	Logistics and transport	100%	100%	100%	100%	100%	100%	100%	No
LS Frota, Lda.	Carregado - Alenquer	Transport	100%	100%	n/a	100%	100%	n/a		Yes
Reta - Serviços Técnicos e Rent-a-Cargo, S.A.	Moninhos - Loures	Rental, sale and maintenance of vehicles	100%	100%	100%	100%	100%	100%	100%	Yes
Diagonal - Corretores de Seguros, S.A.	Moninhos - Loures	Insurance broker	100%	100%	100%	100%	100%	100%	100%	Yes
LS - Gestão Empresarial e Imobiliária, S.A.	Moninhos - Loures	Services supporting the Group	100%	100%	100%	100%	100%	100%	100%	Yes
Patrimundus - Investimentos Imobiliários, S.A.	Carregado - Alenquer	Real estate	100%	100%	11.76%	100%	100%	100%	100%	No
Solmoninhos - Consultoria, Gestão e Execução Imobiliária, S.A.	Moninhos - Loures	Real estate	11.51%	11.51%	11.51%	100%	100%	100%	100%	No
Espaçotrans - Gestão Entrepostos Aduaneiros, Lda.	Quebradas de Cima - Póvoa Santa Iria	Customs warehouse management	70.00%	70.00%	70.00%	70%	70%	70%	-	No

(*) RETGS — Special Taxation Scheme for Groups of Companies

There are no subsidiaries excluded from the consolidation process using the full consolidation method.

Despite holding a stake of less than 20%, Solmoninhos – Consultoria, Gestão e Execução Imobiliária, S.A. is considered a subsidiary, and consolidated by the full method, as it is possible to demonstrate that the Group exercises effective control over it.

6.2. REMUNERATION OF KEY MANAGEMENT PERSONNEL

During the financial years ended on 31 December 2016 and 2015 the following remunerations were attributed to the key management staff:

Remuneration	2016	2015
Short-term benefits of the employees	955,511.09	1,084,490.32
	955,511.09	1,084,490.32

The Group's Board of Directors was considered, pursuant to NCRF 5, as the only "key" management element.

6.3. TRANSACTIONS WITH RELATED PARTIES

a) Nature of the relationship with related parties

	Nature of the relationship (Services rendered)	Nature of the relationship (Services received)
Other related parties:		
Leonel Simões & Filhas, SGPS, S.A.	Shareholders' loans	Dividends
Varanda do Vale, SGPS, S.A.	Shareholders' loans	Dividends
Mira Serra, SGPS, S.A.	Shareholders' loans	Dividends
Other shareholders	Shareholders' loans	Dividends

b) Amounts of transactions and outstanding balances with related parties

	Year	Shareholders' loans received (Note 18.2)	Interest paid (Note 21.11)
Other related parties:			
Leonel Simões & Filhas, SGPS, S.A.	2015	195,800.00	7,605.98
	2016	195,800.00	6,970.44
Varanda do Vale, SGPS, S.A.	2015	202,800.00	7,627.45
	2016	202,800.00	7,219.68
Mira Serra, SGPS, S.A.	2015	203,800.00	7,604.17
	2016	203,800.00	7,255.32
Individual shareholders	2015	12,566,649.44	158,368.22
	2016	11,683,737.67	436,199.70
Total	2015	13,169,049.44	181,205.82
	2016	12,286,137.67	457,645.14

7. INTANGIBLE ASSETS

During the financial years ended on 31 December 2016 and 2015, the movement in the book value of intangible assets, as well as their accumulated amortisation and impairment losses was as follows:

	Computer programmes	Other intangible assets	Intangible assets in progress	Total
Value as at 01.01.2015				
Gross book values	5,292,463.29	690,476.12	20,130.00	6,003,069.41
Accumulated depreciation and impairment losses	(4,363,234.05)	(115,079.38)	-	(4,478,313.43)
Net book values	929,229.24	575,396.74	20,130.00	1,524,755.98
Additions	133,175.05	-	177,208.70	310,383.75
Divestments, claims and write-offs				
Gross book values	(40,770.61)	-	-	(40,770.61)
Accumulated amortisation and impairment losses	38,155.32	-	-	38,155.32
Amortisation (Note 21.4)	(441,880.57)	(69,047.64)	-	(510,928.21)
Value as at 31.12.2015				
Gross book values	5,384,867.73	690,476.12	197,338.70	6,272,682.55
Accumulated depreciation and impairment losses	(4,766,959.30)	(184,127.02)	-	(4,951,086.32)
Net book values	617,908.43	506,349.10	197,338.70	1,321,596.23
Additions	152,014.18	-	768,507.66	920,521.84
Transfers	177,208.70	-	(177,208.70)	-
Divestments, claims and write-offs				
Gross book values	(1,499.00)	-	-	(1,499.00)
Accumulated amortisation and impairment losses	441.00	-	-	441.00
Amortisation (Note 21.4)	(291,776.25)	(69,047.64)	-	(360,823.89)
Value as at 31.12.2016				
Gross book values	5,712,591.61	690,476.12	768,507.66	7,171,575.39
Accumulated depreciation and impairment losses	(5,058,294.55)	(253,174.66)	-	(5,311,469.21)
Net book values	654,297.06	437,301.46	768,507.66	1,860,106.18

The main additions that occurred in 2016 refer to licensing and other costs incurred with new management software for transport operations (“TMS”), still in progress at the end of the year, and which is expected to enter into production in 2017.

The heading “Other intangible assets” refers to an insurance portfolio which was acquired in 2013. This intangible asset is being amortised over the period of 10 years, corresponding to the useful life estimated by the Board of Directors.

The Computer Programmes are not owned by the Group, which only has the respective usage rights under the terms of the contract signed with the supplier.

There are no intangible assets pledged as security for liabilities.

There are no future commitments for acquiring intangible assets.

8. TANGIBLE FIXED ASSETS

During the financial years ended on 31 December 2016 and 2015, the movement in the book value of tangible fixed assets, as well as their accumulated depreciation and impairment losses was as follows:

	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Administrative equipment	Other tangible fixed assets	Tangible fixed assets in progress	Total
Value as at 01.01.2015								
Gross book values	12,168,068.98	64,509,276.84	72,099,085.84	836,292.31	8,255,059.47	2,188,210.14	5,259,513.61	165,315,507.19
Accumulated depreciation and impairment losses	-	(32,666,164.14)	(42,396,930.42)	(782,632.79)	(7,383,634.08)	(1,380,011.91)	-	(84,609,373.34)
Net book values	12,168,068.98	31,843,112.70	29,702,155.42	53,659.52	871,425.39	808,198.24	5,259,513.61	80,706,133.85
Additions	-	193,096.11	6,803,846.48	-	578,015.91	82,874.14	5,204,277.41	12,862,110.05
Transfers of investment properties								
Gross book values	71,147.53	213,442.59	-	-	-	-	-	284,590.12
Accumulated amortisation and impairment losses	-	(4,268.88)	-	-	-	-	-	(4,268.88)
Transfers	-	55,951.16	954,435.81	-	-	-	(1,010,386.97)	-
Other changes	-	-	(360.00)	-	-	-	(64,000.00)	(64,360.00)
Divestments, claims and write-offs								-
Gross book values	-	(100,718.29)	(13,432,800.55)	-	(40,024.65)	(5,050.00)	-	(13,578,593.49)
Accumulated amortisation and impairment losses	-	75,539.80	11,294,087.14	-	29,289.33	4,102.19	-	11,403,018.46
Depreciation	-	(2,625,725.81)	(8,156,841.30)	(44,240.19)	(524,125.24)	(149,546.19)	-	(11,500,478.73)
Value as at 31.12.2015								-
Gross book values	12,239,216.51	64,871,048.41	66,424,207.58	836,292.31	8,793,050.73	2,266,034.28	9,389,404.05	164,819,253.87
Accumulated depreciation and impairment losses	-	(35,220,619.03)	(39,259,684.58)	(826,872.98)	(7,878,469.99)	(1,525,455.91)	-	(84,711,102.49)
Net book values	12,239,216.51	29,650,429.38	27,164,523.00	9,419.33	914,580.74	740,578.38	9,389,404.05	80,108,151.38
Additions	-	469,443.14	7,474,131.91	3,796.00	528,338.07	141,032.26	2,578,443.30	11,195,184.68
Transfers of investment properties								
Gross book values	-	-	-	-	-	-	-	-
Accumulated amortisation and impairment losses	-	-	-	-	-	-	-	-
Transfers	-	6,207,238.42	529,683.25	-	4,864.26	1,848.85	(6,761,476.56)	(17,841.78)
Other changes	-	-	-	-	-	-	-	-
Divestments, claims and write-offs								-
Gross book values	-	(1,497,589.92)	(14,297,910.51)	(13,500.00)	(27,625.89)	(103,273.33)	(14,191.64)	(15,954,091.29)
Accumulated amortisation and impairment losses	-	1,451,892.95	11,027,931.03	11,604.16	19,234.76	102,314.99	-	12,612,977.89
Depreciation	-	(2,827,562.83)	(7,597,993.75)	(5,461.73)	(462,624.73)	(132,786.38)	-	(11,026,429.42)
Value as at 31.12.2016								-
Gross book values	12,239,216.51	70,050,140.05	60,130,112.23	826,588.31	9,298,627.17	2,305,642.06	5,192,179.15	160,042,505.48
Accumulated depreciation and impairment losses	-	(36,596,288.91)	(35,829,747.31)	(820,730.55)	(8,321,859.96)	(1,555,927.30)	-	(83,124,554.02)
Net book values	12,239,216.51	33,453,851.14	24,300,364.92	5,857.76	976,767.21	749,714.77	5,192,179.15	76,917,951.46

The main additions which occurred in 2016 refer to the acquisition of vehicles, shelving, hardware, radio frequency equipment and security facilities.

The main transfers of 2016 refer to the remodelling and expansion of the Gaia premises, which began to be used in early 2016.

The divestments that occurred in 2016 primarily refer to the sale of vehicles.

There are no tangible assets pledged as security for liabilities or mortgages on land and buildings owned by the Group for the financial years ended on 31 December 2016 and 2015, with the exception of assets acquired under a financial leasing regime (Note 9).

The amount of expenditure recognised in tangible fixed assets in progress is broken down as indicated in the following table:

	31-12-2016	31-12-2015
Vehicles under preparation	781,852.87	514,165.98
Azambuja Terminal	2,602,405.98	2,598,935.85
Remodelling of the Gaia Premises	-	6,201,658.42
New Madrid Losgistics Centre	1,683,443.96	-
Other	124,476.34	74,643.80
	5,192,179.15	9,389,404.05

The tangible fixed asset relative to Azambuja terminal refers to two plots of land which will be used by the Company in the near future, in the context of its activity.

In 2016, the Company incurred a series of costs related to the preparation of the new logistics centre in Madrid, which will become operational in the first quarter of 2017.

During the financial year, the value of 23,543.94 euros was recognised for indemnities receivable from insurers relative to claims for total loss of vehicles. During 2015, the amount recognised was 123,296.54 euros.

9. LEASES

FINANCIAL LEASES

The net book value of assets under financial leases as at the reporting date, for each asset category, is presented in the table below.

	31/12/2016	31/12/2015
Tangible fixed assets		
Land and natural resources	2,196,421.11	4,207,187.81
Buildings and other constructions	9,483,099.76	11,934,035.02
Basic equipment	-	60,318.47
	11,679,520.87	16,201,541.30

The minimum payments of financial leases as at 31 December 2016 and 2015 are detailed as follows:

	31/12/2016		31/12/2015	
	Minimum Payments	Present Value of Payments	Minimum Payments	Present Value of Payments
Up to 1 year	1,477,561.91	1,461,980.54	1,656,666.50	1,633,470.81
1 to 5 years	3,255,799.81	3,241,877.67	4,729,183.80	4,701,162.39
Total minimum payments	4,733,361.72	4,703,858.21	6,385,850.30	6,334,633.20
Financial costs	(29,503.52)	n/a (*)	(51,217.10)	n/a (*)
Present value of the minimum payments	4,703,858.21	4,703,858.21	6,334,633.20	6,334,633.20

(*) - not applicable

The Group has lease contracts for land and buildings.

These contracts do not foresee any contingent instalments and include a purchase option.

OPERATING LEASES

The non-cancellable future minimum payments of operating leases as at 31 December 2014 and 2015 are detailed as follows:

	31/12/2016			
	Cost for the year	Future minimum payments		
		Up to 1 year	1 to 5 years	Over 5 years
Real estate leases	7,279,239.41	5,457,406.69	8,568,776.00	-
Light vehicle leases	530,360.95	491,956.97	762,356.71	-
Heavy vehicle leases	2,837,891.61	3,179,117.28	5,313,831.72	-
Fork-lift leases	2,286,233.00	919,551.71	882,248.32	-
	12,933,724.97	10,048,032.65	15,527,212.75	-

	31/12/2015			
	Cost for the year	Future minimum payments		
		Up to 1 year	1 to 5 years	Over 5 years
Real estate leases	6,509,649.54	4,172,519.50	1,037,164.63	-
Light vehicle leases	490,198.84	436,057.00	746,783.11	170,479.26
Heavy vehicle leases	1,527,631.58	1,412,333.24	757,104.78	-
Fork-lift leases	1,793,820.52	1,094,959.50	856,295.54	-
	10,321,300.48	7,115,869.24	3,397,348.06	170,479.26

10. INVESTMENT PROPERTIES

Invest properties are composed of land and buildings that are not assigned to the Group's activity and whose evolution is as follows:

	31-12-2016	31-12-2015
As at 1 January		
Gross value	1,440,293.88	1,724,884.00
Accumulated depreciation and impairment losses	(59,205.74)	(48,697.46)
Net value	1,381,088.14	1,676,186.54
Transfers to tangible fixed assets		
Gross value	-	(284,590.12)
Accumulated depreciation and impairment losses	-	4,268.88
Depreciation (Note 21.9)	(14,777.16)	(14,777.16)
Impairment losses	(206,448.31)	-
As at 31 December		
Gross value	1,440,293.88	1,440,293.88
Accumulated depreciation and impairment losses	(280,431.21)	(59,205.74)
Net value	1,159,862.67	1,381,088.14

The purpose of investment properties is the assignment of operations to external entities.

During 2016, the Group obtained a market valuation relative to part of the investment properties, which revealed that their fair value was below their book value by 206,448.31 euros, with the respective impairment loss having been recorded.

Apart from the exception noted above, the fair value of the assets as at the reporting date does not differ significantly from the amounts stated in the Group's financial statements that date.

As at 31 December 2016 there were no investment properties pledged as guarantees to third parties.

As at 31 December 2016 there were no major contractual obligations relative to the purchase, construction or development of investment properties.

The Group recognised in the Consolidated Income Statement by Nature, under the "Other income and gains" heading, the amount of 44,239.05 euros (39,159.05 euros in 2015) relative to Investment Property rents.

11. INVENTORIES

As at 31 December 2016 and 2015, the Group inventories were detailed as follows:

	2016	2015
Goods		
Gross value	1,351,965.69	1,350,739.76
Impairment losses	(267,023.26)	-
	1,084,942.43	1,350,739.76
Raw materials and consumables		
Gross value	393,935.64	404,966.85
Impairment losses	(7,967.95)	-
	385,967.69	404,966.85
	1,470,910.12	1,755,706.61

The inventories indicated in the table above correspond to land, spare parts acquired for vehicle repair and maintenance and fuel for use in the Group's own vehicles and assignment to subcontracted parties.

During the financial years ended on 31 December 2016 and 2015, the inventory amounts recognised as a cost were as follows:

Cost of Goods Sold and Materials Consumed

	Goods	Raw materials & consumables	Total
Inventories as at 1 January 2015	1,145,453.10	405,540.81	1,550,993.91
Purchases	6,291,718.68	9,122,037.38	15,413,756.06
Inventory adjustments	-	(62,162.72)	(62,162.72)
Stock on 31 December 2015	1,350,739.76	404,966.85	1,755,706.61
Cost of goods sold and materials consumed	6,086,432.02	9,060,448.62	15,146,880.64
Inventories as at 1 January 2016	1,350,739.76	404,966.85	1,755,706.61
Purchases	4,958,025.47	8,116,375.26	13,074,400.73
Impairment losses	(267,023.26)	(7,967.95)	(274,991.21)
Inventory adjustments	-	(67,933.88)	(67,933.88)
Stock as at 31 December 2016	1,084,942.43	385,967.69	1,470,910.12
Cost of goods sold and materials consumed	4,956,799.54	8,059,472.59	13,016,272.13

The amounts presented as cost include 6,574,766.46 euros (7,057,508.54 euros in 2015) with reference to the cost of fuel sold to subcontracted parties, whose revenue is recorded under the "Other income and gains" heading (Note 21.7).

Adjustments recognised as costs of the period

	2016	2015
Impairment losses:		
Goods	267,023.26	-
Raw materials and consumables	7,967.95	
	274,991.21	-

During 2016, the Group obtained a market valuation relative to land recorded as inventories, which revealed that their fair value was below their book value by 274,991.21 euros, with the respective impairment loss having been recorded.

12. REVENUE

The revenue recognised by the Group in 2016 and 2015 is broken down as follows:

	2016	2015
Sale of Goods		
Goods	4,458,357.58	4,201,205.92
Returned Sales	(15,341.78)	-
Discounts and Write-offs	(24,192.07)	(11,442.24)
	4,418,823.73	4,189,763.68
Services Rendered		
Services	217,676,295.21	216,182,427.70
Discounts and Write-offs	(18,432.16)	(42,030.51)
	217,657,863.05	216,140,397.19
	222,076,686.78	220,330,160.87

The distribution of revenue by business and geographic markets is as follows:

	2016	2015
Logistics	100,455,764.34	96,780,268.13
Transport	106,907,419.40	109,973,424.82
Other	14,713,503.04	13,576,467.92
	222,076,686.78	220,330,160.87

	2016	2015
Domestic Market	209,368,576.93	205,498,175.06
External Market	12,708,109.85	14,831,985.81
	222,076,686.78	220,330,160.87

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

13.1. PROVISIONS

The values recorded under the heading of "Provisions" refer to the Board of Director's best estimate of the amount required to meet losses considered as probable in relation to lawsuits underway.

The movement in the provisions heading during the financial years ended on 31 December 2016 and 2015 is reflected in the table below:

	Provisions for lawsuits in progress	Other provisions	Total
As at 1 January 2015	410,667.85	386,609.61	797,277.46
Uses in the year	(10,000.00)	(64,000.00)	(74,000.00)
Reversals of the year	(19,859.98)	(322,609.61)	(342,469.59)
Increases of the year	166,628.00	-	166,628.00
As at 31 December 2015	547,435.87	-	547,435.87
As at 1 January 2015	547,435.87	-	547,435.87
Uses in the year	(362,337.63)	-	(362,337.63)
Reversals of the year	(79,705.83)	-	(79,705.83)
Increases of the year	508,875.36	-	508,875.36
As at 31 December 2016	614,267.77	-	614,267.77

During the years ended on 31 December 2016 and 2015, the Group recorded costs of 429,169.53 euros and reversals of 175,841.59 euros, respectively.

13.2. CONTINGENT LIABILITIES

A lawsuit is currently underway against the Group petitioning an indemnity due to an accident which occurred inside its premises, for which it has not been possible to estimate the cost that may eventually be incurred. The maximum contingency of this lawsuit stands at 150,000 euros, which corresponds to the value of the petitioned indemnity. The Board of Directors, based on the opinion of its legal advisers, believes that the risk of loss is low, and decided not to record any provision for this effect.

13.3. CONTINGENT ASSETS

The subsidiaries Luís Simões Logística Integrada, S.A. (Portugal) and Luís Simões Logística Integrada, S.A. (Spain) have submitted objections on the "Tax on Minority Sales of Certain Hydrocarbons" (IVMDH), both to the Autonomous Communities and State Tax Administration Agency (AEAT), relative to the fiscal years of 2002 to 2012.

The IVMDH is in breach of the harmonised Community legislation on Special Taxes and specifically article 3, number 2 of Directive 92/12/EEC of the Council, of 25 February 1992, relative to the general regime, mandate, circulation and control of products subject to Special Taxes. Dated 27 February 2014, the court of justice of the European Union stated that the IVMDH is contradictory to the Directive on Special Taxes, which implies that companies may claim the value from the respective public administrations.

The total value claimed as at 31 December 2016 is 4,532,305.64 euros, plus late payment interest. During the financial year of 2016, the amount of 1,893,929.88 euros plus late payment interest of the value of 598,303.96 euros was returned, as shown in the Cash Flow Statement under “Other revenue”. Therefore, at the closing date of this year, the values claimed, which amount to 2,955,146 euros plus late payment interest, are not recorded in the accounting books. Rather, the values are only recorded upon confirmation from the Spanish Tax Authorities that the amounts will be returned.

The amount indicated in the preceding paragraph includes a value of 690,545 euros claimed via Material Responsibility of the State, in February 2015, relative to periods that have lapsed (first quarter of 2002 to third quarter of 2004, and first to third quarters of 2009).

13.4. OTHER INFORMATION

In February 2013 and March 2014 the Group was notified by the Inspection Department of the Social Security Institute to submit various documents, which were delivered by the established deadlines. Up to the date of preparation of these financial statements, no information has been received from the Social Security Institute on the outcome of these inspection proceedings. It is our belief that no infractions will result from these inspection proceedings that could significantly affect these financial statements.

14. GOVERNMENT GRANTS AND ASSISTANCE

The nature and extent of the government grants recognised in the consolidated financial statements is detailed in the table below:

	2016	2015
Government grants		
Internships	27,721.58	70,891.46
Employment incentives	28,016.61	65,432.55
Optimum incentive	-	34,031.25
Gas-fuelled vehicle incentive	-	5,880.00
Other	5,444.76	-
	61,182.95	176,235.26

The Group did not benefit directly from any other forms of Government support in 2016 and 2015.

15. ALTERATIONS IN EXCHANGE RATES

During the years ended on 31 December 2016 and 2015, no income or costs were recognised relative to favourable and unfavourable exchange rate differences.

16. EVENTS AFTER THE REPORTING DATE

No subsequent events were recorded as at 31 December 2016 that, due to their relevance and material significance, require adjustment or disclosure, as described in Note 3.23.

17. INCOME TAXES

The Group is subject to Corporate Income Tax (IRC) in Portugal. The current rate is 21% plus a Municipal Surcharge at a maximum rate of 1.5% on taxable profit, reaching a total aggregate tax rate of 22.5%.

Under the terms of Article 88 of CIRC (Corporate Income Tax Code), the Company is subject to autonomous taxation on a set of charges at the rates specified therein.

Some Group companies, subsidiaries in Portugal are included in the Special Taxation Regime for Corporate Groups ("RETGS") under the terms of article 69 and following of the CIRC, led by the shareholder LS - Luis Simões, S.G.P.S. S.A. The foreign subsidiary is taxed in accordance with the taxation rules in force in the respective country of origin.

The companies included in "RETGS" are presented in the table below:

Company	Starting date
LS - Luís Simões, SGPS, S.A.	01-01-2007
Luís Simões Logística Integrada, S.A. - Portugal	01-01-2007
Reta - Serviços Técnicos e Rent-a-Cargo, S.A.	01-01-2007
Diagonal - Corretores de Seguros, S.A.	01-01-2007
LS - Gestão Empresarial e Imobiliária, S.A.	01-01-2011
LS Frota, Lda.	01-01-2016

LS – Luís Simões SGPS, S.A., as the parent company, is responsible for calculating the taxable profit of the Group, based on the algebraic sum of the taxable profits and of the tax losses recorded in the income statements of each of the controlled companies belonging to the RETGS.

The charge for the year relating to tax payable is calculated in each of the companies forming part of the Group, depending on their taxable profit. Any gain or loss resulting from RETGS is recognised in each of the companies belonging to the Audit Group.

Pursuant to the legislation in force, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except when tax losses have been reported, or inspections, claims or objections are in progress, in which case, depending on the circumstances, the periods of time are extended or suspended. Therefore, the Company's tax returns from 2013 to 2016 may still be subject to review and correction. The Board of Directors believes that any corrections arising from reviews/inspections conducted by tax authorities to those tax returns will not have a significant effect on the financial statements under analysis.

The rules of deduction of tax losses carried forward have been changed for the financial years of 2013 and following. The reporting period for tax losses carried forward calculated in tax periods started on or after 1 January 2014 has changed to twelve tax periods (this period is five years for tax losses carried forward calculated in the tax periods of 2012 and 2013, four years for tax losses carried forward calculated in the tax periods of 2010 and 2011, and six years for previous tax periods). Furthermore, the deduction of tax losses carried forward is now limited to 70% of taxable profit, with this rule being applicable to deductions made in tax periods started on or after 1 January 2014, regardless of the tax periods for which they were calculated (in 2013 this limit was 75%).

17.1. SEPARATE DISCLOSURE OF THE FOLLOWING MAIN TAX COST (INCOME) COMPONENTS

a) Tax cost (income);
The tax cost (income) is indicated in the table below:

	2016	2015
Current tax		
Corporate income tax for the year	433,944.98	336,142.01
	433,944.98	336,142.01
Deferred tax		
Derived from and subject to reversal due to temporary differences	131,794.34	1,023,156.34
	131,794.34	1,023,156.34
	565,739.32	1,359,298.35

b) Adjustments recognised in the period for current taxes from previous financial years;

The adjustment recognised in the period for current taxes from previous periods is indicated in the table below:

	2016	2015
Excess tax estimate	106.35	1,822.39
insufficient tax estimate	23,233.32	5,771.37
	23,339.67	7,593.76

c) Amount of deferred tax cost (income) derived from and subject to reversal of temporary differences;

The amount of deferred tax cost (income) derived from and subject to reversal of temporary differences is shown in the table below:

	2016	2015
Deferred tax assets:		
Tax losses	3,488.10	750,489.83
Provisions and adjustments	(100,219.34)	64,540.37
Limitation of tangible fixed asset and intangible asset depreciation/amortisation (Ley 16/2012)	33,719.66	22,800.74
Tax benefits	-	336,299.40
Effect of intra-group tangible fixed asset transfers	108,677.87	75,637.33
	45,666.29	1,249,767.67
Deferred tax liabilities:		
Property leaseback	(11,299.06)	(14,058.49)
Revaluation reserves	97,427.11	(209,661.47)
	86,128.05	(223,719.96)
	131,794.34	1,026,047.71

d) Amount of deferred tax cost (income) related to changes in the taxation rates or to the imposition of new taxes;

No change to the corporate income tax (IRC) rate occurred in Portugal during the financial year of 2016. In Spain, corporate income tax ("Impuesto de Sociedades") shifted from 28% to 25%. However, this change had no impact whatsoever on the deferred taxes in 2016 as this effect had already been recognised in 2015. In Portugal, the change of the corporate income tax rate from 23% to 21% was recorded in 2015.

17.2. RELATIONSHIP BETWEEN TAX COST (INCOME) AND BOOK VALUE PROFIT

The numerical reconciliation between the average effective tax rate and the applicable tax rate is indicated in the table below.

	Tax base		Tax rate	
	2016	2015	2016	2015
Earnings before taxes	1,895,583.29	3,272,391.29		
Income tax rate in Portugal	22.50%	22.50%	22.50%	22.50%
Income tax at the nominal rate	426,506.24	801,735.87		
Reversal of impairment losses taxed in previous years	378,922.00	652,950.25		
Refund of non-deductible taxes and excess tax estimate	106.35	1,822.39		
Book value capital gains	2,989,042.11	2,968,292.23		
Differences in amortisations/earnings ascertained in consolidation	112,398.86	727,494.58		
Tax benefits	567,273.31	52,882.92		
	4,047,742.63	4,403,442.37		
Costs not deductible for tax purposes				
Depreciation and amortisation not accepted as costs	1,045,668.42	1,056,306.09		
Donations	4,666.50	1,988.97		
Corporate income tax and other tax on profits	48,516.34	5,771.37		
Fines, penalties and compensatory interest	47,893.12	101,340.01		
Charges not duly documented	8.50	170.67		
Tax capital gains	1,597,129.67	1,581,508.58		
Recording of impairment losses	829,551.26	378,922.00		
Non-deductible social utility payments	69,349.22	-		
Limitation of financing cost deductibility	44,058.01	-		
Corrections relative to previous years	220.80	1,440.00		
Other	32,922.23	64,518.04		
	3,719,984.07	3,191,965.73		
Taxable profit/Tax loss	1,567,824.72	2,060,914.65		
Income tax rate in Portugal	21.00%	21.00%		
Surcharge rate	1.50%	1.50%		
Calculated corporate income tax	329,243.19	432,792.08	17.37%	13.23%
Surcharge	36,563.81	37,016.27		
Autonomous taxation	125,210.31	126,969.62		
Tax benefits used	-	(18,310.10)		
Effect of the existence of different tax rates in force in Portugal	1,861.98	13,209.70		
Use of tax losses	(58,946.17)	(255,535.56)		
Current tax	433,933.12	336,142.01	22.89%	10.27%
Effect of the increase/reversal of deferred taxes	131,794.34	1,023,156.34		
	131,794.34	1,023,156.34	6.95%	31.27%
Income tax for the period	565,727.46	1,359,298.35	29.84%	41.54%

17.3. AGGREGATE AMOUNT OF TEMPORARY DIFFERENCES ASSOCIATED TO INVESTMENTS IN SUBSIDIARIES, BRANCHES, ASSOCIATES AND INTERESTS IN JOINT VENTURES RELATIVE TO WHICH DEFERRED TAX LIABILITIES HAVE NOT BEEN RECOGNISED

There are no temporary differences associated to investments in subsidiaries, branches, associates and interests in joint ventures, relative to which deferred tax liabilities have not been recognised.

17.4. FOR EACH TYPE OF TEMPORARY DIFFERENCE AND WITH RESPECT TO WHICH TYPE OF UNUSED TAX LOSS AND TAX CREDIT

a) Amount of deferred tax assets and liabilities recognised in the balance sheet for each period presented;

The amounts of deferred tax losses and liabilities recognised in the balance sheet for each period presented for each type of temporary difference and regarding each type of unused tax loss and unused tax credits are shown in the table below:

	Balance Sheet		Income Statement	
	2016	2015	2016	2015
Deferred tax assets				
Tax Losses - Constitutions (*)	3,735,535.36	3,505,306.80	230,228.56	85,549.54
Tax benefits - Use (*)	(3,733,350.28)	(3,447,358.09)	(285,992.19)	(836,039.37)
	2,185.08	57,948.71	(55,763.63)	(750,489.83)
Tax benefits	66,936.40	53,880.89	13,055.51	(336,299.40)
Provisions not accepted for tax purposes:				
Constitution of provisions not accepted for tax purposes	2,201,300.84	2,006,614.85	194,685.99	79,654.54
Reversal of provisions not accepted for tax purposes	(2,014,021.43)	(1,926,960.70)	(87,060.73)	(144,194.91)
	187,279.41	79,654.15	107,625.26	(64,540.37)
Limitation of tangible fixed asset and intangible asset depreciation/amortisation (Ley 16/2012)	269,757.26	303,476.92	(33,719.66)	(22,800.74)
Effect of intra-group tangible fixed asset transfers	116,779.44	232,863.22	(116,083.78)	(75,637.33)
	642,937.60	727,823.89	(84,886.30)	(1,249,767.67)
	642,937.60	727,823.89	(84,886.30)	(1,249,767.67)

(*) Part of these values was not recognised through profit or loss because they were used in the Special Taxation Scheme for Groups of Companies (RETGS).

	Balance Sheet		Income Statement	
	2016	2015	2016	2015
Deferred tax liabilities				
Temporary differences:				
Financial Leaseback - Amortisations not accepted	67,476.45	78,775.50	(11,299.05)	(14,058.49)
Revaluation of tangible fixed assets	2,358,948.22	2,261,521.12	97,427.10	(209,661.47)
	2,426,424.67	2,340,296.62	86,128.05	(223,719.96)

As at 31 December 2016, the amount of deductible tax losses reached 10,405.15 euros, which refers to the company Solmoninhos, and can be used up to 2018, but only in the sphere of Solmoninhos as this Company does not fall under the RETGS due to not complying with the conditions of admissibility.

18. FINANCIAL INSTRUMENTS

18.1. FINANCIAL ASSETS

The financial assets measured at cost are indicated in the table below:

	31/12/2016	31/12/2015
Non-Current		
Other financial investments		
Holdings in unlisted companies	3,794.86	53,794.86
Labour Compensation Fund (FCT)	43,788.62	18,845.65
Other	10,000.00	4,095.14
	57,583.48	76,735.65
Credit receivable		
Collateral	1,343,970.97	797,962.98
Current		
Customers - current account	64,770,981.31	59,875,282.82
Other credit receivable		
Accrued income receivable	1,880,414.99	2,167,768.07
Advances to suppliers	241,829.38	226,697.19
Staff	8,485.48	8,537.41
Other debtors - insurance mediation activity	138,540.84	115,278.76
Other debtors	4,313,299.28	4,111,552.63
	6,582,569.97	6,629,834.06
Cash and bank deposits		
Cash	16,006.05	16,359.95
Other bank deposits	258,786.18	227,064.12
	274,792.23	243,424.07
	73,029,897.96	67,623,239.58

In 2016, the heading of “Other receivables” includes 3,194,010.96 euros (3,034,597.39 euros in 2015) relative to the divestment of tangible fixed assets.

The financial assets measured at cost for which impairment has been recognised are indicated in the table below:

	31/12/2016	31/12/2015
Customers		
Gross value	69,360,185.19	65,076,189.29
Accumulated impairment	(4,589,203.88)	(5,200,906.47)
Net book value	64,770,981.31	59,875,282.82
Other debtors - insurance mediation activity		
Gross value	165,339.71	148,194.73
Accumulated impairment	(26,798.87)	(32,915.97)
Net book value	138,540.84	115,278.76

The amount of impairment losses recognised under each category of financial asset is indicated in the tables below:

2016	Opening Balance	Reinforcement	Use	Reversal	Closing Balance
Financial assets measured at amortised cost net of impairment					
Customers - current account	5,200,906.47	509,256.15	(870,714.83)	(250,243.91)	4,589,203.88
Other debtors	32,915.97	6,704.30	(8,626.63)	(4,194.77)	26,798.87
Other financial assets	3,606.13				3,606.13
	5,237,428.57	515,960.45	(879,341.46)	(254,438.68)	4,619,608.88

2015	Opening Balance	Impairment	Use	Reversal	Closing Balance
Financial assets measured at amortised cost net of impairment					
Customers - current account	5,337,328.66	195,139.46	(112,077.80)	(219,483.85)	5,200,906.47
Other debtors	-	32,915.97	-	-	32,915.97
Other financial assets	3,606.13				3,606.13
	5,340,934.79	228,055.43	(112,077.80)	(219,483.85)	5,237,428.57

The effect through profit or loss in 2016 amounted to 299,124.77 euros (8,571.58 euros in 2015).

18.2. FINANCIAL ASSETS

The financial assets measured at amortised cost are indicated in the table below:

	31/12/2016	31/12/2015
Non-current		
Funding		
Bank loans	17,114,768.11	11,510,680.82
Financial leases	3,241,877.67	4,701,162.39
Equity holders	12,286,137.49	13,169,049.26
From other entities	-	51,499.98
	32,642,783.27	29,432,392.45
Other debts payable		
Investment suppliers	90,000.00	105,000.00
Current		
Suppliers	36,507,171.63	34,880,594.37
Loans received		
Bank loans	15,663,884.98	13,149,026.23
Bank overdrafts	5,006,271.32	12,333,643.04
Financial leases	1,461,980.54	1,633,470.81
From other entities	51,499.98	153,783.44
	22,183,636.82	27,269,923.52
Other accounts payable		
Investment suppliers	3,896,816.70	2,204,317.92
Advances from customers	48,826.47	-
Accrual for holidays and holiday allowance	3,739,696.74	3,534,994.04
Bonuses and daily allowances	305,320.03	628,989.72
Outsourcing accrual	4,987,035.11	5,455,645.06
Other accrued costs	3,377,161.32	3,581,888.56
Staff	99,023.80	135,662.22
Other accounts payable - insurance mediation activity	174,797.03	267,552.78
Other accounts payable	412,235.97	94,429.21
	17,040,913.17	15,903,479.51
	163,290,924.98	164,293,705.82

The maturity of the non-current loans falls entirely between 1 and 5 years.

At the closing of the financial year of 2016, the value of the contracted credit lines was 40,600,000.00 euros (37,600,000.00 euros in 2015), of which only 5,006,271.32 euros is being used (12,333,643.04 euros in 2015).

Credit lines with movement up to 1 year are automatically renewable as defined contractually with the credit institutions.

The interest paid by the Group in 2016 and 2015 relative to loans and credit lines contracted and approved with credit institutions are mainly indexed to the Euribor plus a market spread.

18.3. RECOGNISED NET GAINS AND LOSSES

For the financial years ended on 31 December 2016 and 2015, the income, costs, gains and losses related to financial instruments are broken down as follows:

	2016		2015	
	Income	Costs	Income	Costs
Financial assets at amortised cost:				
Interest (Note 21.10)	8.33	-	409.39	-
Impairment losses (Note 18.2)	-	515,960.45	-	228,055.43
Reversal of impairment losses (Note 18.2)	254,438.68	-	219,483.85	-
	254,447.01	515,960.45	219,893.24	228,055.43
Financial assets at amortised cost:				
Interest paid (Note 21.11)	-	1,056,773.50	-	1,071,807.78
Cash discounts received (Note 21.7)	830,825.69	-	917,003.99	-
	830,825.69	1,056,773.50	917,003.99	1,071,807.78
	1,085,272.70	1,572,733.95	1,136,897.23	1,299,863.21

18.4. EQUITY INSTRUMENTS

The carrying amount of share capital issued by the Group as at 31 December 2016 and 2015 is broken down as follows:

	2016	2015
Capital		
Nominal value	30,000,000.00	30,000,000.00
	30,000,000.00	30,000,000.00

The number of shares representing the share capital is indicated in the table below:

	Value	Quantity
Shares issued		
Ordinary shares at 5 euros each	30,000,000.00	6,000,000
	30,000,000.00	6,000,000

Additional paid-in capital amounting to 6,830,400 euros were repaid during 2015.

19. STAFF COSTS

Staff costs are detailed in the following table:

	2016	2015
Staff remuneration	36,287,754.60	34,774,259.15
Indemnities	822,349.24	447,509.34
Charges on remunerations	8,342,117.09	7,978,196.45
Occupational accident and disease insurance	332,968.24	296,281.18
Social action costs	15,181.05	18,967.46
Other	975,583.06	852,931.52
	46,775,953.28	44,368,145.10

The average number of employees working for the Group in 2016 was 1,680 (1,566 in 2015).

20. INFORMATION REQUIRED BY LEGAL DIPLOMAS

Regarding the information legally required in other diplomas, namely articles 66, 324, 397, 447 and 448 of the Commercial Companies Code, the legal provisions arising from Decree-Law 328/95, of 9 December and the provisions referred to in Decree-Law 411/91, of 17 October, it is important to note that:

I. Pursuant to the provisions in number 2 of article 324 of the Commercial Companies Code, it is disclosed that the Company does not possess any own shares and, up to the present moment, has not undertaken any business which involved securities of this nature;

II. Pursuant to the provisions in number 4 of article 397 of the Commercial Companies Code it is disclosed that no business was undertaken between the Company and members of its governing bodies during 2016;

III. Pursuant to the provisions in number 1 of article 21 of Decree-Law number 411/91, of 17 October, it is disclosed that the Company has no debts in arrears to any welfare institution, with the balances reported as at 31 December 2016 arising from the withholding at source of deductions and contributions relative to the month of December, whose payment was made in January 2017, within the legal deadlines.

IV. The members of the Board of Directors indicated below, hold the following shares of the Company:

José Luis Soares Simões:	300
Jorge Manuel Soares Simões:	300
Leonel Fernando Soares Simões:	300

As required by law, the Board of Directors declares that the Group does not have any debts to the State in a situation of late payment, and that the situation of the Group relative to Social Security is settled, within the legally stipulated periods of time.

21. OTHER INFORMATION

21.1. DEFERRALS

As at 31 December 2016 and 2015, the "Deferrals" heading of the current assets and current liabilities was broken down as follows:

	31.12.2016	31.12.2015
Deferred assets		
Deferred Costs – Insurance	290,611.86	181,638.98
Deferred Costs - External Supplies and Services	435,233.50	237,063.58
Deferred Costs - Interest	4,466.96	237.36
	730,312.32	418,939.92
Deferred liabilities		
Fleet Management Agreement	544,011.38	1,109,010.19
Other Deferred Income	232,092.89	140,281.23
	776,104.27	1,249,291.42

21.2. RESERVES, NET INCOME AND OTHER CHANGES IN EQUITY

The heading of net income and other changes in equity are detailed in the following table:

	Legal Reserve	Other Reserves	Retained Earnings	Net Income for the Period	Total
Balance as at 1 January 2016	124,681.38	4,562,969.49	4,515,827.14	1,773,244.37	10,976,722.38
Dividends	-	-	(429,566.79)	-	(429,566.79)
Appropriation of net income	88,662.22	-	1,684,582.15	(1,773,244.37)	-
Net income for the year	-	-	-	1,690,786.49	1,690,786.49
Balance as at 31 December 2016	213,343.60	4,562,969.49	5,770,842.50	1,690,786.49	12,237,942.08

	Legal Reserve	Other Reserves	Retained Earnings	Net Income for the Period	Total
Balance as at 1 January 2015	68,088.82	4,562,969.49	4,515,827.05	1,131,851.12	10,278,736.48
Dividends	-	-	-	(1,075,258.56)	(1,075,258.56)
Appropriation of net income	56,592.56	-	-	(56,592.56)	-
Net income for the year	-	-	-	1,773,244.37	1,773,244.37
Other	-	-	0.09	-	0.09
Balance as at 31 December 2015	124,681.38	4,562,969.49	4,515,827.14	1,773,244.37	10,976,722.38

Non-distributable reserves

Apart from that which has been described above, in accordance with the legislation in force in Portugal, income and other recognised positive variations in net worth as a result of the use of the equity method may only be distributed to shareholders when they are realised. 2015, the Company recognised income and other unrealised positive variations in net worth, resulting from the application of the equity method and, consequently, of a non-distributable nature, in the amount of 1,796,827.39 euros. As at 31 December 2016, the accumulated total of income and other positive variations in net worth of a recognised non-distributable nature came to 11,004,017.66

euros, including the amount indicated above included in net income for the year.

Legislation in force in Portugal also establishes that the difference between the result appropriated by the application of the equity method and the amount of dividends paid or deliberated with reference to the same holdings shall be recorded as legal reserves.

As at 31 December 2016, non-distributable reserves, by heading, are detailed as follows:

	Non-distributable amount	Distributable amount	Total
Other reserves	3,436,347.77	1,126,621.72	4,562,969.49
Retained earnings	5,770,842.50	-	5,770,842.50
Adjustments in financial assets	-	268,414.41	268,414.41
Net income for the period	1,796,827.39	(106,040.90)	1,690,786.49
	11,004,017.66	1,288,995.23	12,293,012.89

The movements in reserves and other equity headings as at 31 December 2016 and 2015 arise exclusively from the appropriation of net income.

2015

By deliberation of the General Meeting of 3 May 2016, the net income for the period ended on 31 December 2015, of the value of 1,773,244.37 euros was appropriated as follows:

- Legal Reserve: 88,662.22
- Distribution of Dividends: 429,566.79
- Retained Earnings: 1,255,015.36

2014

By deliberation of the General Meeting of 22 June 2015, the net income for the period ended on 31 December 2014, of the value of 1,131,851.30 euros was appropriated as follows:

- Legal Reserve: 56,592.56
- Distribution of Dividends: 1,075,258.74

The legal reserve has not yet been fully constituted under the terms of the law (20% of share capital). This reserve may only be used to cover losses or increase the share capital.

The legal reserve is not available for distribution, and may only be used to increase the share capital or offset losses. Pursuant to the law, the legal reserve is reinforced annually by at least 5% of the net profit, until a minimum of 20% of the share capital is reached. This reserve is not distributable, unless the Company enters into liquidation. Nevertheless, it can be used to absorb losses, after other reserves are depleted, or incorporated in the share capital.

21.3. NON-CONTROLLING INTERESTS

During the financial years of 2016 and 2015, the balance of non-controlling interests evolved as follows:

	2016	2015
Balance as at 1 January	725,882.48	1,653,653.41
Acquisitions / Divestments	-	(1,032,335.21)
Profit for the period	(360,942.52)	139,848.57
Dividends	(24,329.23)	(32,672.27)
Divestments		
Other	-	(2,612.02)
Balance as at 31 December	340,610.73	725,882.48

The acquisition in 2015 of the amount of 1.032.335.21 euros corresponds to the acquisition of 88.24% of the share capital of Patrimundus – Investimentos Imobiliários, S.A.

The heading of non-controlling interests as at 31 December 2016 and 2015 is detailed as follows:

	2016	2015
Patrimundus - Investimentos Imobiliários, S.A.	-	-
Solmoninhos - Consultoria, Gestão e Execução Imobiliária, S.A.	263,283.48	631,192.55
Espaçotrans - Gestão Entrepostos Aduaneiros, Lda.	77,327.25	94,689.93
	340,610.73	725,882.48

21.4. STATE AND OTHER PUBLIC ENTITIES

As at 31 December 2016 and 2015, the headings of “State and other public entities” were broken down as follows:

	31-12-2016		31-12-2015	
	Assets	Liabilities	Assets	Liabilities
Corporate income tax				
Payments on account	749,772.16	(37,893.00)	987,337.49	(31,803.00)
Tax estimate	(371,018.87)	56,951.27	(399,798.29)	44,329.47
Tax withheld at source	53,227.82	42.28	56,692.77	-
Personal income tax	-	457,752.11	-	387,614.26
Value added tax - recoverable				
VAT recoverable - Portugal	350,891.07	-	466,042.96	-
VAT recoverable - Spain	438,475.60	-	413,425.74	-
VAT recoverable - other countries	58,472.74	-	62,849.64	-
VAT refund requests - Spain	382,035.63	-	929,154.68	-
VAT refund requests - other countries	72,285.59	-	45,803.01	-
Value added tax - payable	-	1,003,115.08	-	929,098.24
Social Security Contributions	-	934,852.51	-	867,220.21
Other Taxes	-	3,030.80	-	2,161.54
	1,734,141.74	2,417,851.05	2,561,508.00	2,198,620.72

21.5. OWN WORK CAPITALISED

This heading is detailed in the following table:

	2016	2015
Own work capitalised		
Tangible fixed assets	477,816.96	610,873.81
	477,816.96	610,873.81

21.6. EXTERNAL SUPPLIES AND SERVICES

The heading of "External supplies and services" is broken down as follows for the financial years ended on 31 December 2016 and 2015:

	2016	2015
Subcontracts	116,406,122.21	118,716,443.95
Specialised work	4,932,791.10	3,273,378.94
Advertising and promotion	320,267.56	224,910.30
Surveillance and security	639,272.48	897,646.13
Maintenance and repair	5,433,740.27	4,003,163.41
Electricity	1,197,653.61	1,303,625.01
Fuels	7,879,925.89	8,771,029.21
Travel and accommodation	1,040,324.46	1,049,297.76
Hire and rental charges	14,131,605.48	11,559,257.38
Communication	821,608.92	815,917.66
Insurance	1,638,751.83	1,571,156.24
Cleaning, hygiene and comfort	1,331,626.83	1,367,414.59
Tolls	1,874,508.25	1,653,803.22
Fees	408,800.77	429,900.98
Other	3,262,160.86	2,854,406.20
	161,319,160.52	158,491,350.98

Costs recognised as being of environmental nature are included in the heading of cleaning, and reached 301,095.15 euros in 2016 (131,812.90 euros in 2015).

21.7. OTHER INCOME

The heading of “External income” is broken down as follows for the financial years ended on 31 December 2016 and 2015:

	2016	2015
Supplementary income:		
Sale of fuel	6,776,702.42	7,590,369.57
Assignment of staff	8,450.15	34,564.21
Vehicle hire	260,524.92	329,089.80
Insurance	36,857.32	73,704.44
Assignment of operations	2,223.20	1,881.30
Vehicle maintenance and repair	224,116.51	151,928.75
Recovered waste	187,286.76	117,032.96
Other supplementary income:	344,893.47	79,775.95
Cash discounts received (Note 18.3)	830,825.69	917,003.99
Claim indemnities	215,723.61	269,145.29
Gains in tangible fixed assets	3,694,141.53	3,222,064.29
Income from renting contracts	329,175.34	440,454.58
Tyre contract initial charge	236,609.66	26,160.00
Investment property rents	47,239.05	39,159.05
Tax refunds	1,893,929.88	1,035,756.82
Other interest received	599,935.26	309,049.03
Other	402,584.09	174,045.13
	16,091,218.86	14,811,185.16

The heading of “Tax refunds” refers to the return of the Tax on Minority Sales of Certain Hydrocarbons (IVMDH), more commonly known as the Sanitary Cent (Cêntimo Sanitário). The heading of "Other interest received" refers mainly to late payment interest on the refunded amounts of the Sanitary Cent.

This tax refund resulted from claims made by the company, as mentioned in Note 13.3.

21.8. OTHER COSTS

The heading of “Other costs” is broken down as follows for the financial years ended on 31 December 2016 and 2015:

	2016	2015
Taxes and rates	740,795.32	674,948.22
Losses in tangible fixed assets	137,733.58	147,065.59
Donations	37,914.27	49,101.21
Levies	25,857.80	17,253.18
Claims	838,042.05	657,271.40
Insufficient tax estimate	6,899.11	5,771.37
Fines	45,104.77	101,238.77
Other	199,059.97	78,780.75
	2,031,406.87	1,731,430.49

21.9. DEPRECIATION/AMORTISATION

The heading of "Depreciation and amortisation costs/reversals" is broken down as follows for the financial years ended on 31 December 2016 and 2015:

	2016	2015
Intangible assets (Note 7)	360,823.89	510,928.21
Tangible fixed assets (Note 8)	11,026,429.42	11,500,478.73
Investment properties (Note 10)	14,777.16	14,777.16
	11,402,030.47	12,026,184.10

21.10. INTEREST AND SIMILAR INCOME RECEIVED

The heading of "Interest and similar income received", for the financial years ended on 31 December 2016 and 2015, is broken down as follows:

	2016	2015
Interest Received		
From deposits	8.33	409.39
	8.33	409.39

21.11. INTEREST AND SIMILAR COSTS PAID

The "Interest and Similar Costs Paid" heading is broken down as follows for the financial years ended on 31 December 2016 and 2015:

	2016	2015
Interest Paid		
On loans received	398,305.93	547,518.05
On loans received - Other related entities (Note 6)	457,645.14	181,205.82
On bank overdrafts	176,119.24	186,375.40
On financial leases	21,651.87	116,798.04
On factoring	111.02	3,811.70
On confirming	-	35,818.71
Other	2,940.30	115.42
Other Financial Costs and Losses		
Other	-	164.64
	1,056,773.50	1,071,807.78

21.12. GUARANTEES PROVIDED

The liability due to guarantees provided by the companies included in the consolidation stands at 7,386,328.10 euros (8,834,928.40 euros in 2015) and essentially refers to bank guarantees.

Furthermore, the Group submitted promissory notes to third parties to secure the payment of debts, which as at 31 December 2016 amounted to 33,100,009.59 euros (39,389,712.83 euros as at 31 December 2015).

21.13. EARNINGS PER SHARE

The earnings per share for the financial years ended on 31 December 2016 and 2015 were determined as follows:

	2016	2015
Results:		
Net income for the period	1,690,786.49	1,773,244.37
Number of shares		
Weighted average number of shares	6,000,000.00	6,000,000.00
Earnings per basic share	0.28	0.30

The Chartered Accountant:	**Signature**
Vítor José Caetano de Sousa	
The Board of Directors:	
José Luís Soares Simões - Chairman	
Leonel Fernando Soares Simões - Member	
Jorge Manuel Soares Simões - Member	
Fernanda Maria Oliveira Simões - Member	
Daniela Alexandra Lopes Simões - Member	
Rui Miguel Marcos Simões - Member	
Maria Celeste Morgado Venâncio dos Santos - Member	

LEGAL CERTIFICATION OF ACCOUNTS

Deloitte.

Deloitte & Associados, SROC S.A.
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Registo na CMVM nº 20161389
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CERTIFICAÇÃO LEGAL DAS CONTAS

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS CONSOLIDADAS

Opinião

Auditámos as demonstrações financeiras consolidadas anexas da LS – Luís Simões, SGPS, S.A. (a Entidade) e suas subsidiárias (o Grupo), que compreendem o balanço consolidado em 31 de dezembro de 2016 (que evidencia um total de 157.546.120 Euros e um total de capital próprio de 42.846.967 Euros, incluindo um resultado líquido de 1.690.786 Euros), a demonstração consolidada dos resultados por naturezas, a demonstração consolidada das alterações no capital próprio e a demonstração consolidada dos fluxos de caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras consolidadas que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras consolidadas anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira consolidada da LS – Luís Simões, SGPS, S.A. em 31 de dezembro de 2016 e o seu desempenho financeiro e fluxos de caixa consolidados relativos ao ano findo naquela data de acordo com as Normas de Contabilidade e Relato Financeiro adotadas em Portugal através do Sistema de Normalização Contabilística.

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras consolidadas" abaixo. Somos independentes das entidades que compõem o Grupo nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas.

Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Responsabilidades do órgão de gestão pelas demonstrações financeiras consolidadas

O órgão de gestão é responsável pela:

- preparação de demonstrações financeiras consolidadas que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa do Grupo de acordo com as Normas de Contabilidade e Relato Financeiro adotadas em Portugal através do Sistema de Normalização Contabilística;
- elaboração do relatório de gestão nos termos legais e regulamentares;
- criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras consolidadas isentas de distorção material devido a fraude ou erro;
- adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e
- avaliação da capacidade do Grupo de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades.

Deloitte & Associados, SROC S.A.
Registo na OROC nº 43
Registo na CMVM nº 20161389

Responsabilidades do auditor pela auditoria das demonstrações financeiras consolidadas

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras consolidadas como um todo estão isentas de distorções materiais devido a fraude ou erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- identificamos e avaliamos os riscos de distorção material das demonstrações financeiras consolidadas, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno do Grupo;
- avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;
- concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade do Grupo para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que o Grupo descontinue as suas atividades;
- avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras consolidadas, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e acontecimentos subjacentes de forma a atingir uma apresentação apropriada;
- obtemos prova de auditoria suficiente e apropriada relativa à informação financeira das entidades ou atividades dentro do Grupo para expressar uma opinião sobre as demonstrações financeiras consolidadas. Somos responsáveis pela orientação, supervisão e desempenho da auditoria do Grupo e somos os responsáveis finais pela nossa opinião de auditoria;
- comunicamos com o órgão de gestão, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria.

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demonstrações financeiras consolidadas.

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Registo na OROC nº 43
Registo na CMVM nº 20161389

RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o relatório de gestão

Dando cumprimento ao artigo 451.º, n.º 3, al. e) do Código das Sociedades Comerciais, somos de parecer que o relatório de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras auditadas e, tendo em conta o conhecimento e apreciação sobre o Grupo, não identificámos incorreções materiais.

Lisboa, 4 de abril de 2017

Deloitte & Associados, SROC S.A.
Representada por Jorge Carlos Batalha Duarte Catulo, ROC