



SUSTAINABILITY AND ACCOUNTS REPORT

2017

SUSTAINABILITY and steps of DIGITALISATION

 **Luis Simões**

www.luis-simoes.com

INDEX



ABOUT THIS REPORT

01.1 To our stakeholders

P.03

P.05

01



DISCOVER OUR WORLD

02.1 Who we are

02.2 Governance structure

02.3 Main events

02.4 On the road to sustainability / sustainability strategy and values

02.5 Stakeholders engagement

P.06

P.07

P.11

P.14

P.21

P.24

02



LS ADDS VALUE WITH SUSTAINABILITY

03.1 PICK TO LIGHT

P.25

P.26

03



QUALITY OF SERVICE

04.1 Client satisfaction

04.2 Zero tolerance – Gift policy

P.29

P.32

P.33

04



ENERGY EFFICIENCY

05.1 Composition of the fleet

05.2 Performance of driver

05.3 Energy efficiency in the centres of logistics operations

P.34

P.36

P.37

P.38

05



ROAD SAFETY

P.40

06



TRAINING AND INVOLVEMENT OF EMPLOYEES

07.1 LS personnel

07.2 Training

07.3 Projects

07.4 Health and safety at work

P.42

P.44

P.46

P.47

P.48

07



FINANCIAL ROBUSTNESS

08.1 Main consolidated indicators

P.51

P.53

08



GRI TABLE

P.58

09



ACCOUNTS

ANEXO 1

01



ABOUT THIS REPORT

01 ABOUT THIS REPORT

The present reports discloses sustainability-related indicators and practices, associated with the activity carried out by Luís Simões (LS), between 1 January 2017 and 31 December 2017, in the following areas of business: transport, logistics and maintenance and distribution of heavy-duty towing vehicles and semi-trailers and rent-a-cargo. The remaining areas of business of the group were only considered for purposes of the calculation of the total number of employees and drawing-up of the graphic presentation of LS facilities in the Iberian Peninsula.

This report includes the contents of the Report & Accounts of 2017 (in the “Financial Robustness” and “Accounts” chapters) of the Luís Simões SGPS Company.

The frequency of the Sustainability Report is annual, which also applies to the Report & Accounts.

The report was drawn up taking into account the guideline of Global Reporting Initiative (GRI), in its G4 version, in the option “In Accordance with - Essential”. The contents of the present report were developed based on the results of the consultation to stakeholders, carried out with the scope of reassessing the themes of material importance to the Group and its sustainability strategy. In the context of this alignment, Luís Simões only includes in the present report details on the sustainability principles which reflect the most relevant themes identified in the materiality matrix.

Luís Simões Logística Integrada S.A. (PT and SP) signed up to the principles of the United Nations Global Compact, including said principles and the respective Communication of Progress (COP) in the chapter referring to the Sustainability Strategy and in the GRI table.

Contact details for clarification of doubts concerning this report:

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01.1 TO OUR STAKEHOLDERS

In an era of constant change, regarding which the logistics and transport sectors are not unconnected, innovation must be perceived as a condition for survival. Innovation takes place when there is an investment in a new technological tool, but also when we rethink a process in order that it may better serve its final designed purpose.

The integration of information in digital format and the digitalisation of documents in the logistics sector constitute from some years now an operative need. Digitisation favours the occurrence of more opportunities for the improvement of processes and the reduction of paper. We face this challenge in the various areas of business and in the various operative processes.

We walk towards the digital economy and to the de-materialisation of the administrative processes. It amounts to a deep change in the

society we live in, resulting in benefits of which we may all reap in the short term, for it will vest the decision-taking processes with a greater efficiency and flexibility, enabling them to follow the constant changes to the market and to the clients' needs.

Innovation, Sustainability and Overcoming Expectations are some of the examples that drive LS. We want to build solutions with our clients that make it possible that, for each mile covered or in each pallet moved, we may add value to the supply chain.

Fernanda Simões

This year, we wish to highlight that the technology as a supporting tool to the work station permits to achieve an optimisation that represents an impact on productivity, on the improvement of processes, on the reduction in the consumption of resources such as paper and, logically, on the employees' motivation to contribute to the improvement of their work and to reducing errors. The project where we want to highlight the manner in which we add value is the application of technology to the picking process in the e-commerce channel, one of the examples we have at LS.

At Luís Simões, we believe that it is building long term relationships with our clients, partners, employees and shareholders that we walk the sustainable path that leads us to wherever the future is.

Daniela Simões

It was with great enthusiasm that in 2017 we inaugurated 3 centres of Logistics and RETA in Vila Nova de Gaia (renovated in 2016). We completed the first centre in the

new warehouse of Cabanillas del Campo, where we centralised the operations of 4 centres of logistics operations in the Madrid region, focused on operations, clients and involvement of employees. Before the end of the year, we inaugurated in Leixões the new customs warehouse of EspaçoTrans.

The year 2017 also saw special attention being given to the project of modification of the transport management system, a structural

In this context, innovation proves to be the key element in ensuring evolution and sustainable growth.

Rui Simões

measure which shall be felt in 2018, with a significant impact on the LS culture, where digitalisation occupies a central place between the client, the allocation of transport and the relationship with the drivers and subcontractors, constituting a key link in the chain. This digital proximity will be one of the steps towards shaping the future, involving on a daily basis our value chain in our sustainability strategy!

José Luís Simões
Chairman of the Board of Directors



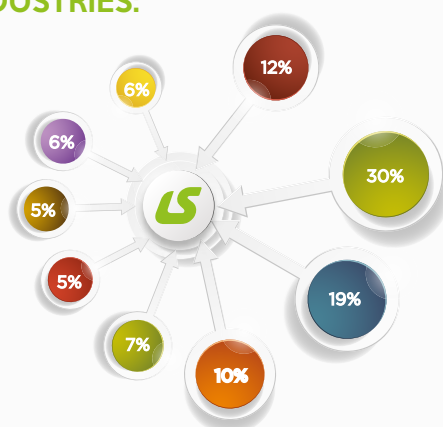
DISCOVER OUR WORLD

02.1 WHO WE ARE

LS is a familiar group since 1948, held by the LS family and consisting of a logistics operator within the supply chain, including 10 companies, 1973 employees and a variety of services. The core business represents about 95% of the turnover.

	PORTFOLIO OF SERVICES	HIGHLIGHTS
TRANSPORT 	<ul style="list-style-type: none"> • FTL (Environment, Controlled Temperature, ADR) • LTL • Distribution • Mobile Publicity • Dedicated Vehicles • Management of Flows • WDT (Warehouse Managing, Delivering & Transportation) • Intermodal /Short Sea Shipping) 	Leader in Road Transport in Portugal and in the Portugal / Spain /Portugal flow
LOGISTICS 	<ul style="list-style-type: none"> • Storage • Iberian Distribution • Picking • E-commerce • Reverse Logistics • Promotial Logistics • Control of Inventories • Traceability • Services of Added Value (Co-packing) 	Leader of Logistics and Distribution of general consumption products in Portugal
TECHNICAL SERVICES & RENT-A-CARGO 	<ul style="list-style-type: none"> • Sale of New & Second-Hand Semi-Trailers • Rent-a-cargo • Maintenance of heavy-duty towing vehicles and semi-trailers and rent-a-cargo 	Market leader of rent-a-cargo in the Portuguese market
INSURANCE BROKERS 	<ul style="list-style-type: none"> • Insurance brokerage in private segment • Insurance brokerage in companies segment 	National Coverage in Portugal

THE CORE BUSINESS OF LS SERVES VARIOUS INDUSTRIES:



- FOOD
- DRINKS
- HPC
- OTHERS
- CONSUMER ELECTRONICS
- PAPER, PULP AND PACKAGE
- RETAIL
- FASHION
- AUTOMOTIVE

02.1 WHO WE ARE

Luís Simões is governed by a set of values and policies that reflect the mission and vision of the company in a market in constant development.



MISSION

To ensure efficient and competitive solutions of Transport, Logistics and ancillary services, meeting the needs of clients and companies in general, from the economic, social and environmental perspective.

VISION

To constitute the reference within the Iberian Peninsula with regards to the quality of service of the Transports and Logistics sector.

VALUES

- Orientation to the Client
- Respect for people
- Sustainability
- Reliability
- Loyalty
- Innovation
- Environment
- Concern for safety
- Assets

02.1 WHO WE ARE

With a regional presence in the Iberian Peninsula, with operations in 50 locations and a highly relevant network, LS is much more than the sum of its parts:



~02.1| WHO WE ARE



LOGISTIC

25 Centres of Logistics Operations

350.000m²

27 Cross-Docking Platforms

10 Co-packing Centres



TRANSPORTS

It manages a fleet of 2000 vehicles

10 Centres of Transport Operations



SERVICES

3 Centres of Technical Assistance with 22.000, 17.000 e 3.000 m² (Carregado, Gaia and Perafita)

2 Heavy-duty vehicle washing facilities

110.000h of maintenance capacity installed (heavy-duty vehicles)

4.417.232

PICKING UNITS/MONTH

ROTAS DE DISTRIBUIÇÃO/DIA

840



3.210.700

CO-PACKING UNITS/MONTH

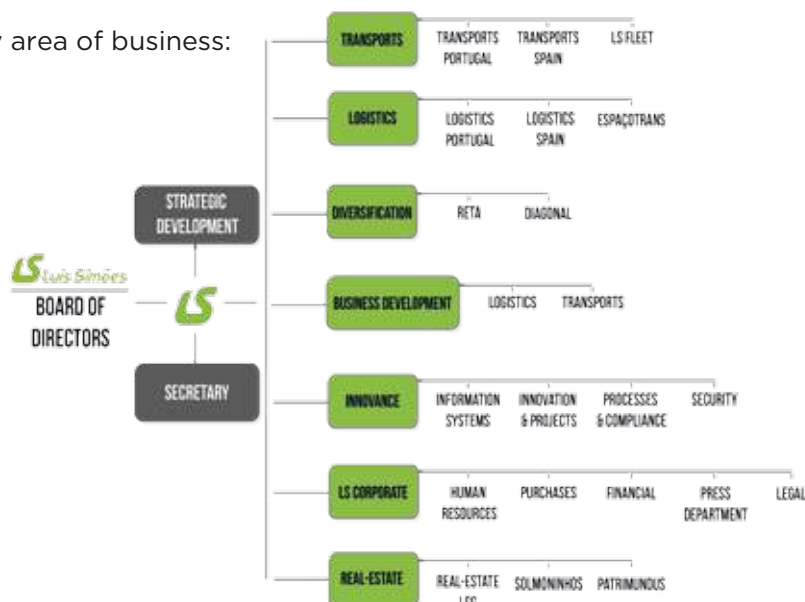
MILHÕES DE TONELADAS POR ANO

7.000.000

02.2 | GOVERNANCE STRUCTURE

The Luís Simões Group (henceforth referred to as “Group”) is composed of LS – Luís Simões, SGPS, S.A., and of its subsidiaries.



Luís Simões by area of business:



The Luís Simões companies are 100% held by the Simões family. The Board of Directors includes, since 2015, three members the second generation and three elements of the third generation. More than half of the third generation members occupy management positions within the organisation.

Board of Directors (BD)

The BD has a statutory nature and is composed of 7 directors, of which six are members of the LS family.

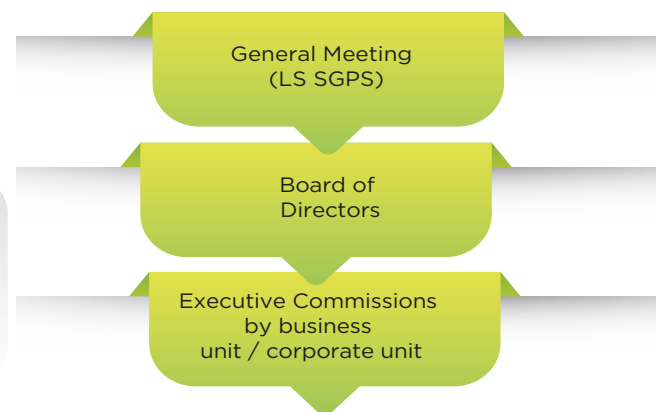
JOSÉ LUÍS SIMÕES	LEONEL SIMÕES	JORGE SIMÕES	CELESTE SANTOS	DANIELA SIMÕES	FERNANDA SIMÕES	RUI SIMÕES
CEO	BOARD	BOARD	BOARD NON-FAMILY	BOARD	BOARD	BOARD
2G	2G	2G		3G	3G	3G
						
José Luís Simões (Director of the “Real Estate” business and Chairman of the Board of Directors);	Leonel Simões (Non-Executive Director);	Jorge Simões (Director of “Reta and Diagonal” business units and Managing of the Reta business unit);	Celeste Santos (Director of the “Shared Services” corporate unit);	Daniela Simões (Director of the “Business Development business unit);	Fernanda Simões (Director of the Transport and Logistic business unit);	Rui Simões (Director of the “Innovance” corporate unit);

And two external advisers

02.2 | GOVERNANCE STRUCTURE

Executive Commissions are created by business unit and corporate unit, with the respective Directors and General Managers taking part in said commissions, which meet on a monthly basis with the main purpose of following up the evolution of business, taking the decisions that require the intervention of the Executive Commissions, and assuring the liaison with the Board of Directors.

The governance model of Luís Simões includes 2 highly relevant events to the employees and management teams, which enable the alignment of the organisation:



Visits of the Directors

They take place every 2 years in each region and cover all the operational units of Luís Simões in the Iberian Peninsula: 3 regions in the first year of the cycle, and 2 regions in the following year. Each visit involves all the management team (including corporate areas) and team in charge of the central and regional management of business.

Manager Meeting

This event takes place on an annual basis and at the beginning of each year, serving the purpose of ensuring the alignment of the management team and rewarding 3 managers for their performance in the previous year. In the year 2017, 5 Managers of the Year were exceptionally awarded.



Managers of the Year 2017

02.2 | GOVERNANCE STRUCTURE

Significant Changes in 2017

The importance of subcontracting transport in the value chain of LS led to the creation, at the end of 2016, of the Subcontracting Board, which is common to the Logistics and Transport businesses, presenting in 2017 some steps with a direct impact on the company's sustainability.

The first subcontracting tender (transport and logistics) has reached its conclusion, after having been started in 2016, ending with the award of 16 flows to carriers which already worked with LS, thus deepening their relationship and volume of work. This tender integrated the "Letter of Commitment to Carriers", developed by LS and based on its code of ethics constituting a crucial requirement, which is now embedded into the Carrier's Manual. The "Letter of Commitment to Carriers" was part of the protocols celebrated with transport subcontractors.

This letter of commitment constitutes a tool which represents an important step towards the alignment with its value chain, with a structured relationship with carriers and forwarders equating to a highly significant benchmark of sustainability.

COMPLIANCE - LS' RISK MANAGEMENT POLICY

Within the scope of the strategic planning of the Luís Simões Group companies, and considering the good national and international practices, the LS Compliance and Risk Management area is responsible for implementation and complying with the Risk Management Policy, which establishes a methodology that ensures the knowledge and assessment of the risks that LS faces, as well as determines the need to give an effective response to those risks.

In 2017 special attention was given to the risks related to the new Data Protection General Regulation, so as to ensure the legal fulfilment of the right to the protection of data of natural persons and to Cybersecurity, with a view to implement measures which mitigate the possibility of intrusion into the computer systems of the group companies. The risk inherent to the constant legislation changes was also mitigated, through the hiring of an external service which provides warnings of legislation changes with an impact on the activities of the support and business areas of the LS Group companies, in the various geographic locations where such areas operate.

The year of 2017 also saw the creation of a new Internal Audit area. It consists of a central and independent area, aimed at contributing to the reduction of exposure of the LS group to risk, by way of the assessment of the existing controls.

The Internal Audit area is integrated into the Processes and Compliance Board and is committed to: checking the fulfilment of the standards and processes instituted by the management; identifying opportunities for the implementation of improvements; assessing the adequacy of the existing internal controls; and issuing recommendations which allow for adding value and improving the efficiency of the processes.

This area is characterised by a status of independence from all the activities and businesses of the Luís Simões group, being represented at the Board of Directors by Director Rui Simões and at the Executive Commission by the Director Rui Simões and by the General Manager, Carlos Caiado.



MINISTER OF THE SEA INAUGURATED THE CUSTOMS WAREHOUSE OF ESPAÇOTRANS IN LEIXÕES

Espaçotrans, a Customs Warehouse Management company that is part of the Luís Simões group, inaugurated on November 25 its customs warehouse in Leixões.

The ceremony, which began at 4:30 p.m., was attended by the Minister of the Sea, Eng. Ana Paula Vitorino, with the Administration of Luís Simões and the Managing Partner of Espaçotrans, Alexandre Machado.

The program included the guest's transfer to visit the several units installed in the Logistics Platform of the Leixões Port, of which the Espaçotrans Customs Warehouse is the only unit that is fitted to move parts with a maximum weight of 30 tons, with the aid of two overhead cranes of 15 tonnes load capacity. This warehouse serves the Leixões Port, and has Customs Warehouse, Temporary Storage, Export Warehouse and has the status of authorised consignee. One hundred percent of its export activity is carried out through the Leixões Port.



According to Alexandre Machado, Managing Partner of Espaçotrans, "The new Customs Warehouse of Espaçotrans in the Logistics Platform of Leixões Port is a dream come true. An investment of about half a million euros that complements the services provided at the Perafita platform with regards to storage, handling of cargo and other auxiliary freight forwarding activities. Combined with a modern and functional image, this investment will not only contribute to the development of Espaçotrans but also to the region of Northern Portugal and shall surely constitute an added value to the country's economy. "

For José Luís Simões, Chairman of Luís Simões, "This investment reinforces our commitment to the development of customs warehouses management."



LUÍS SIMÕES DISTINGUISHED IN THE 10TH ANIVERSARY OF THE DONATED GOODS BANK OF ENTRAJUDA

Luís Simões was one of the entities distinguished on 30 October in the celebration of the 10th anniversary of the Bank of Donated Goods.

The ceremony, which took place in Quinta do Cabrinha, in Lisbon, counted with the presence of João Pedro Matos Fernandes, Minister of Environment, and José António Vieira da Silva, Minister of Labour, Social Solidarity and Social Security, and sought to pay homage to companies, entities and individuals for their role in protecting the environment and their dedication to the social causes, for a more cohesive, sustainable and cooperative Portugal.

Created by ENTRAJUDA in 2007, the Bank of Donated Goods is an innovative project, of national scope and transversal to all the society and economy, promoting the practice of sustainability, with the purpose of



delivering to social solidarity institutions non-food products donated by companies.

Besides the celebration of the 10th anniversary of the Bank of Donated Goods, in which LS was distinguished as one of the 10 main partners generating value and social impact, Isabel Jonet has strengthened the partnership with Luís Simões and expressed her admiration and gratitude for all the support and value that the group generates and the role it plays when it comes to social responsibility and solidarity in Portugal: "Luís Simões is one of the partners which, since the foundation, has played a crucial role and has allowed for the fulfilment of a project that today is a reference in Portuguese society within the scope of the cooperative and circular economy. Our appreciation for all the support it provides cannot be overstated. It is an honour for me to award this prize do Mr José Luís Simões,

a person I have the utmost admiration for, and distinguish a partner that generates great value to society".

José Luís Simões declared that "Luís Simões and I are honoured to be a partner to ENTRAJUDA. When creating value at the economic, social and environmental levels, ENTRAJUDA and Luís Simões are materialising their commitment to sustainability and to the coming generations. This planet is not ours. We may use it, but we have the obligation to leave it "healthy" for those who will come after us. Besides taking care of the planet, we have to take care of one another".

Cristiano Ronaldo voiced his support to this commemorative day of the Bank of Donated Goods with the offer of 5000 pairs of shoes from his collection, the logistics operation of which is the responsibility of LS since 2015. On this occasion, LS associated with the donation and offered the transport of the donated goods from their warehouse in Vila Nova de Gaia to the warehouse of the Bank of Donated Goods, in Lisbon.

~02.3| MAIN EVENTS



LUÍS SIMÕES INVESTS 7.4 MILLION EURO IN VILA NOVA DE GAIA

Luís Simões officially inaugurated in Vila Nova de Gaia the renovated Centres of Logistics Operations and the new Centre of Technical Assistance of Reta. The event was attended by the Mayor of Vila Nova de Gaia, Eduardo Vítor Rodrigues, who presided to the inauguration ceremony with the unveiling of the plaque in both the facilities. Various members of the Management of Luís Simões, as well as the Chairman of the Board of Directors, José Luís Simões, were also present.

Luís Simões invested a total amount of 7.4 million Euros in the rehabilitation of both operations centres, the renovation and expansion works intended to equip the facilities with the necessary conditions for the growth of operations in the northern region, simultaneously allowing for a focus on the urban logistics domain. The modernisation of the infrastructures also implied a rehabilitation at the level of the energy efficiency, through the installation of solar panels and a more efficient and sustainable waste management system.

“This investment takes on a strategic importance to Luís Simões since it allows us to expand our potential for growth in the northern region and respond to the good economic performance that this region has been presenting. We are convinced that both Luís Simões and Reta now possess the necessary conditions for continuing to grow and achieve the established objectives”, said José Luís Simões, Chairman of Luís Simões.



Logistics Operations Centre of Luís Simões

With approximately 14,900 square meters of area covered and 1500 square meters of pier area, the Logistics Operations Centre of Vila Nova de Gaia traced back its origins to the provision of services of Integrated Logistics, Inverse Logistics, Positive Cold, Urban Distribution, Unloading of Containers, Fashion and Medical Devices.

Besides the rehabilitation and expansion, the works contemplated a greater commitment to the energy efficiency by way of the installation of solar panels and the creation of a system accompanying the consumption of energy with an indicator of energy consumption versus pallets moved.

Centre of Technical Assistance RETA

The growth of business of Reta helped to identify the need to enlarge the offer of services in the region of northern Portugal. That expansion was aimed at increasing the sections of intervention and services made available, improving the response capacity of the carriers and increasing the quality of the service provided.

The Centre of Technical Assistance (CTA) of Reta works as a concept of One Stop Shop that comprises all services in one single location. In the same place it is possible to find multibrand maintenance and repair services of heavy-duty vehicles, shop of parts, rent and sale of new and used tractors and semi-trailers, enabling to save time and fuel in displacements between garages and other providers of services.

02.4 | ON THE ROAD TO SUSTAINABILITY / SUSTAINABILITY STRATEGY AND VALUES

Luís Simões developed in 2008 a sustainability strategy based on the analysis of the results of the stakeholders' involvement, sectorial framework, management guidelines and internal good practices and also of benchmarking of similar companies. In 2015, Luís Simões carried out the reassessment of the materiality, through the auscultation of stakeholders, sectorial framework and benchmark.



Stakeholders' engagement

The identification of stakeholders, namely of their concerns and expectations, assumed a vital importance in the process of reassessment of the sustainability strategy. LS updated the mapping of stakeholders, based on the analysis of the importance that LS has to those stakeholders and vice-versa.



02.4 ON THE ROAD TO SUSTAINABILITY / SUSTAINABILITY STRATEGY AND VALUES

The consultation of stakeholders enabled an analysis to the activities of Luís Simões, identifying strengths, weak points, threats and opportunities:

STRENGTHS

- Image
- Proactivity
- Leadership in the sector and in terms of sustainability
- Financial robustness
- Investment in equipment and machinery / Renewal of fleet
- Training in health and safety at work
- Safer, more comfortable and more efficient vehicles
- Innovation (Natural gas vehicle)
- Road safety (PT)
- Organisation and procedures (PT)

WEAK POINTS

- Asymmetry in the perception of the quality of service between the two countries
- Lack of coordination and alignment between transport and logistics
- Outsourcing/ subcontracting impacts the quality of service and the efficiency
- To invest in providing training to human resources
- To streamline the adaptation to a new requirements (barriers at a technological level)
- Road safety (SP)
- Qualification and retention, training, HSW (SP)

OPPORTUNITIES

- To assume own fleet for relevant clients
- Adaptation to market challenges and needs
- To streamline the implementation of solutions (namely of a technological nature)
- Multimodality
- To be a partner between producers and distributors
- Door to door business and online commerce
- To invest in and value the employees
- To innovate with quality

THREATS

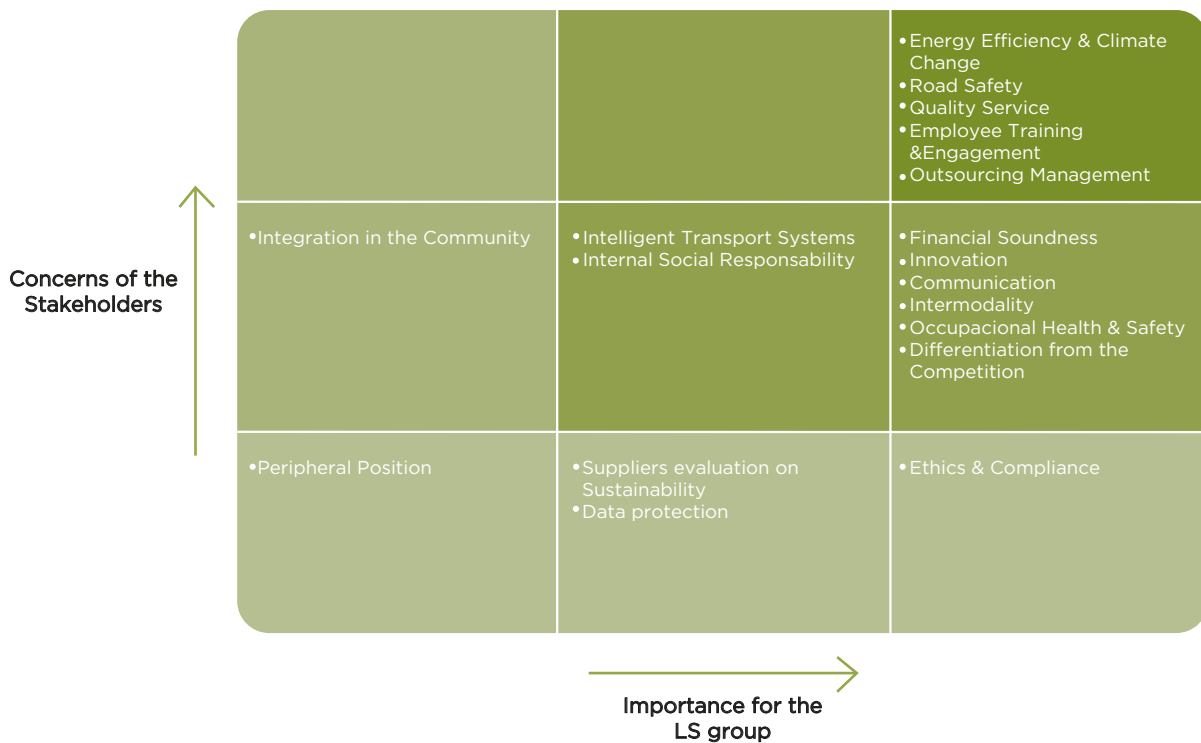
- Quality of the service
- Subcontracting
- Lack of training of human resources
- Structural difficulties of adaptation by the size of the company
- Misuse in the resort to temporary employment

PT - Portugal
SP - Spain
HSW - Health & Safety at Work

The identified challenges were analysed jointly with the good practices of the sector and with the LS practices in order to integrate the Materiality Matrix which resumes the importance of the challenges to LS and to the stakeholders.

02.4 | ON THE ROAD TO SUSTAINABILITY / SUSTAINABILITY STRATEGY AND VALUES

MATERIALITY MATRIX



Of the challenges identified in the Materiality Matrix, its internal operationalisation is carried out in “Principles” that aggregate the initiatives to be developed in order to improve LS performance.

The value chain of Luís Simões was subject to an analysis, with the importance of subcontracting transport being highlighted and aligned with the importance of subcontracting with regards to ensuring a service of quality, which stood out in the consultation to stakeholders.

The providers of transport are largely small sized (small or micro-sized enterprises) in both countries. This reality reflects the interdependency among companies, an interdependency that is not only financial but also of an environmental and social nature. The impact that the training of employees or the consumption of fuel / emissions have on the service provided to the client place that typology of providers at the top of Luís Simões’ priorities when it comes to sustainability.

The Sustainability strategy defined in 2008 was revised in 2015, with the identification of new challenges and promotion of the streamlining of the topics and standardisation of communication.

02.4 | ON THE ROAD TO SUSTAINABILITY / SUSTAINABILITY STRATEGY AND VALUES

The 9 sustainability principles of LS are in line with its values, its operationalisation being intimately related to the policies already developed by the Group:

1. TO PROVIDE A SERVICE OF QUALITY AND GREAT RESPONSIBILITY:



Challenges: Quality of service, Management of Subcontracted parties; Ethics and Compliance; Assessment of suppliers with regards to sustainability; Differentiation in relation to the competition; Data protection.
See chapter 04

- A) Meeting the clients' expectations, offering innovative and flexible solutions;
- B) Ensuring high standards of quality for its own fleet and the subcontracted fleet, for the internal logistics operations and for the Rent-a-cargo services, sale and technical assistance to semi-trailers;
- C) Ensuring high standards of safety of products, including food safety, during the course of its involvement in the supply chain;
- D) Ensuring absence of corruption in all its forms, including extortion and bribery;
- E) Knowing the performance and impact of the value chain, for supporting the management of the Group's performance throughout the value chain and identifying risks.

2. GUARANTEEING THE FINANCIAL ROBUSTNESS OF THE GROUP:



Challenges: Financial robustness.
See chapter 08

- A) Promoting a policy of income retention, with reinforcement of Equity and consequent financial balance;
- B) Adapting the provisional structure of outside capital to the nature of the financial investments;
- C) Efficiently managing the clients' portfolio, with a commitment to reducing ACP (Average Collection Period), ensuring the financing of the operating cycle.

02.4 | ON THE ROAD TO SUSTAINABILITY / SUSTAINABILITY STRATEGY AND VALUES

3. PROMOTING INNOVATION:



Challenges: Innovation; Intelligent Transportation Systems.
See chapter 03

- A) Implementing a culture of innovation at the levels of service, process and organisation, thus increasing the efficiency and creating value to the client and to the Group;
- B) Adopting the best available solutions for the carrying out of the activity and predicting, whenever possible, the needs of the clients and the meeting of the regulatory requirements.

4. PROMOTING ENERGY EFFICIENCY:



Challenges: E: Energy Efficiency and Climate Changes; Management of Subcontracted parties; Intermodality.
See chapter 05

- A) Promoting efficient motorisation, alternate fuel and solution of intermodality and co-modality;
- B) Optimising the routes, minimising empty mileage and increasing vehicle occupancy rates;
- C) Investing in providing training on Eco-Driving;
- D) Promoting the energy efficiency at the level of warehouses, centres of technical assistance to heavy-duty vehicles and offices;
- E) Monitoring energy consumption (electricity and fuels) and greenhouse gasses emissions;
- F) Investing in the relationship with subcontractors of transports and other suppliers, supporting them with a growing adoption of sustainability criteria in mind;
- G) Promoting a preventive approach to the environmental challenges.

02.4 | ON THE ROAD TO SUSTAINABILITY / SUSTAINABILITY STRATEGY AND VALUES

5. TRAINING AND INVOLVING THE EMPLOYEES:



Challenges: Training and Involvement of Employees; Ethics and Compliance.
See chapter 07

- A) Boosting the recruitment and retention of employees with potential;
- B) Ensuring the continuity of management capacity by way of professional training and encouraging of people;
- C) Enhancing the professional development and personal accomplishment;
- D) Conveying a vision of a company committed to its employees and to their development;
- E) Guaranteeing the respect for the protection of internationally recognised human rights;
- F) Supporting freedom of association and the effective recognition of collective bargaining;
- G) Contributing to the abolition of all forms of forced labour and compulsory labour resulting from its activity;
- H) Guaranteeing the absence of discrimination in employment.

6. PROMOTING ROAD SAFETY:



Challenges: Road safety .
See chapter 06

- A) Promoting good driving practices through training sessions and monitoring of performances and rewarding good behaviour;
- B) Guaranteeing adequate work conditions to the drivers when it comes to ergonomics and driving hours and rest periods;
- C) Ensuring the preventing maintenance of vehicles.

02.4 | ON THE ROAD TO SUSTAINABILITY / SUSTAINABILITY STRATEGY AND VALUES

7. PROMOTING HEALTH AND SAFETY AT WORK:



Challenges: Health and Safety at Work.
See chapter 07

- A) Monitoring and mitigating the risks associated with the activity;
- B) Guaranteeing the means adequate for the promotion of Health and Safety in the professional performance;
- C) Improving the ergonomic conditions and the ambiance in the work place.

8. PROMOTING INTERNAL AND EXTERNAL CITIZENSHIP:



Challenges: Internal social responsibility and Integration into the Community.

- A) Encouraging the citizenship of its employees, promoting their health and investing in partnerships that benefit them;
- B) Promoting a growing proximity to the community, through a strategy of support to initiatives of social nature;
- C) Supporting institutions, organisations and projects of public interest, providing technical capacity and human and financial resources.

9. PROMOTING INTERNAL AND EXTERNAL COMMUNICATION:



Challenges: Communication; Integration into the Community; Ethics and Compliance

- A) Structuring communication channels and boosting on-site activities for drivers and remaining employees;
- B) Promoting strategic communication and web platforms of operational communication with suppliers and clients;
- C) Communication in a transparent manner with the media and the local and national authorities;
- D) Promoting visits from education institutions, families of employees and/or other stakeholders to the LS locations (sites).

02.5 INVOLVEMENT WITH STAKEHOLDERS

Bearing in mind the influence, dependency and power that some stakeholders have in relation to LS, and in order to promote a transparent communication, the LS methods of communication with its stakeholders are presented below.

CUSTOMERS <ul style="list-style-type: none"> • Client satisfaction survey • Portal LSnet • Digital Newsletter • Presentations • Meetings • Web site of LS • Sustainability and Accounts Report • Social Networks 	PERSONNEL <ul style="list-style-type: none"> • We are LS • Employees' satisfaction survey • Intranet • Newsletter LS Express • Training initiatives • Meeting of Managers • Posters • Events • LS Family Day • Portal LSnet • Web site of LS • Sustainability and Accounts Report • Social Networks 	PERMANENCE SUBCONTRACTORS <ul style="list-style-type: none"> • Training initiatives • Portal LSnet • E@sy7 • Web site of LS • Sustainability and Accounts Report • Social Networks
POSSIBLE SUBCONTRACTORS <ul style="list-style-type: none"> • Portal LSnet • E@sy7 • Web site of LS • Sustainability and Accounts Report • Social Networks 	BANKS <ul style="list-style-type: none"> • Periodic meetings • Visit to the main operational centres • Sustainability and Accounts Report • Web site of LS 	OTHER SUPPLIERS <ul style="list-style-type: none"> • Posters • Regular communication • Portal LSnet • Sustainability and Accounts Report • Social Networks • Digital Newsletter • Web site of LS
UNIONS <ul style="list-style-type: none"> • Work conventions negotiations • Meetings • Web site of LS • Sustainability and Accounts Report • Social Networks 	ASSOCIATIONS <ul style="list-style-type: none"> • Development of protocols • Participation in associations • Events • Web site of LS • Sustainability and Accounts Report • Social Networks 	UNIVERSITIES <ul style="list-style-type: none"> • Visits to the Centres of Operations • Partnerships • Standard communication • Web site of LS • Sustainability and Accounts Report • Social Networks
MEDIA <ul style="list-style-type: none"> • Standard communication • Commercial and institutional presence • Web site of LS • Digital Newsletter • Sustainability and Accounts Report • Social Networks 	NGO's <ul style="list-style-type: none"> • Development of protocols • Events • Web site of LS • Sustainability and Accounts Report • Social Networks 	NATIONAL/REGIONAL AND LOCAL AUTHORITIES <ul style="list-style-type: none"> • Standard communication • Web site of LS • Sustainability and Accounts Report • Social Networks

A woman in a dark vest and blue pants is operating a yellow pallet jack in a warehouse. She is moving a stack of cardboard boxes. In the background, other workers are visible, and the warehouse is filled with high shelves of boxes. Large, stylized, semi-transparent letters 'O3' are overlaid on the image.

LS ADDS VALUE WITH
SUSTAINABILITY

03

LS ADDS VALUE WITH SUSTAINABILITY PICK TO LIGHT

Challenges: Quality of Service; Health and Safety at work; Involvement of Employees.

In an era of constant change, to which the logistics and transport sectors are not unrelated, innovation must be perceived as a condition for survival. We innovate when we invest in a new technological tool, but also when we rethink a process in order that it may better serve its final designed purpose.

The implementation of new methodologies with improvement of the processes, be it regarding the productivity and/or the employees' health, is at LS a synonym of adding value to the chain. The implementation of formats of automation of the process of preparation and orders for the online channel has evidenced productivity gains and improvement in the employees' health. In 2017 Luís Simões prepared more than 4000 daily shipments to the e-commerce channel of its clients in the Iberian Peninsula, a place where automation is also present in some of these processes.

HOW DID IT COME?

The implementation of the direct sale channel of client Boticário, which works with Luís Simões since 2015, highlighted specific needs associated with the type of preparation of the orders. Due to its specificity, with the improvement of the service to the client and of the employees' productivity being sought, we were able to identify the possibility of implementing an improvement to the process that would reduce the repetitive movements in the preparation process.

The project was conceived and implemented by LS' Board of Innovation and Projects (BIP) jointly with the operative employees of the centre of logistics operations of Azambuja.

The objective was to improve the operative employees' productivity in preparing the orders, thus reducing the number of unnecessary repetitive movements and the errors in the preparation.

The project consisted of the implementation of a "pic to light" system physically supported by 3 carts, composed of 12 slots with light generating devices that enable the simultaneous preparation of 12 orders.



~03.1 PICK TO LIGHT

The system works as a support to a new software that makes it possible to group 12 orders through an algorithm. This change enables the reduction of the preparation time, which makes it possible to prepare a greater quantity in a single pass. This improvement permits to increase the operative employees' productivity, consequently reducing the number of repetitive movements.

Associated with this operation, the radiofrequency reading equipment was replaced by a "ring scanner" - equipment which is placed on the hand in order to enables the use of the two hands in preparing the order.

With this modification, a new area of packaging was created, permitting that the prepared product is duly packaged, which enables the correct adjustment of the necessary package for shipment as well as the reutilisation of the boxes used in the preparation carts.



The endurance test of the project took place during the Christmas season, during which many days registered up to 400 orders, with the response having been very positive. We should highlight the great receptivity that pick to light had on part of our operative employees, who were all very satisfied with the system.

The implementation of operative processes better adjusted to the new consumption channels, focused on reducing the consumption of materials, in which visual information gives indications on the preparations to make, taking advantage of the path to take and aggregating similar preparations to be carried out simultaneously, constitutes an element of competitiveness to Luís Simões.

WHAT ARE THE ADVANTAGES?

In short, the pick to light project made it possible to increase the speed of execution of the orders while improving their reliability through the minimisation of errors of picking.

In the logistics operations, the main cause of accidents is musculoskeletal damage, wherefore the effort of implementation of improvement processes that reduce repetitive efforts in the operations assumes particular importance to the improvement of the employees' well-being and health.

This project presents the following gains:

- Increase in productivity;
- Reduction of preparation errors;
- Reduction of the worker's repetitive movements;
- Reduction in the consumption of paper and cardboard boxes;
- Improvement of the employees' motivation and involvement.

03.1 PICK TO LIGHT

ECONOMIC ADVANTAGES

Increase in productivity

SOCIAL ADVANTAGES

Reduction of errors -
Employees' motivation

Reduction of repetitive efforts -
employees' health

ENVIRONMENTAL ADVANTAGES

Reduction in the
consumption of paper
and cardboard

Increase in operative efficiency

Fewer costs, more efficiency, more safety



ESPAÇO 4

GESTÃO DE ENTREPÓSITOS ADUANEIROS LDA

QUALITY OF SERVICE



04 QUALITY OF SERVICE

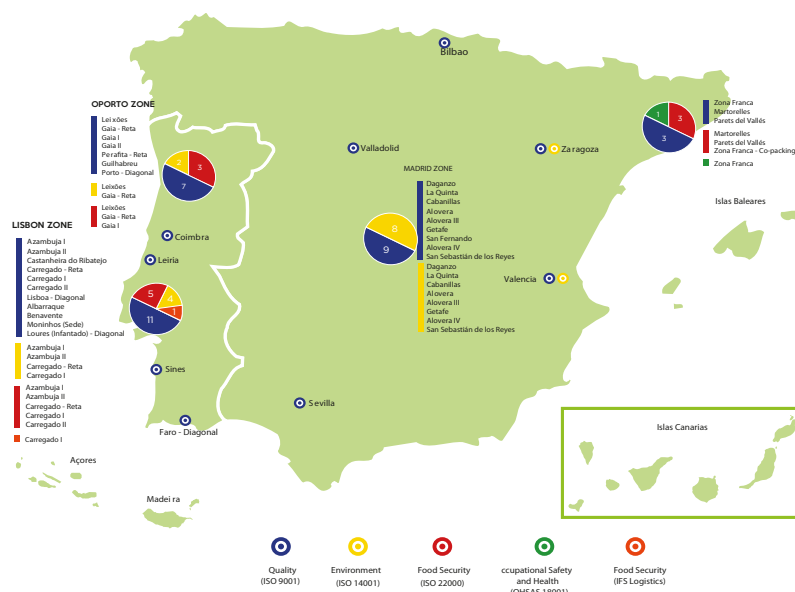


Challenges: Quality of service, Management of Subcontracted parties.
See chapter 2 – On the road to sustainability

The vision of Luís Simões is to become a reference within the Iberian Peninsula when it comes to the quality of service of the Transports and Logistics sector, with an attitude of integrating operator, placing the clients' expectations not only in its values but also in its sustainability strategy.

As a link in the supply chain, Luís Simões assumes a position of great responsibility, integrating logistics and transport solutions in the implementation of solutions, namely with recourse to subcontracting.

By adjusting the service to the customers' requirements, Luís Simões has certified the main operational centres in the standards for Quality (ISO 9001) and Environment (ISO 14001), ensuring



the implementation of food safety standards and regulations in the centres where it is applied.

The year of 2017 was marked by the largest transfer of facilities to be carried out by Luís Simões. The operation was implemented at the Regional Board of Madrid, with the transfer of the operations of clients from 4 centres of logistics to the central Warehouse of Madrid (CLO Cabanillas). This operation entailed the transfer of more than 80,000 pallets.

This operation of transfer of more than 80,000 pallets required the need to have 4 active warehouses at the same time as the centrality itself, thus entailing a duplication of costs, the transfer of shelves and equipment, costs of disassembly and installation of shelves and costs of exit from warehouses provided for in contracts entered into with the respective landlords, and also the reorganisation of the layout of the various operations of clients. This clearly constitutes an investment of Luís Simões towards the future, supported by a energetically more efficient and more automated warehouse.



LUÍS SIMÕES TESTS NEW TRANSPORT OPTIMIZATION SOLUTION

Luís Simões is currently taking part in a European project under Horizon 2020 - Optimum - focusing on the research and development of issues related to the optimization of transport. The project has the participation of 14 companies from eight countries and shall last approximately three years.

The optimization solution in which Luís Simões participates of an assessment of the introduction of variable prices in Portuguese tolls, an innovative and potentially more effective approach to the current fixed price scenario.

The objective of this project is to enable transport operators to access information in advance on the price to be paid on tolls and thus to be able to analyse whether the value is sufficiently appealing to opt for a motorway or a national road. If the results of the pilot tests of the Optimum project are positive, it will be possible to prove the hypothesis of practicing variable prices, causing a transfer of transport from the national highways to the motorways, with advantages for the national road operator (cost reduction (optimization of occupancy) and for the conveyor (reduction of costs and time / comfort involved in the trip). **In addition to these direct gains, the introduction of this measure could also contribute to the reduction of Greenhouse Gas Emissions and to the reduction of environmental and social impact on populations living along national roads.**



The biggest challenge was to incorporate in the planning process a variable considered fixed: the price of the toll. The LS is testing certain itineraries almost in the laboratory, allowing to see the gains per section of motorway, in terms of consumption and time versus toll payment. Participation in this pilot project has provided great learning for the whole team. LS has been allocated 10 vehicles and five highways are being tested in central and northern Portugal, managed by the Gaia Transactions Operations Center.

"This project is a combination of a lot of information. The creation of the algorithm is the result of the investigation of the project team in which it is integrated: LS and three other Portuguese partners (IP - Infraestruturas de Portugal, TIS.PT, and Uninova), as well as researchers from universities and technology partners from other countries of the European Union. We can mention that this project has already published scientific papers that attest to the innovative and unique character of this process", says Pedro Ventura, Process and Compliance Director of Luís Simões.



The transport industry can have a very positive impact if it proves scientifically that the system of variable prices on motorways is more efficient than the current reality of fixed prices. This impact is also measurable at the level of sustainability, with visible gains for the various stakeholders in the process of managing road infrastructure, road transport means and also for other entities involved, such as vehicle users in general who can benefit from a more efficient management road infrastructures.

We are basically testing the development of a product that infrastructure managers can use to increase the effectiveness of asset management. In the first phase, to make available to heavy fleet operators and, in the future, be accessible to any private user.

04.1 CLIENT SATISFACTION

In line with the positioning of the responsibility and commitment to the future, and meeting the needs of control of the quality of service and improvement of the service to the client, Luís Simões certifies its activities in the Iberian Peninsula with regards to Quality (ISO 9001) and Environment (ISO 14001) in the operational centres of greater relevance, with the implementation of the HACCP system in the centres where there are operations with food products

For the maintenance of the existing processes, 39 internal audits were carried out to the various business units, with the clients performing 30 audits (27 in the logistics operations and 3 in the transport units). In addition to that, external certification audits were carried out regarding the references ISO 9001, ISO 20000, ISO 14001 and IFS (Carregado) and OHSAS (Zona Franca).

Integrated into the process of Ongoing Improvement in which the Luís Simões companies are involved, client satisfaction surveys are carried out on an annual basis. Additionally, the main clients of transport and logistics are more regularly followed up in meetings of follow-up of activity.

Carried out in the format of online survey, sent to the main clients of the various businesses, sent during the first quarter, the results referring to 2016 are presented.

Apart from the global assessment of the service provided to the client, this format also pursues the objectives of knowing the image that the client has of the Luís Simões companies, assess their concerns with the service and evidence opportunities for improvement.

BUSINESS	ISC2015	ISC2016	2016 VS 2015
IBERIAN PENINSULA LOGISTICS	74,2%	74,7%	▲
IBERIAN TRANSPORTS	75,4%	74,7%	▼
RETA	66,6%	64,9%	▼
DIAGONAL	82,5%	83,2%	▲

Results of the Client Satisfaction Survey (CSS)

On a global level, the participation rate obtained was of 37%, which represents a decrease in relation to the previous year (56%), while the level of general satisfaction was marked by a reduction compared with the previous year.

The most valued aspects were the customer service (78 to 80%) in the logistics and transport businesses, followed by information systems (72%) and quality of service (73%).

The Process & Quality Assurance area follows up the action plans which are subsequent to the report, thus enabling a better assessment of the impacts of the auscultation and the implemented measures.

~04.2| ZERO TOLERANCE – GIFT POLICY

Ethics has been part of the DNA of LS from the very beginning and it constitutes a requirement highly valued by the majority of the multinational clients. When in 2016 we released the Code of Ethics and Conduct, we were blazing the trail in our sector. And that is an added value for everybody.

It should be remembered that LS is not obliged by law to release Codes of Ethics nor to establish Gift Policy. And that is how we stand out! It is one of the features that make us stand out in the market, and one which we decided to highlight. And if by donating the offers LS find another way of structuring solidarity actions, so much the better.

In this context, we proudly communicate that, throughout 2017, we donated about 130 pallets of products that we have been offered to different Social Solidarity Entities.

In 2017 we did not feel the need to review the Gift Policy. However, we are aware of the difficulties felt by some LS Employees and we would like to be able to alter the recipients of the offers/products in favour of our Employees. That will imply the implementation of a fair system of identification of needs.

“GIFT POLICYAt LS we do not promote the acceptance of gifts. Gifts may influence management decisions that should be unbiased and objective. Therefore, LS Employees do not follow the practice of gifts acceptance from Clients, Partners or Suppliers, current or potential. In case it is not possible to refuse or return the offer, we bring about social solidarity...”



VEÍCULO A GÁS NATURAL

VEÍCULO MOVIDO A GÁS



Luís Simões
Descubra o
novo mundo.
Mais além
do que se vê.

ENERGY EFFICIENCY

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05 ENERGY EFFICIENCY



Challenges: Energy Efficiency and Climate Change; Management of Subcontracted parties; Intermodality.
See chapter 2 - On the Route of Sustainability

The energy efficiency is at the basis of the environmental concerns of Luís Simões, being directly related to the productivity of the operations, regarding transports to the consumption of fossil fuels and regarding logistics to the consumption of electrical energy, being regarded as a differentiating factor.

The implementation of vehicles of larger capacity is one of the examples of how energy efficiently constitutes a differentiating factor in designing transport solutions.

Since 2015 8 Gigaliners replaced 24 lorries on the road at the service of client Celbi; 2017 saw the purchase of 2 mega lorries for Spain that awaited about 6 months for a permit to operate, starting their operation only in January 2018. LS is the company with more Gigaliners operating in the Iberian Peninsula.

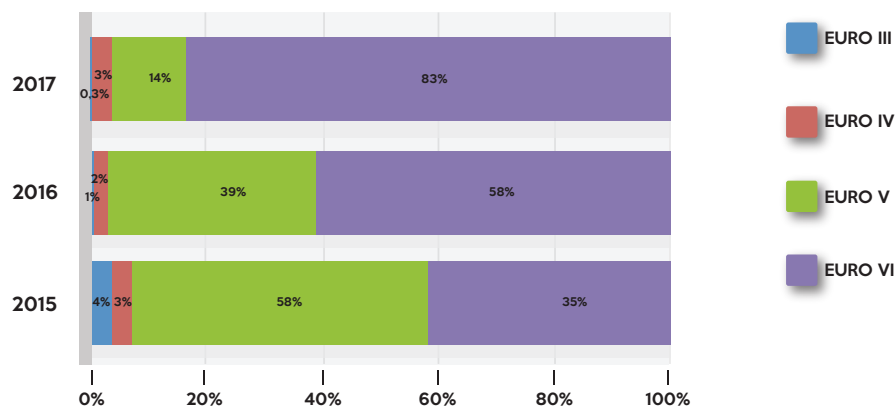
One of the projects that we are still following up is the application of WeTruck technology in the utilisation of kinetic energy in the power supply of a refrigerated lorry.



05.1 COMPOSITION OF THE FLEET

Luís Simões restarted in 2014 a new cycle of renewal of the fleet, proceeding to include Euro VI vehicles: tractors and 8 Gigaliners. In 2016, 212 Euro VI vehicles were purchased. In 2017, 2 Mega Trailers were purchased for operating in Spain and the investment focused on the purchase of 300 semi-trailers, for a modern, more economic and safer fleet.

The increase in EURO VI motorisation has been substantial, having reached 58% in 2016 and 83% in 2017, allowing for a fleet with an average age lower than 3 years.



Evolution of the distribution of LS fleet per type of Euro standard

The Luís Simões fleet, undergoing renewal already features 97% of vehicles with Euro V and Euro VI motorisations, with just 3% of vehicles with Euro III and IV motorisation.

The renewal of the fleet bears in mind the energy efficiency of the vehicle as well as the necessary adaptations for minimising the friction, to reduce fuel consumption and the Greenhouse Gas Emissions (GHG). The new MAN and IVECO trucks highlight the adaptations made to the vehicles.



05.2 | PERFORMANCE OF DRIVER

“Ecodriving” was born in 2008 with the purpose of altering the behaviour of drivers and follow up their performance, a necessary component for supporting the energy efficiency of the fleet.

In 2017, 7,610 hours of training were provided to drivers regarding the various aspects included in the training plan.

For the analysis of the impact of this project on the reduction of Greenhouse Gases (GHG), the comparison with the year of reference (2007), previous to the implementation of the project, is maintained.

INDICATORS LS - EVOLUTION

ANOS	2007	2011	2012	2013	2014	2015	2016	2017
GHG EMISSIONS (KG CO ₂ eq/l)/ 1000 KMS	1.039	988	927	961	976	961	927	870
SPECIFIC CONSUMPTION (goe/VK)	326	310	307	312	308	307	289	283
VARIATION REGARDING THE YEAR OF REFERENCE (2007)	0	-4.9%	-10.7%	-7.5%	-6.1%	-7.4%	-10.8%	-16.2%

GHG Emissions of Own Fleet

The impacts of the Ecodriving project are visible, being crucial in the efficiency of the operations of transport and regarding the emissions of the Greenhouse Gases. The year of 2017 saw a reduction of 16% in relation to the year of reference.



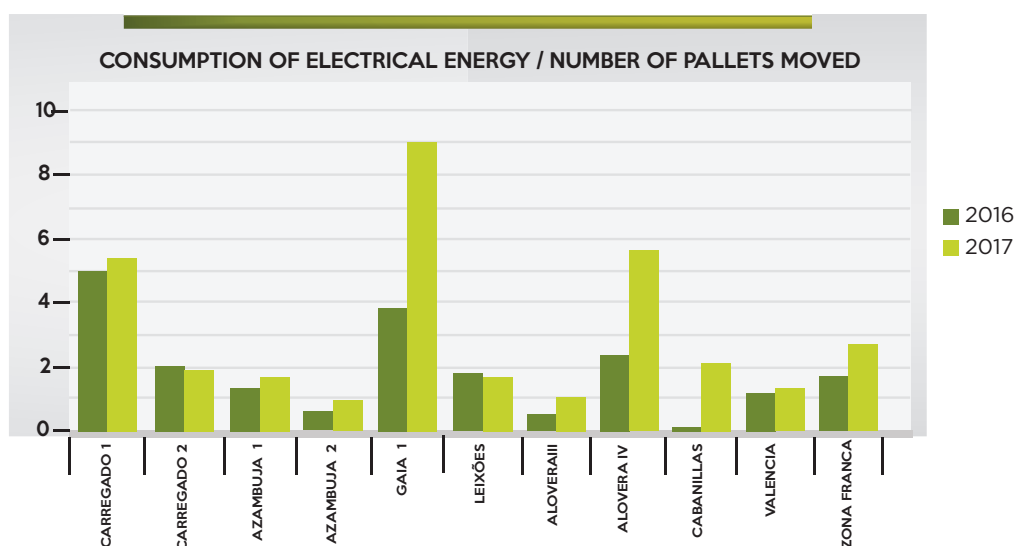
~05³ ENERGY EFFICIENCY IN THE CENTRES OF LOGISTICS OPERATIONS

In the Centres of Logistics Operations (CLO), the focus on the energy efficiency is equally important. In the warehouses, electrical energy is consumed and the indicator for following up the consumption of energy is “kWh consumed electricity / Total number of pallets moved (In + Out)”.

In 2017, the values of CLOs for which the energy consumption indicator is followed are presented. For these centres, the indirect greenhouse gases emissions (GHG) are also accounted for.

CENTRES OF LOGISTICS OPERATIONS												
COL		CARREGADO 1	CARREGADO 2	AZAMBUJA 1	AZAMBUJA 2	GAIA 1	LEIXÕES	ALOVERA III	ALOVERA IV	CABANILLAS	VALENCIA	ZONA FRANCA
KWH/ PALLET(S) MOVED	2016	3,74	2,32	1,32	0,59	3,9	1,82	0,96	2,86	-	1,19	1,58
	2017	5	2	2	1	9	2	1	6	2	1	3
INDIRECT GHG EMISSIONS (TON CO ₂ eq)	2016	1.404	593	189	118	462	410	55	53	-	14	39
	2017	1.210	493	174	151	508	410	36	75	127	17	39

Consumption of electrical energy at CLOs and indirect GHG Emissions



The CLO with the largest consumption of energy is the facility of Carregado 1, which has controlled temperature areas. Since it is classified as being a large energy consumer, this CLO has triggered a Plan for streamlining the energy consumption, in force until 2019, with initiatives for reducing the consumption in implementation. In 2017, the centralisation of the logistics operations in Madrid into the new warehouse in Cabanillas took place, entailing changes of energy consumption, which increased as a result. As some centres closed down in the first quarter, they were not considered due to lack of representativeness.

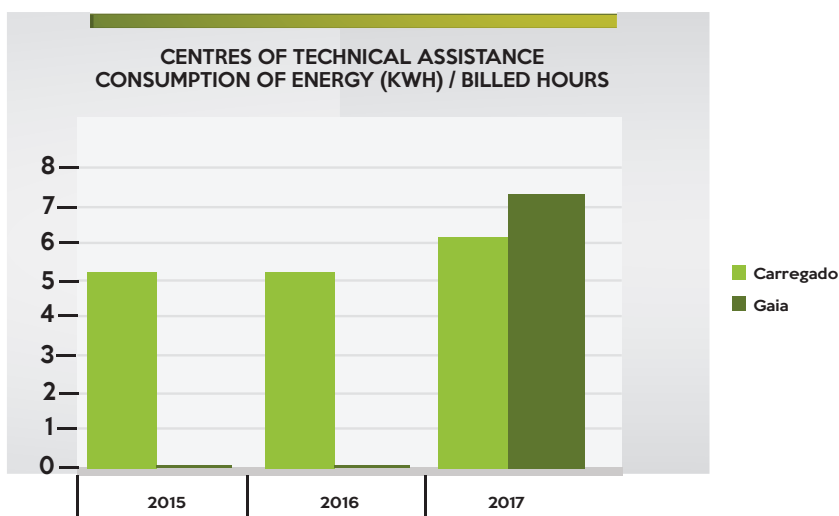
05³ ENERGY EFFICIENCY IN THE CENTRES OF LOGISTICS OPERATIONS

CLO Cabanillas was the first LS warehouse with LEED GOLD certification, an evidence of the sustainability criteria in the construction of the building, namely sustainable materials and efficient facilities that promote the reduction in the consumption of natural resources.



The Luís Simões team proactively contributed to the LEED Gold certification, supporting it as users of the building, committing to use sustainable products and promoting good practices during the utilisation of the facility, namely with regards to the efficient use of energy and efficient use of water.

In the Centres of Technical Assistance (RETA), the consumption of Energy is also followed: since 2015 the indicator of energy “Kwh/ Number of billed hours” in the Centre of Carregado and in 2017 also in the Centre of Vila Nova de Gaia.





ROAD SAFETY

06 | ROAD SAFETY



Challenges: Road Safety; Health and Safety at Work.
See chapter 2 – On the Road to Sustainability

The nature of the activity of LS entails that hundreds of employees and suppliers travel millions of miles every year on the roads of the Iberian Peninsula. The safety of these employees and suppliers, as well as of the remaining users of the road network, is a cause for concern to LS.

LS subscribed in 2010 the European Road Safety Charter in both countries, being one of the first organisations of transport of goods and logistics in the Iberian Peninsula. This commitment is accompanied by the accident rate “% of Drivers with 365 or + without accidents”.



Evolution of the accident rate accompanied since 2013, with the result always being kept above target.

TARGET	2017	2016	2015
60%	88%	84%	85%

Rate “% of Drivers with 365 days or + without accidents

In the road transport of goods, the European requirements for improving the visibility of the vehicles has been increasing, which is in line with the objective of improvement of road safety. The trailers are envisaged by standard UN ECE 104 for the application of reflective strip on the sides and on the rear of said trailers.

LS already has 90% of the trailers meeting the new requirements, which improves the visibility of its fleet.





TRAINING AND INVOLVEMENT OF EMPLOYEES

07 | TRAINING AND INVOLVEMENT OF EMPLOYEES

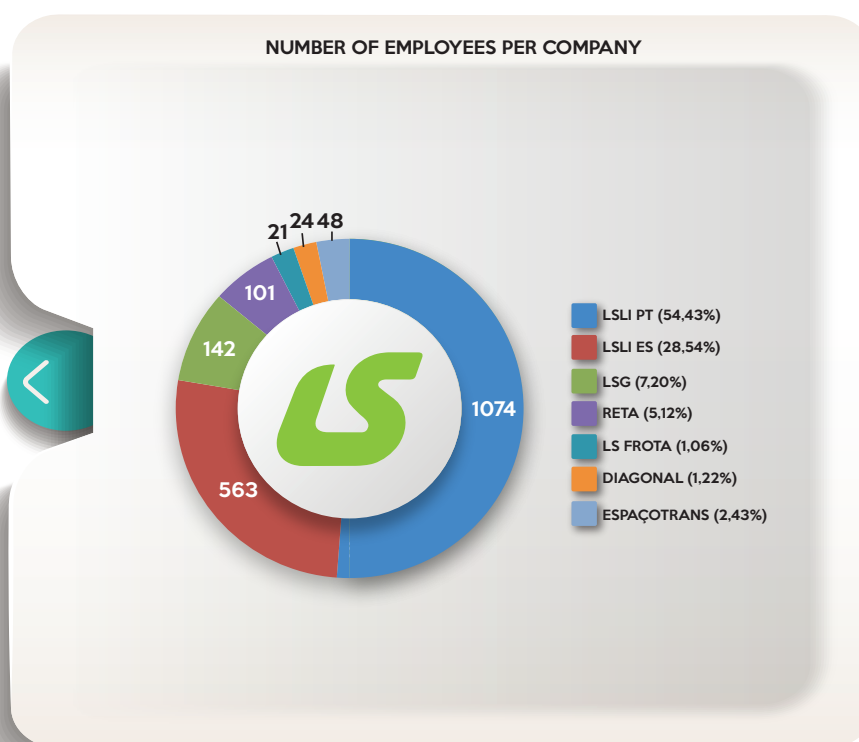


Challenges: Training and Involvement of Employees; Ethics and Compliance.

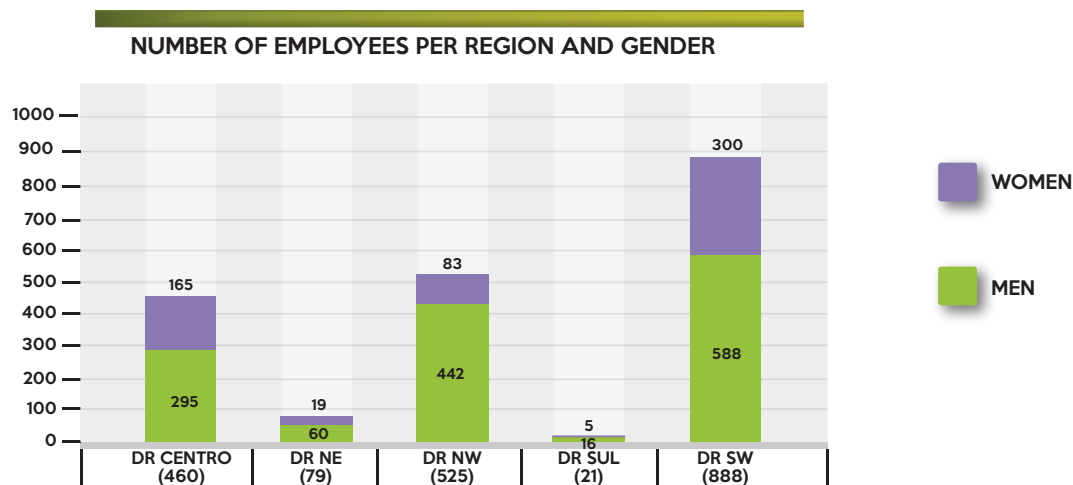
To LS the training and capacity to involve the employees in the service we provide to the client is the basis of its differentiation. Including the respect for people among its values, for 69 years now that LS contributes to a large share of employment and value in the supply chain.

The responsibility for the assessment and fulfilment of human resources and training processes falls upon the Corporate Board of Human Resources.

LS currently has 1973 employees, disseminated among companies and geographic regions. The global values per company and also the geographic dispersion (only in Luís Simões Logística Integrada companies (PT + SP) are presented.



07.1 LS EMPLOYEES

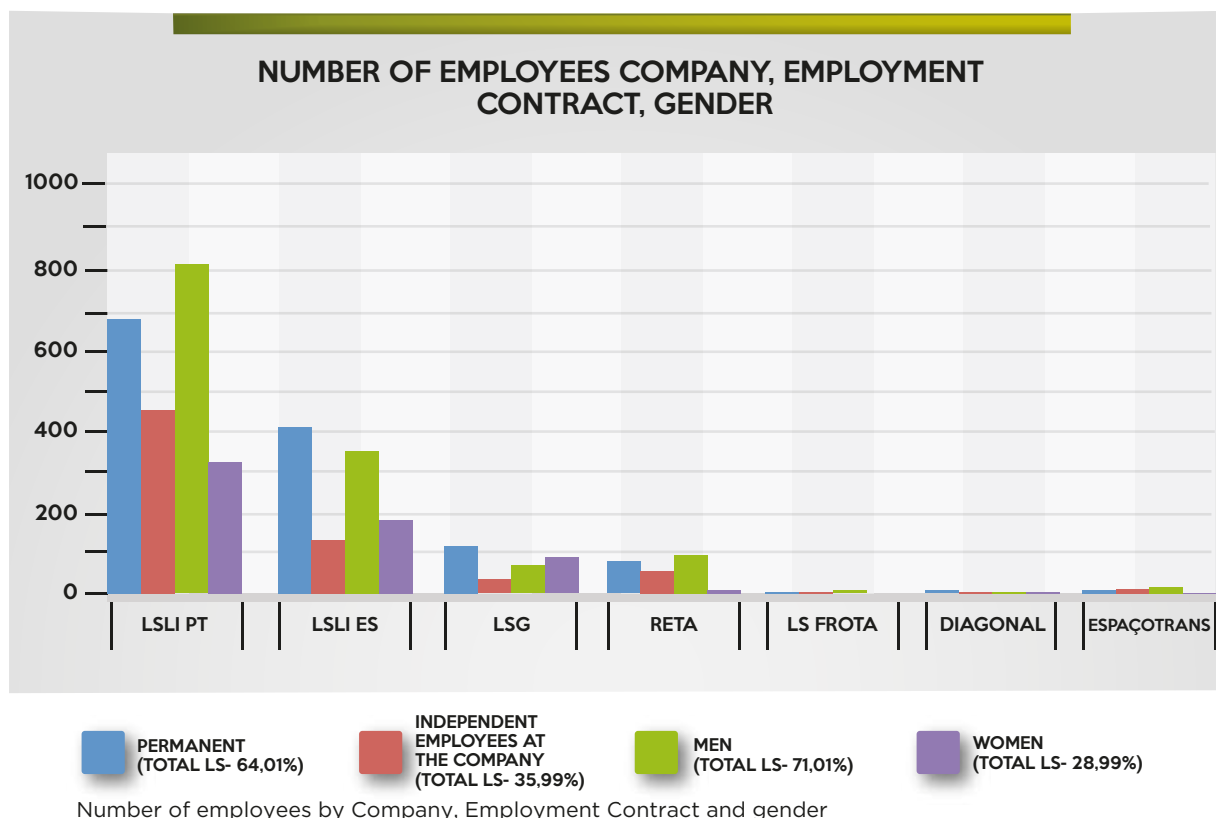


Number of Employees per Region and Gender (Only LSLI companies in Portugal and Spain)

Although at LS there are still more male employees than female employees, LS ensures equal opportunities without discrimination. Quite often, the existing differences are of a cultural nature. An example of this is the fact that, even though only 19% of the employees with warehouse operator duties are women (an increase of 2% compared to the previous year), at top management it can already be seen a modification of that tendency, with 60% of the senior management functions being occupied by women.



~07.1 | LS EMPLOYEES



The involvement of employees is of the utmost importance to LS. In that regard, Homages are paid on an annual basis, with all employees who, in the year before, reached 15, 25, 35 and 45 year of continuous collaboration with LS being distinguished. Additionally, in May of each year, a party of the "Somos LS" (We are LS) magazine is thrown, as a token of appreciation to all the employees who give their time to write to the group's newspaper, a crucial tool for the cohesion of the group.



"Somos LS" - Magazine party



Homages Gaia



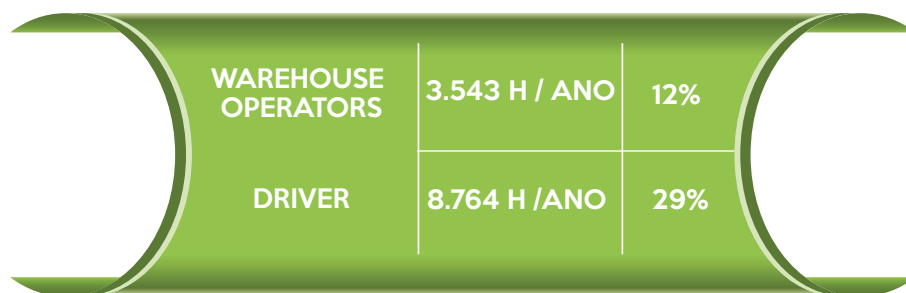
Homages Carregado

07.2 | TRAINING

LS invests in the annual plan of training of employees as well as in the preparation of new employees, by designing plans of integration into the functions.

With an overall volume of more than 30,000 hours of training in 2017, the qualification of the employees and their involvement in the organisation is at the top of priorities of this organisation.

With an average figure of 15h of training per worker, the asymmetry of training provided by functional category is significant, although a significant volume exists with regards to warehouse operators and drivers.



Number of Hours of training in 2017

The training in Compliance LS is an integral part of the Welcome Integration Plan, for all Employees, with specific training existing according to the level of responsibility that falls upon each Worker.

For employees who assume senior duties, either since the start of their employment or in case of change of duties, training is given face-to-face by the Compliance and Risk Management Department. For the remaining employees, training is provided by the Human Resources Department or by their own management.

In 2017, 20 face-to-face training sessions were carried out by the Compliance and Risk Management Department.

All employees must be wary of possible non-compliance situations, wherefore it is indispensable that they take part in adequate training/awareness initiatives on the Code of Ethics and Conduct of LS, Policies of Offers, Risks of Fraud Management Policy, among other.

Luís Simões is a company that invests in the professional growth of its employees, and the implementation of these project aims to strengthen the role of training and the processes of personal and professional development, adding value to the organisation.

~07.3 | PROJECTS

LS ACADEMY

LS Academy was born with the goal to create a process of training and integration into Luís Simões in order to:

- Equip the corporate and business areas of young people who might add value to the organisation;
- Increase the level of qualifications and skills in the centres, integrating young people with higher education;
- Integrate young people who contribute to the development of the organisation, bringing innovation and creativity.
- Integrated young people with well-defined objectives, activities and tasks and with value to the organisation;

LS Academy lasts for 12 months and all interns are followed-up during the internship period by a Mentor in order to receive ongoing feedback. The Mentor shall be directly responsible for the intern.

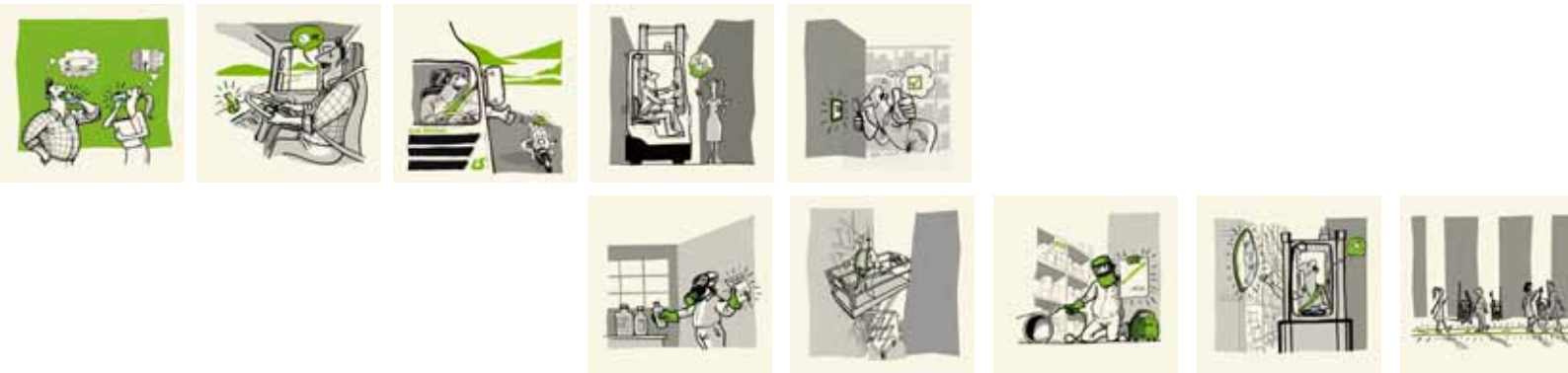
The positions occupied by the employees of LS Academy range from operations to assistance to clients or means, corporate areas or Projects;

Since the first edition in Portugal, which took place in 2013, 60 interns have been accounted for, of which 41 are still at LS (68%).



07.4 | OCCUPATIONAL HEALTH AND SAFETY

Accidents still pose a great challenge to LS; in 2016, with the project Change, the 10 Rules that Save Lives, a step towards changing the safety culture.



The safety week was celebrated between 8 and 12 May in the LS centres throughout the Iberian Peninsula with awareness initiatives. The disclosure of the 10 Rules that save lives assumed an important role.

This initiative was accompanied by the persons in charge of Safety in Portugal and Spain, with the purpose of alerting people to the importance of safety, not only at work, but also in our personal life. Many initiatives were carried out:

- *The disclosure of 10 Rules that Save Lives accompanied by the delivery of warning cards for unsafe behaviours.

- *The contest for the creation of a new safety slogan was launched.

- *Warm-up at Work workshop destined for operative employees were initiated. The intention was to train employees who could facilitate the implementation of warm-up at work in the various centres of logistics. This initiative seeks to prevent the occurrence of musculoskeletal injuries at work and to improve the work conditions of our people.



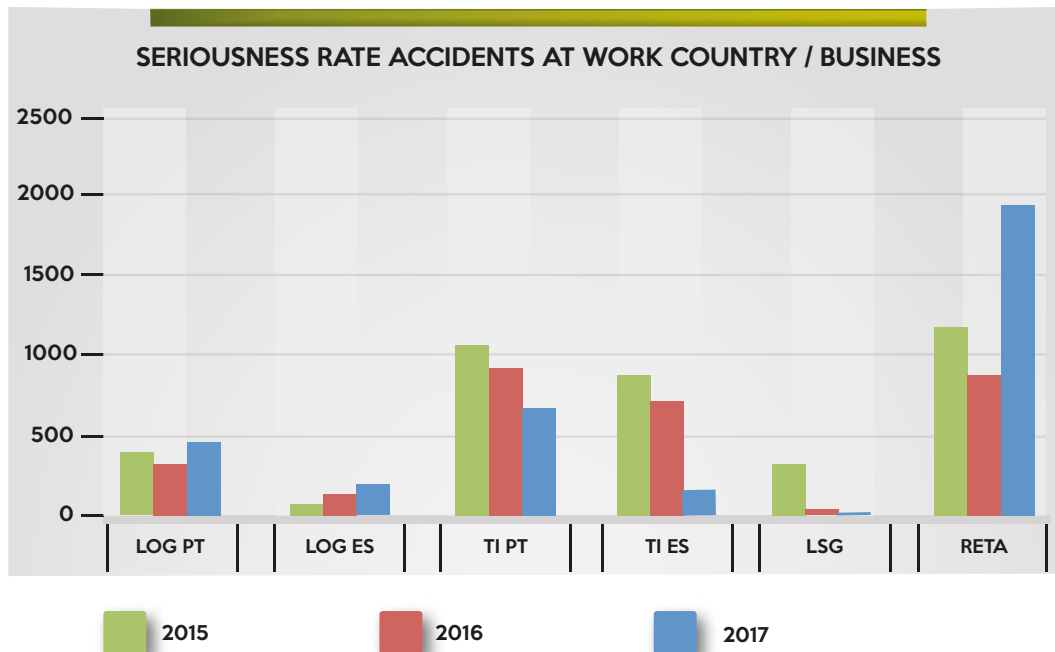
The year of 2017 saw the renewal of 95% of the fleet of cargo handling electric vehicles in Portugal and of 100 new electric stackers for the centres of logistics operations in Spain. This renewal took place as a result of the increase in clients and aims to reinforce safety and productivity in the logistics operations.

Regarding the occurrence of accidents, the logistics business saw a reduction in the number of accidents at work, although the seriousness rate increased 38% in Portugal and 8% in Spain. The transport business, on the other hand, saw a reduction in accidents; however, the number of accidents increased in Portugal while significantly reducing in Spain. There has also been a significant reduction in the seriousness of accidents (Seriousness rate -29%PT and -80%SP).

The remaining areas have witnessed a reduction in the seriousness of accidents. Notwithstanding, the frequency of accidents is equivalent to the one of the year before.

The follow-up of seriousness indicators with the centres constitutes an investment in the safety culture that must be reinforced every day.

07.4 | OCCUPATIONAL HEALTH AND SAFETY



Seriousness Rate ¹ – Accidents at Work per Business and Country

Apart from safety conditions, LS guarantees the monitoring of the employees' health, encouraging their participation in the prevention and protection of health initiatives that take place in Portugal and Spain:

- Influenza vaccination
- Blood donations
- Health screenings: PSA and mammography
- Blood sugar screening
- Eye Examination
- Audiogram
- EGC at rest
- Spirometry



INITIATIVES - Safety week

Safety Slogan Campaign

Safety week saw the launching of the contest for the creation of a new safety slogan for all LS employees. The winner, with the phrase: To have more confidence, give priority to safety, was Duarte Alves, warehouse operator in Leixões.

He received the award from the General Manager, Luís Freitas, and from the Director, Fernanda Simões, who mentioned the reinforcement of the Safety area as a management instrument and priority of business.



Warm-up at Work Program Luís Simões

The launch of the warm-up at work workshop has promoted since May 2017 the regular practice of Workplace Exercise (WE) by the operative employees of LS warehouses/workshops.

The warm-up exercises are carried out at the beginning of the shift and are aimed at preparing the musculoskeletal structures which will be more needed during the performance of the work; increasing blood circulation and somehow “warm up” and awake the functioning of the joints and tendons.



Since the musculo-skeletal injuries are the main cause of accidents at Work throughout LS, we believe that this practice may constitute a very effective weapon in the prevention of occupational diseases and accidents at work, directly improving the quality of life of the employees. These exercises are also important in the fight against sedentary lifestyle and stress, therefore reducing the feeling of fatigue at the end of the day.



20 FINANCIAL ROBUSTNESS

08 | FINANCIAL ROBUSTNESS



Challenges: Financial robustness.
See chapter 2 – On the Road to Sustainability

The development of economic performance of LS results from a sustained business strategy that granted the leading position that it occupies in the sector of road haulage transports in Portugal, which also enabled it to lay the foundations of its positioning as a relevant logistic and transports operator in the Iberian Peninsula.

This report contains the Report & Accounts of the Luís Simões companies. In this chapter, the summary of the consolidated indices is presented, and the Accounts chapter contains the management report of Luís Simões SGPS as well as the Financial Statements and the Attachment to the Balance Sheet and to the Profit and Loss Account.



~08.1 | MAIN CONSOLIDATED INDICATORS

CONSOLIDATED

(AMOUNTS IN MILLION EURO)	2015	2016	2017
TURNOVER	220,3	222,1	239,2
SALE OF GOODS ¹	-	-	4,6
PROVISION OF SERVICES	220,3	222,1	234,6
% GROWTH	-	0,8%	5,6%
EBITDA	16,4	14,6	13,2
% TURNOVER	7,4%	6,6%	5,5%
EBIT	4,3	3,0	1,7
% TURNOVER	2,0%	1,3%	0,7%
NET RESULT FOR THE FINANCIAL YEAR ²	1,8	1,7	0,6
% TURNOVER	0,8%	0,8%	0,2%
TOTAL ASSETS	156,0	157,3	171,4
EQUITY	42,0	42,8	42,2
NET FINANCIAL DEBT ²	43,8	43,9	40,9
NET DEBT / EBITDA	2,7 X	3,0 X	3,1X
NET FINANCIAL DEBT (WITH DEBENTURE LOANS)	56,9	56,1	54,0
NET DEBT / EBITDA	3,5 X	3,9 X	4,1X

(1) The gains from assignment of fuel have been since 2017 accounted for as sale of goods.

(2) It excludes minority interests.

(3) It includes bank loans and fixed assets suppliers, deducted from cash and equivalent (the balance sheet on 31-Dec-2017 is still adjusted by an outstanding receivable of financial nature in the sum of € 10,0M)..

Main consolidated indices

In 2017 Luís Simões Group presented an income statement lower than the two previous years. This variation was driven by the transformation that the organisation has been undergoing in terms of growth and modernisation, with attention being drawn to the implementation of a new business management software and the beginning of operations in the new Madrid centrality, which equipped LS with a highly relevant sized unit in the region, with such unit contributing with significant synergies resulting from the consolidation of various operations in a single platform.

08.1 | MAIN CONSOLIDATED INDICATORS

Indeed, the activity of 2017 was marked by the largest transfer of facilities to be carried out by Luís Simões. The operation was implemented at the Regional Board of Madrid, with the transfer of the operations of clients from 4 centres of logistics to the so-called logistics centrality of Madrid (COL Cabanillas). This operation entailed the transfer of more than 80,000 pallets and the reorganisation of layout of various operations of clients, with a non-recurring cost of 2.5 million Euro.

Cabanillas, the logistics centrality of Madrid, has 65.000 square meters and is 14 meters high, including 20,000 square meters of bonded warehouses, an area of controlled temperature and specialised zones for co-packing. It constitutes a last-generation logistics platform with a shipping technology automatism with a capacity for 2,400 pallet places which will lead to significant efficiency gains. The platform obtained the LEED Gold certification, recognising its reduced environmental impacts.

The Logistics business kept its upward trend and the Group, on account that it is a business demanding significant critical masses, the Group kept the growth based on the opening of new platforms that allow for a position of leadership to be reached and, simultaneously, the necessary size to introduce the innovation that will be required by clients in the upcoming years. Besides the Madrid centrality, this expansion also encompasses the enlargement of 7,500 square meters of the leased area in Azambuja and the inauguration of the new EspaçoTrans facilities of Leixões, which feature 8,860 square meters to boost the company's activity in the North.

Apart from the significant growth of Logistics, Transport is also involved in a modernisation process through the implementation of a new Transportation Management System that is predicted to bring significant productivity improvements as well as to equip the Group with a differentiating level of service that can meet the expected increase in the degree of demand on part of the clients in the upcoming years.

Also with regards to the equipment, a highly relevant investment was made with the purchase of 300 new semi-trailers for the various Group companies, including canvas semi-trailers, vans, reefers and special canvas that are equipped with various possible settings in order to meet the needs of the clients of the Group. The year of 2017 saw the renewal of 95% of the fleet of cargo handling electric vehicles in Portugal and of 100 new electric stackers for the centres of logistics operations in Spain. These means are expected to bring an increase in productivity and safety as well as a reduction in costs of the logistics operations. This renewal was driven by the entry of new clients and by the increase of activity in the current clients.



~08.1 | MAIN CONSOLIDATED INDICATORS

Therefore, we believe that these investment projects will enable Luís Simões to keep on asserting itself as one of the reference logistics operators in the Iberian Peninsula, regarding the quality of the services rendered and in the segment in which it carries out its activities.

In 2017 Luís Simões reached a record consolidated turnover of 239.2 Million Euro. In 2017, the turnover, due to a change in accounting, also included the assignment of fuel, wherefore, excluding this effect, the growth of the provision of services amounted to 5.6%, the most significant increase of the last few years.

Although Luís Simões started its activity in the Road Transport of Goods, the logistics activity currently represents 47.4% of the consolidated turnover, keeping the growth tendency of the last years, and already corresponding to the most representative activity of Luís Simões when it comes to turnover. At Logistics, the turnover of Espaçotrans is included, Espaçotrans being a company which complements the Logistics area of business of Luís Simões with the customs logistics activity that has been positively contributing to the increase of turnover and profitability of the Group. The companies RETA and Diagonal are classified as other businesses.

LSLI Portugal and LSLI Spain, which encompass the Transport and Logistics businesses (except Espaçotrans), represent approximately 94% of the consolidated turnover of the Group and registered considerable growths in 2014, 2,6% in the case of LSLI Spain and 4,2% in the case of the provisions of services of LSLI Portugal (thus discounting the effect of the change of accounting record of the assignment of fuel). These were the most significant growths of both companies in the last 4 years, which justifies the investments that have been made in innovation for anticipating future challenges.

In the Road Transport of Goods business, Luís Simões provides a wide scope of services, with an emphasis on full-wagon load and break bulk cargo transport, rental of vehicle with driver, integrated management of flows, transport of industrial production, plant management and dedicated transport, managing a fleet of approximately 2,000 vehicles. Regarding the Logistics business, Luís Simões also provides a encompassing portfolio of services, including transport, storage, movement in and out, picking, distribution, other services of added value such as packaging, labelling, creation of promotional packs (co-packing) and customisation of products. Luís Simões manages a storage area that has been significantly growing throughout the last few years and has got closer, in 2017, of the 350,000 square meters with the entry into service of the new centrality in the Madrid region.



~08.1 | MAIN CONSOLIDATED INDICATORS

The year of 2017 has seen the reinforcement of the involvement of some of the largest clients, which proves the good performance and the level of quality of service that Luís Simões has been demonstrating in the Iberian market, which was furthermore a crucial factor in the incorporation of new clients of relevant size during the year.

The income statement of LSLI Portugal and LSLI Spain is a reflex of the transformation that the organisation has been carrying out in terms of growth and modernisation. The logistics operation business demands significant critical masses and in that regard the priority in recent years has been given to growth and the opening of new platforms which might make it possible to reach a position of leadership and, at the same time, achieve the necessary size so that Luís Simões may generate the innovation required by its clients.

The already referred to largest operation of transfer of facilities carried out by Luís Simões in Madrid, with the transfer of the operations of clients from 4 centres of logistics to the so-called logistics centrality of Madrid (COL Cabanillas) that has 65,000 square meters in one single location entailed a non-recurring cost of 2.5 Million Euro, which will not be repeated in 2018. This operation of transfer of more than 80,000 pallets required the need to have 4 active warehouses at the same time as the centrality itself, thus entailing a duplication of costs, the transfer of shelves and equipment, costs of disassembly and installation of shelves and costs of exit from warehouses provided for in contracts entered into with the respective landlords, and also the reorganisation of the layout of the various operations of clients. We believe that, due to its size and differentiation, the investment made with this operation will have a very positive return in terms of profitability of Luís Simões.

Apart from the Madrid centrality, LSLI Portugal also registered the entry of two new operations, one in the South and the other up North, with different characteristics from the operations hitherto managed, and which have registered some unproductivity in the first months. The changes brought about throughout 2017, the effects of which have started to be felt in the second quarter of 2017, shall be reflected in full force in the profitability of 2018. Additionally, in 2017 LS ceased to provide Logistics services to a multinational client which worked at European level with another logistics operator and that, on account of a central decision, decided in 2017 to also transfer the operation in Portugal to the referred to operator.

In 2017, RETA, despite the fact that it registered a reduction in the turnover of 7.3%, managed to maintain the results, having generated an EBIT of 1.0 Million Euro. The smaller performance of the workshop services was offset by the good performance of the vehicle sale and rental business. When performing an analysis to a longer period, it can be seen that RETA registered a growth of approximately 50% in the last 4 years, with a gradual increase of profitability, and maintains its prospects for growth for the upcoming years, constituting a strategic commitment on part of Luís Simões.

LSG kept in 2017 its structures of shared services relatively stable, investing in the occasional reinforcement of its Board of Processes and Compliance and creating the Board of Safety, two boards that Luís Simões perceives as strategic, bearing in mind the regulatory changes that are being implemented with the acceleration of the technological innovation and taking into consideration the high standards of demand on part of its clients. From the perspective of the real estate business, Luís Simões divested in 2017 two logistics platforms located in Vila Nova de Gaia, making the most of the positive market climate, with the purpose of re-allocate resources to its core business.

~08.1 | MAIN CONSOLIDATED INDICATORS

In the remaining companies, attention should be drawn to the very significant new growth of 51.7% of EspaçoTrans, which this way reaches, for the second year in a row, growths close to 50%. The growth of EspaçoTrans is partially explained by the growth of international commerce, by the expansion of the type of sea transport and also by the know-how of the team involved in the activity, thus justifying the investment made by Luís Simões in this business. It should be mentioned that, in 2017, the facilities in Leixões were inaugurated, featuring 8,600 square meters to boost the company's activity up North, being the only unit in the complex of the Logistics Platform of the Port of Leixões fitted to move parts with a maximum weight of 30 tons, with the help of two overhead cranes.

Attention should also be drawn to the growth in 5.2% of Diagonal which, although more modest than that of 2016, helped boost the company to a record billing level, entering a phase of operational stability following some years of a successful adaptation of the business to the acquisition carried out in 2013.

The year 2017 was a year of considerable investments in fixed assets, with emphasis on the acquisition by LSLI Portugal and LSLI Spain of shelves and automatisms for the new Madrid centrality and the renewal of the fleet of tractors, as well as the implementation of innovative information systems and the acquisition of systems of safety and surveillance of the facilities. At RETA, the high levels of investment were maintained according to the activity of purchase, sale and rental of vehicles.

With regards to operating fund, there were no significant changes, with the effort and commitment of Luís Simões to try and reduce the average collection periods (which tend to be slightly high in the sector in which it carries out its activities) remaining unchanged.

The levels of indebtedness were reduced to 40.9 Million Euro, the relevant investments made by LSLI Spain, LSLI Portugal and RETA having been more than offset with the divestment of properties by LSG.





GRI TABLE

09 | GRI TABLE 4.0

GRI 4.0	Indicator	Location or evaluation
	Strategy and analysis	
G4-1	Statement from the organisation's main decision-maker concerning sustainability's relevance to the organisation and its sustainability strategy.	To our stakeholders
	Organisational profile	
G4-3	Name of the organisation.	LS SGPS
G4-4	Primary brands, products and services.	Discover our world
G4-5	Location of the organisation's headquarters.	Moninhos, Apartado 41 2671-951 Loures Portugal
G4-6	Number of countries where the organisation operates, and names of countries with either major operations or that are especially relevant to the sustainability topics covered in this report.	Portugal and Spain
G4-7	Nature of ownership and legal form of the organisation.	Share capital public limited company
G4-8	Markets where the organisation operates (including geographical breakdown, sectors covered and types of clients and beneficiaries).	See: Discover our world
G4-9	Size of the company, including: - Total number of employees; - Total number of operations; - Net sales (for private-sector organisations)	See: Discover our world Total capitalisation (assets / equity): 4.06
G4-(10)	No. of employees per company / employment contract / gender / total LS (permanent and temporary staff); No. of employees per geography and gender.	See: Discover our world; "Training and engaging employees Graphic 3
G4-11	Percentage of total employees covered by collective bargaining agreements.	90%
G4-12	Description of the organisation's supply chain.	See: On the road to Sustainability
G4-13	Significant changes during the reporting period relating to size, structure, ownership or supply chain of the organisation, including: - Changes in location or in the operations of the organisation, such as opening, closing or expanding facilities; - Changes to the equity structure and other capital formation, maintenance or change activities (for private-sector organisations); - Changes to the location of suppliers, to the supply chain's structure or in supplier relations, including in the selection and exclusion process.	See: "Governance"- "Main events"

G4-14	Approach to the precautionary principle.	See Quality of Service; LS has its Management system certified for Service Quality (ISO 9001) audited internally (39 audits) and externally by clients (30) and by the certification entity
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	LSLI (PT + SP): Road Safety Charter – see: “Road safety”; LS: Commitment to Timely Payment (ACEGE)
G4-16	Membership in associations (such as industry associations) and national or international defence organisations where the organisation: - Has a seat in the managing council; - Participates in projects or committees; - Contributes with financial resources other than the basic fee as an associated organisation; - Considers its participation strategic.	See: Involvement with stakeholders and The associations in which Luís Simões participates
Material Aspects		
G4-17	a. List all entities included in the organisation's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	See Accounts
G4-18	Process adopted to define the report's content and the Aspect boundaries and how the organisation implemented the Reporting Principles for Defining the Report's Content.	See: Discover our world – On the road to Sustainability – Sustainability Strategy and Values
G4-19	Material Aspects identified in the process to define the report's content.	See: Discover our world – On the road to Sustainability – Sustainability Strategy and Values
G4-22	Reformulations of information provided in previous reports and the reasons for those reformulations.	NA
G4-23	Report significant changes from previous reporting periods in the Aspect's Scope and Boundaries.	See: Main events and Governance Structure
Stakeholder Engagement		
G4-24	Stakeholder groups engaged by the organisation.	See: On the road to Sustainability
G4-25	Basis for the identification and selection of stakeholders for engagement.	See: On the road to Sustainability
G4-26	Approach adopted by the organisation regarding stakeholder engagement, including frequency of engagement by type and by group, and an indication of whether any engagement specifically happened as part of the report preparation process.	See: On the road to Sustainability

G4-27	Main topics and concerns raised during stakeholder engagement, and measures adopted by the organisation to deal with those topics and concerns, including the process of reporting them. Report the stakeholder groups that raised each of the topics and concerns mentioned.	See: On the road to Sustainability
	Report profile	
G4-28	Reporting period (such as fiscal or calendar year) for the information provided.	2017 calendar year
G4-29	Date of most recent previous report (if any).	2016
G4-30	Reporting cycle.	Annual
G4-31	Contact for questions regarding the report or its contents.	Cláudia Simões; claudia.simoes@luis-simoes.com
G4-32	a. Report the 'in accordance' option the organisation has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured.	See: About this report GRI table Report without external assurance
G4-33	a. Report the organisation's policy and current practice with regard to seeking external assurance for the report. b. If that information is not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organisation and the entity in charge of the external assurance. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report.	Report without external assurance
	Governance	
G4-34	Governance of the organisation, including committees of the highest governance body.	See: Governance
	Ethics and Integrity	
G4 -56	Values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	See: Discover our world - Who we are

Economic Indicators

GRI 4.0	Indicator	Location or evaluation
	Economic performance	
G4-EC1	Direct economic value generated: LS's net sales	239.231.555,09€
	Economic value distributed in services / donations	39.915,1€
G4-EC4	Significant financial support received from the Government	93.460€

Environmental Indicators

GRI 4.0	Indicator	Location or evaluation
	Energy	
G4-DMA	Disclosure Management Approach	See: Energy efficiency
G4-EN3 a)	Total diesel consumption by the fleet (Unit: Joule)	N.D.
G4-EN3 a)	Total LNG consumption by the fleet (Unit: Joule)	N.D.
G4-EN5	Specific fuel consumption by own fleet	282,65 goe/VK (grams of oil equivalent / vehicle.kilometre)
G4-EN5	Electrical energy consumption factor (Logistical Operations Centres)	2,88 (kwh/ number of pallets handled)
	Water	
G4-EN8	Consumption factor in washes (Reta - Carregado)	Water Consumption (m ³) / No. of washing services =0,42
	Emissions	
G4-DMA	Disclosure Management Approach	See: Energy efficiency The GHG emissions accounted are related to the LS fleet (scope 1) and the energy consumption (scope 2)
G4-EN16	Indirect greenhouse gas (GHG) emissions from energy acquisition (context 2)	3.858 TonCO ₂ eq
G4-EN18	Emissions from own fleet in KgnCO _{2e} /1000Km.	870

G4-EN21	NOx, SOx and other significant air emissions	RETA Carregado: 8,70 kg NOx/ano Gaia: 9,57kg NOx/Ano Carregado: 8,70kg Sox/Ano Carregado: 117,94 COV/Ano Gaia: 279,81 COV/Ano
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Social Indicators

GRI 4.0	Indicator	Location or evaluation
	Employment	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	N.D.
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, according to the organisation's significant locations of operation.	N.D.
G4-LA3	Return to work and retention rates after parental leave, by gender.	N.D.
	Labour relations	
G4-LA4	Minimum notice periods regarding operational changes and whether they are specified in collective bargaining agreements.	N.D.
	Occupational health and safety	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism and total number of work-related fatalities, by region and by gender.	See: Training and engagement of Employees: Occupational health and safety
G4-LA6	Work Accident Severity Index (SI) = No. of accumulated days of absence /Total number of work days	See: Training and engagement of Employees
	Training and education	
G4-DMA	DMA - Disclosure Management Approach	See: Training and engagement of Employees
G4-LA9	Average hours of training per year per employee by gender, and by job category.	See: Training and engagement of Employees
G4-LA10	Programs for skills management and continuous learning that support the continued employability of the employees during a period of preparation for retirement.	N.D.
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by job category.	N.D.

	Diversity and equality of opportunities	
G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group (by gender), minority group (by gender) and other indicators of diversity (by gender).	See: "Governance"; women per job category: Top management 60%; warehouse operators 19%; average age of LS's employees: 41
	Equality of compensation for women and men	
G4-LA13	The ratio of basic salary and remuneration between men and women by job category and by relevant locations of operation.	N.D.
	Evaluation of suppliers' labour practices	
G4-LA14	Percentage of new suppliers that were screened based on labour practices criteria.	N.D.
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken concerning this issue.	N.D.
	Complaints and claims mechanisms related to labour practices	
G4-LA16	Number of complaints and claims about labour practices filed, processed and resolved through formal mechanisms.	N.D.
	Society	
	Local communities	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs.	N.D.
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	N.D.

Fighting corruption

G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	N.D.
G4-SO4	Communication and training on policies and procedures to fight corruption.	N.D.
G4-SO5	Confirmed incidents of corruption and actions taken.	N.D.

	Public policies	
G4-SO6	Total value of contributions to political parties and politicians, by country and recipient/beneficiary	0 €
	Unfair competition	
G4-SO7	Total number of legal actions for anti-competitive behaviour, antitrust, and monopoly practices and their outcomes	0
	Compliance	
G4-SO8	Monetary value of significant fines resulting from non-compliance with laws and regulations	96.432€

Supplier evaluation concerning impacts on society

G4-SO9	Percentage of new suppliers that were selected based on criteria concerning impacts on society	N.D.
G4-SO10	Significant actual and potential negative impacts from the supply chain on society and actions taken regarding this issue	N.D.
	Complaints and claim mechanisms related to impacts on society	
G4-SO11	Number of complaints and claims related to impacts on society filed, processed and resolved through formal mechanisms	N.D.
	Human rights	
	Non-discrimination	
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	0
	Freedom of association and collective bargaining	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk and the measures taken to support this right.	N.D.

	Child labour	
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour and measures taken to contribute to the effective eradication of child labour.	0
	Forced or slave-like labour	
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or slave-like labour and measures taken to contribute to the elimination of all forms of forced or slave-like labour.	0
	Complaints and claims mechanisms related to human rights	
G4-HR12	Number of complaints and claims related to human rights impacts filed, processed and resolved through formal mechanisms.	0

Responsibility for the product

	Client health and safety	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed seeking improvement	N.D.
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcome	N.D.

Labelling of products and services

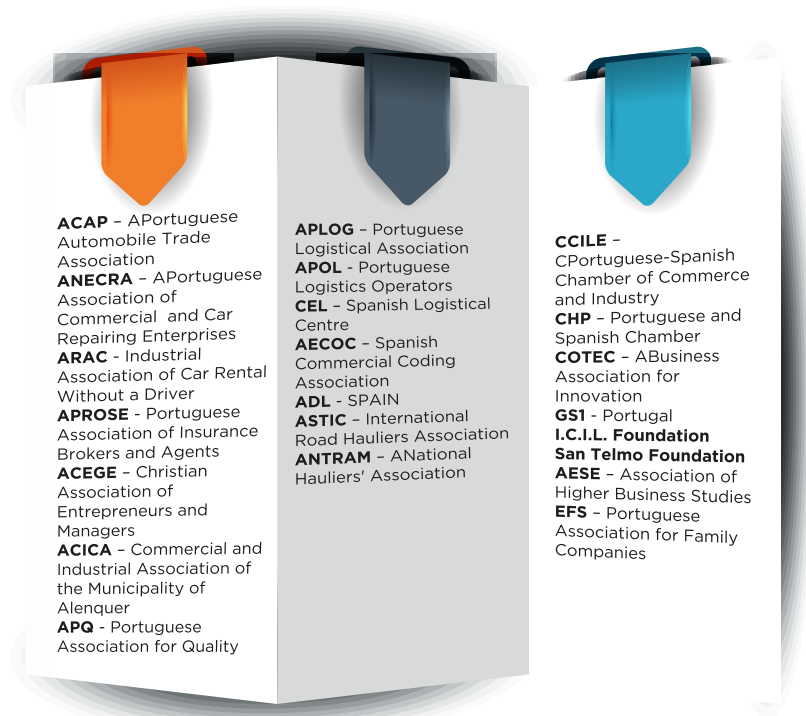
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to those requirements	N.D.
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	N.D.
G4-DMA	DMA - Disclosure Management Approach	See: Quality of Service - Client satisfaction
G4-PR5	Results of client satisfaction surveys	See: Quality of Service - Client satisfaction

	Marketing communications	
G4-PR6	Sale of banned or disputed products	N.D.
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	0
	Client privacy	
G4-PR8	G4-PR8 Total number of substantiated complaints and claims regarding privacy breaches and loss of client data	N.D.
	Compliance	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the supply and use of products and services	N.D.

Note:

d • N.A. – Not applicable • N.D. – Not developed • N.E. – Non-existent

The associations in which Luís Simões participates:



FINANCIAL STATEMENTS

BALANCES

LS - LUIS SIMÕES SGPS, S.A, CONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2017 AND 2016			
HEADINGS	NOTES	PERIODS	
		31/12/17	31/12/16
NON-CURRENT ASSET			
Fixed tangible assets	8	67,515,964.33	76,917,951.46
Investment properties	10	1,194,064.21	1,159,862.67
Intangible assets	7	4,061,359.31	1,860,106.18
Other financial assets	18,1	87,265.38	57,583.48
Credits receivable	18,1	1,169,217.70	1,343,970.97
Deferred tax assets	17	1,361,052.42	642,937.60
		75,388,920.35	81,982,412.36
CURRENT ASSET			
Inventories	11	1,469,765.91	1,470,910.12
Clients	18,1	72,097,858.45	64,770,981.31
State and other public entities	21,4	1,369,818.13	1,734,141.74
Other credits receivable	18,1	19,103,271.52	6,582,569.97
Deferrals	21,1	817,260.94	730,312.32
Cash and bank deposits	4 18,1	1,179,975.10	274,792.23
		96,037,950.08	75,563,707.69
Total assets		171,426,870.43	157,546,120.05

LS - LUIS SIMÕES SGPS, S.A, CONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2017 AND 2016			
HEADINGS	NOTES	PERIODS	
		31/12/17	31/12/16
EQUITY AND LIABILITIES			
EQUITY			
Paid-up capital	18,4	30,000,000.00	30,000,000.00
Legal reserve	21,2	297,882.92	213,343.60
Other reserves	21,2	4,095,288.11	4,562,969.49
Retained earnings	21,2	6,891,463.17	5,770,842.50
Adjustments / other changes in equity	21,2	268,414.41	268,414.41
		41,553,048.61	40,815,570.00
Net profit or loss for the period		566,772.00	1,690,786.49
Interests that are not controlled	21,3	116,545.60	340,610.73
Total Equity		42,236,366.21	42,846,967.22
LIABILITIES			
NON-CURRENT LIABILITIES			
Supplies	13	202,865.47	614,267.77
Funding obtained	18,2	36,593,178.33	32,642,783.45
Deferred tax liabilities	17	1,537,538.50	2,426,424.67
Other debts payable	18,2	75,000.00	90,000.00
		38,408,582.30	35,773,475.89

**LS - LUIS SIMÕES SGPS, S.A,
CONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2017 AND 2016**

HEADINGS	NOTES	PERIODS	
		31/12/17	31/12/16
CURRENT LIABILITIES			
Suppliers	18,2	36,554,594.21	36,507,171.63
State and other public entities	21,4	8,236,546.65	2,417,851.05
Funding's obtained	18,2	26,993,981.97	22,183,636.82
Other debts payable	18,2	18,319,444.32	17,040,913.17
Deferrals	21,1	677,354.77	776,104.27
		90,781,921.92	78,925,676.94
Total liabilities		129,190,504.22	114,699,152.83
Total equity and liabilities		171,426,870.43	157,546,120.05

The Notes to the consolidated financial statements are an integral part of these financial statements,

The Certified Accountant

Vítor José Caetano de Sousa

The Board

José Luís Soares Simões - Chairman | Leonel Fernando Soares Simões - Vocal | Jorge Manuel Soares Simões - Member | Fernanda Maria Oliveira Simões - Member | Member Alexandra Lopes Simões - Member | Rui Miguel Marcos Simões - Member | Maria Celeste Morgado Venâncio dos Santos - Member

~ FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURES

LS - LUIS SIMÕES SGPS, S.A, PERIODS ENDING ON 31 DECEMBER 2017 AND 2016			
HEADINGS	NOTES	PERÍODS	
		2017	2016
Sales and services provided	12	239,231,555.09	222,076,686.78
Operating subsidies	14	93,460.41	61,182.95
Own work capitalised	21,5	789,293.56	477,816.96
Cost of goods sold and materials consumed	11	(10,168,921.28)	(13,016,272.13)
Supplies and external services	21,6	(171,899,045.84)	(161,319,160.52)
Staff costs	19	(51,555,691.37)	(46,775,953.28)
Impairment of inventories (losses / reversals)	11	(36,286.02)	(274,991.21)
Impairment of debts receivable (losses / reversals)	18,1	(170,631.50)	(299,124.77)
Provisions (increases / reductions)	13	(41,869.84)	(429,169.53)
Other income	21,7	9,407,659.13)	16,091,218.86
Other expenses	21,8	(2,375,585.94)	(2,031,406.87)
Earnings before depreciation, funding costs and taxes		13,273,936.40	14,560,827.24
Depreciation and amortisation costs/reversals	21,9	(11,577,512.14)	(11,402,030.47)
Impairment of depreciable/amortisable investments (losses/reversals)	10	-	(206,448.31)
Operating income (earnings before funding costs and taxes)		1,696,424.26	2,952,348.46
Interest and similar income obtained	21,10	24.08	8.33
Interest and similar expenses incurred	21,11	(1,151,162.93)	(1,056,773.50)
Income before taxes		545,285.41	1,895,583.29

LS - LUIS SIMÕES SGPS, S.A, PERIODS ENDING ON 31 DECEMBER 2017 AND 2016			
HEADINGS	NOTES	PERÍODS	
		2017	2016
Income tax for the period	17	64,296.01	(565,739.32)
Net income for the period		609,581.42	1,329,843.97
Net profit and loss for the period attributable to:			
Holders of the parent company's capital		566,772.00	1,690,786.49
Non-controlling interests	21,3	42,809.42	(360,942.52)
Earnings per basic share	21,13	0.09	0.28

The Notes to the consolidated financial statements are an integral part of these financial statements,

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~ FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS PERIODS

LS - LUIS SIMÕES SGPS, S.A, CONSOLIDATED STATEMENT OF CASH FLOWS PERIODS ENDING ON 31 DECEMBER 2017 AND 2016			
HEADINGS	NOTES	PERIODS	
		2016	2015
<u>Cash flows of operational activities</u>			
Receipts from clients		286,126,429.54	271,829,835.14
Payments to suppliers		(223,225,362.98)	(209,068,542.86)
Payments to staff		(32,583,921.46)	(29,835,717.63)
Cash generated by operations		30,317,145.10	32,925,574.65
Payment/receipt of income tax		(248,086.02)	(153,717.77)
Other receipts/payments		(27,821,291.33)	(24,440,523.49)
Cash flows of operational activities (1)		2,247,391.33	8,331,333.39
<u>Cash Flows of investment activities</u>			
Payments regarding:			
Fixed tangible assets		(16,873,422.95)	(11,870,280.84)
Intangible assets		(2,511,542.72)	(100,660.23)
Financial investments		(727,589.37)	-
Cash receipts from:			
Fixed tangible assets		11,919,401.44	7,329,883.17
Financial investments		12,483.33	54,093.25
Other assets		-	499.37
Interest and similar income		20.15	762.70
Cash flows of investment activities (2)		(8,180,650.12)	(4,585,702.58)

**LS - LUIS SIMÕES SGPS, S.A,
CONSOLIDATED STATEMENT OF CASH FLOWS PERIODS
ENDING ON 31 DECEMBER 2017 AND 2016**

HEADINGS	NOTES	PERIODS	
		2016	2015
<u>Cash flows of Funding activities</u>			
Receipts from:			
Funding obtained		27,699,247.06	21,006,271.32
Payments regarding:			
Funding obtained		(17,522,658.17)	(21,303,102.77)
Interest and similar expenses		(1,068,258.65)	(1,132,956.38)
Dividends		(485,626.50)	(429,566.79)
Other funding operations		(1,784,262.08)	(1,854,908.03)
Cash flows of funding activities (3)	21,2	6,838,441.66	(3,714,262.65)
Cash variations and their equivalents (1)+(2)+(3)		905,182.87	31,368.16
Cash and its equivalents at the beginning of the period	4	274,792.23	243,424.07
Cash and its equivalents at the end of the period	4	1,179,975.10	274,792.23

The Notes to the consolidated financial statements are an integral part of these financial statements,

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~ FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

LS-LUIS SIMÕES SGPS, S.A,

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN THE PERIOD 2016

euros

	Notes	Paid-up capital	Legal reserve	Other reserves	Results carried over	Adjustments to financial assets	Net profit and loss of period	Total	Interests that are not controlled	Total equity
Position at the beginning of the period 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:										
Application of the equity method Grants										
Application of results		-	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	414	-	41,245,136.79	725,882.48	41,971,019.27
Net profit or loss for the period							1,690,786.49	1,690,786.49	(360,942.52)	1,329,843.97
Comprehensive profit or loss							1,690,786.49	1,690,786.49	(360,942.52)	1,329,843.97
Transactions with shareholders in the period										
Other operations										
Distribution 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

**LS-LUIS SIMÕES SGPS, S.A,
ESTADO CONSOLIDADO DE LAS MODIFICACIONES DE CAPITAL PROPIO
EN EL PERÍODO DE 2017**

euros

	Notes	Paid-up capital	Legal reserve	Other reserves	Results carried over	Adjustments to financial assets	Net profit and loss of period	Total	Interests that are not controlled	Total equity
Positions at the beginning of the period 2017		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
Changes in the period:										
Other changes recognised in equity										
Application of results		-	84,539.32	-	1,606,247.17	-	(1,690,786.49)	-	-	-
Effect of acquisition / disposal of subsidiaries		,		(467,681.38)		-	-	(467,681.38)	(259,907.99)	(727,589.37)
	18,4 21,2	30,000,000.00	297,882.92	4,095,288.11	7,377,089.67	268,414.41	--	42,038,675.11	80,702.74	42,119,377.85
Net income for the period							566,772.00	566,772.00	---	---
Comprehensive profit or loss							566,772.00	566,772.00	42,809.42	609,581.42
Transactions with shareholders in the period										
Other transactions										
Distribution Dividends	21,2	-	-	-	(485,626.50)	-	-	(485,626.50)	(6,966.56)	(492,593.06)
		-	-	-	(485,626.50)	-	-	(485,626.50)	(6,966.56)	(492,593.06)
Position at the end of 2017	18,4 21,2	30,000,000.00	297,882.92	4,095,288.11	6,891,463.17	268,414.41	566,772.00	42,119,820.61	116,545.60	42,236,366.21

The Certified Accountant

Vítor José Caetano de Sousa

The Board

José Luís Soares Simões - Chairman | Leonel Fernando Soares Simões - Vocal | Jorge Manuel Soares Simões - Member | Fernanda Maria Oliveira Simões - Member | Member Alexandra Lopes Simões - Member | Rui Miguel Marcos Simões - Member | Maria Celeste Morgado Venâncio dos Santos - Member

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts expressed in Euro

1. - IDENTIFICATION OF ENTITY

The Luís Simões Group (henceforth referred to as “Group”) is composed of LS – Luís Simões, SGPS, S,A, and of its subsidiaries.

LS – Luis Simões, SGPS, S,A, (henceforth referred to as “company”), public limited company, was set up on 5 August 1996 and its object is the management of social shares of other companies, as an indirect form of exercise of economic activities.

The entity has its head office at Rua Fernando Namora, in Moninhos, Loures municipality, The Group operates in the following areas of business:

1- The road transport of goods activity, which represents about 44% of the business volume of the Group, leads the national transport market and the road traffic flows market in the Iberian Peninsula.

2- The logistics activity, which represents about 48% of the business volume of the Group, leads in Logistics and Distribution of general consumption products in Portugal, providing integrated services of transport, storage, preparation of orders, control of inventories and distribution, apart from other services of added value, In Spain, this activity is also specialised in Logistics and Distribution of general consumption products.

3- The other activities that represent about 7% of the global billing of the Group pursue two crucial goals: to support the main activities of the Group and to develop autonomous businesses in their specific markets, The parent company is named LS – Luís Simões, SGPS, S,A.

The company is held by the companies described in the following table:

Shareholders	Number of shares held	% Voting Rights	% Shares
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 of 28 March 2017, The opinion of the Board of Directors is that these financial statements reflect, in a true and appropriate manner, the operations of the Group as well as its position, financial situation and cash flows.

These consolidated financial statements shall be approved at the General Meeting of shareholders.

2. - ACCOUNTING STANDARDS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

2.1. BASIS OF PREPARATION

These financial statements were prepared according to the Accounting and Financial Report Standards (AFRS) in force at the present date.

The preparation of the financial statements in accordance with the Accounting Normalisation System requires the use of estimates, assumptions and critical judgments in the process for the determination of the accounting policies to be adopted by the Group, with a significant impact on the accounting value of the assets and liabilities as well as on

income and expenses of the reporting period.

Despite the fact that these estimates are based on the best experience of the Board of Directors and on their best expectations regarding the events and current and future actions, the current and future results may differ from these estimates, The areas involving a greater degree of judgment or complexity or areas in which the assumptions and estimates are significant to the financial statements are presented in Note 3.22.

The Management proceeded to assess the Group's capacity to continuously operate, based on all the relevant information, facts and circumstances, of financial, commercial or any other nature, including events subsequent to the reference date of the financial statements, available on the future.

3. - MAIN ACCOUNTING POLICIES

The main accounting policies adopted at the preparation of the financial statements attached are described below, These policies were consistently applied to all the periods presented, unless otherwise indicated,

3.1. BASIS OF CONSOLIDATION

The Group's business universe is composed of the subsidiaries described in Note 6.

In compliance with the provisions of article 6 of Decree-Law no, 158/2009 of 15 July, republished by the Decree-Law no, 98/2015 of 2 July, which approved the Accounting Standardisation System, the entity produces consolidated accounts of the Group comprising the entity itself and all the subsidiaries regarding which:

- Regardless of the ownership of the capital, one of the following circumstances takes place:

- It can exercise, or it actually exercises, dominant influence of control;
- It carries out management duties as if the two formed one single entity

•When it holds capital:

- It has the majority of the voting right, except if it can be demonstrated that those rights do not grant control;
- It has the right to appoint or to remove the majority of the management body members of an entity with powers to manage the financial and operational policies of said entity;
- It exercises a dominant influence over an entity by way of a contract entered into with the latter or of another clause of the latter's articles of incorporation.
- It holds at least 20% of the voting rights and the majority of the members of the management body of an entity with powers to manage the financial and operational policies of said entity, who have been in office during the period to which the consolidated financial statements relate as well as in the preceding period and up to the moment in which these statements are drawn up, were exclusively appointed as a result of the exercise of the voting rights;
- It controls, on its own or by way of an agreement with other owners of the capital of that entity, the majority of the voting rights of the owners of said entity's capital.

The existence and the effects of the potential voting rights which are currently exercisable or convertible are taken into consideration in the assessment of whether there is control or not.

The subsidiaries are controlled by the integral method from the date in

which the control is transferred to the Group, being excluded from the consolidation from the date in which the control ceases.

The purchase method is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured by the fair value of the goods delivered, the capital instruments issued and the liabilities incurred, or assumed at the date of acquisition, plus costs directly attributable to the acquisition.

The excess of the acquisition cost over the fair value of the parcel of the Group of the identifiable Assets and Liabilities acquired is recognised as Goodwill.

If the acquisition cost is lower than the fair value of the liquid assets of the subsidiary acquired, the difference is directly recognised in the consolidated Profit and Loss in the period in which said difference is ascertained.

In the consolidation process, the transactions, balance sheets and unrealised gains in intragroup transactions and dividends distributed among group companies are eliminated. The unrealised losses are also eliminated, unless the transaction reveals evidence of the existence of impairment in the transferred and not yet disposed assets.

The accounting policies used by the Subsidiaries in the preparation of their individual financial statements are now changed, whenever necessary, so as to ensure that they are in line with the policies adopted by the Group.

The provisions of NCRF (Normas Contabilísticas e de Relato Financeiro - Accounting and Financial Reporting Standards) 25 — Income Tax was applied to the temporary differences that arose from the elimination of the results coming from the intragroup transactions.

The Equity and the Net Profit of the Subsidiaries which are held by third parties unconnected with the Group are presented under the heading

Interests that are not controlled in the consolidated Balance Sheet (autonomously within Equity) and in the Income Consolidated Statement, respectively.

3.2. CURRENCY CONVERSION

The financial statements of the Group and respective notes to the consolidated financial statements are presented in Euro, unless expressly stated otherwise, the functional currency of the Group.

3.3. FIXED TANGIBLE ASSETS

The tangible assets are valued at the cost or at the considered cost (for assets acquired prior to the date of transition to the NCRFs), deducted from the accrued depreciations and possible impairment losses.

The acquisition cost includes the price of purchase of the asset, the expenses directly attributable to its acquisition and the charges incurred with the preparation of the asset so it be in conditions of use.

The costs with replacements and major repairs are capitalised whenever they increase the useful life of the fixed asset to which they concern and are amortised in the remaining useful life period of said fixed asset or in their own useful life period, if inferior.

The expenditure with maintenance and repair (subsequent expenses) that is not liable to generate future economic benefits is recorded as expenses in the period in which it is incurred.

The costs to be incurred with the decommissioning or removal of assets installed in property belonging to third parties are considered as part of the initial cost of the respective assets when they translate into significant amounts.

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

Asset	2017
Buildings and other constructions	2.00 - 33.33
Basic equipment	5.00 - 33.33
Transport equipment	10.00 - 33.33
Administrative equipment	8.33 - 33.33
Other fixed tangible assets	10.00 - 33.33

The depreciations are ascertained on a duodecimal basis, following the moment in which the asset is in conditions for being used, in compliance with the useful life period estimated for each group of assets.

The expenses with depreciations are recognised in Profit and Loss under the “Expenses/Reversals of Depreciation and Amortisation” heading.

Whenever there are indications of the loss in value of the fixed tangible assets, impairment tests are carried out in order to estimate the recoverable value of the assets and, whenever necessary, register an impairment loss. The recoverable value is determined as being the highest value from the net price of sale and the asset’s value in use, with the latter being ascertained based on the current value of the estimated future cash flows resulting from the ongoing use and the disposal of the asset at the end of its useful life.

The useful lives of the assets are reviewed at each financial report period, so that the depreciations practiced are in compliance with the consumption patterns expected from the assets. Changes to useful lives are treated as a change of accounting estimate and are applied prospectively, affecting the results of the period.

The gain (or loss) resulting from the disposal or write off of a fixed tangible asset is determined as the difference between the amount received in the transaction and the carrying sum of the asset, with the gain (or loss)

being recognised in results in the period in which the disposal takes place.

The fixed tangible assets in force relate to goods which are still at a construction or development stage and are measured at the acquisition cost, only being depreciated when they are available for use.

3.4. LEASES

The financial leases are capitalised at the beginning of the lease by the lowest of the fair value of the leased asset and the present value of the minimum payments of lease, each one being determined at the date of beginning of contract. The debt resulting from a financial lease contract is recorded net from financial charges, under the “Funding obtained” heading. The financial charges included in the rent and the depreciation of leased assets are recognised in the Profit and Loss of the period they concern, under the “interest and similar expenses incurred” heading.

The fixed tangible assets acquired through financial leases are depreciated by the lowest of the asset’s useful life period and the lease period or when the Group has not the option to purchase at the end of the contract, or by the estimated useful life period in case the Group intends to acquire the assets at the end of the contract.

In the leases regarded as operational, the rents to be paid are recognised on a linear basis as a cost in Profit and Loss during the lease period.

3.5. INVESTMENT PROPERTIES

The investment properties constitute real estate properties (terrains, buildings or parts of buildings) held with the purpose of capital valuation, obtaining rents or both. The tangible assets are valued at the cost or at the considered cost (for assets acquired prior to the date of transition to the NCRFs), deducted from the accrued depreciations and possible impairment losses.

According to the accounting standards adopted and, 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 requested.

The fair value of other terrains and periods are determined based on assessments carried out by external evaluators considering the conditions of their utilisation or the best use, according to whether or not they were leased, respectively.

3.6. INTANGIBLE ASSETS

Initial recognition

The cost of the separately acquired intangible assets reflects, on the whole, the expected future economic benefits and encompasses:

- The purchase price, including costs with intellectual rights and non-refundable purchase tax, 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, following the initial recognition, by the Cost Model, as defined by NCRF 6 - Intangible Assets, which states that an intangible asset must be carried by its cost deducted from the accrued amortisation and any losses for accrued impairment.

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

The intangible assets are systematically amortised from the date in which they are available for use, during the estimated useful life.

The expenses with depreciations are recognised in Profit and Loss under the “Expenses/Reversals of Depreciation and Amortisation” heading.

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

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

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

Asset	2017
Computer software	16.66 - 33.33
Other intangible assets	10.00 - 20.00

3.7. IMPAIRMENT OF ASSETS

In each date of reporting a review of the carried sums of the Group’s assets is carried out with the purpose of determining whether there is any indication that they might be impaired.

Whenever the carried sum of the asset or the unit generating cash is superior to its recoverable sum, an impairment loss is recognised. The impairment loss is promptly recorded in the income consolidated statement under “Impairment losses” heading, unless such loss offsets a revaluation surplus recorded in equity. In this case, such loss shall be treated as a revaluation decrease.

The recoverable value is the highest of the fair value of the asset deducted from the costs of sale and its value of use. For determining the existence of impairment, the assets are allocated to the lowest level for which there are separate identifiable cash flows (cash generating units).

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

The reversal of impairment losses recognised in previous periods is recorded when there is evidence that the recognised impairment losses no longer exist or diminished. The reversal of impairment losses is recognised in Profit and Loss under the heading “Reversal of impairment losses”. The reversal of impairment loss is carried out to the limit of the amount that would be recognised (net from depreciations) in case the loss had not been recorded.

When the recording or reversal of impairment must be made, the amortisation and depreciation of the assets are prospectively recalculated according to the recoverable value.

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 mandatory and in which there are no conditions for the use of fair value, namely financial holdings in unlisted companies.

According to the cost model, the financial holdings are initially recognised by their acquisition cost, which comprehends transaction costs, with its value being subsequently decreased on account of impairment losses, whenever they occur.

3.9. INCOME TAX

Income tax corresponds to the sum of current taxes and deferred taxes. The current tax and the deferred tax are recorded in results, except when they relate to items directly recorded in equity. In those situations, the current tax and the deferred tax are also recorded in equity.

Current tax: the current tax to be paid is based on the taxable profit of the exercise of the various entities included in the consolidation perimeter. The taxable profit differs from the accounting result since it excludes various costs and earnings which will only be deductible or taxable in other periods. The taxable profit also excludes costs and earnings which will never be deductible or taxable.

Deferred tax: the deferred tax refers to the temporary differences between the amounts of the assets and liabilities for financial reporting purposes and the respective amounts for taxation purposes.

The assets and liabilities by deferred taxes are measured using the taxation rates which are expected to be in force at the date of the reversal of the temporary differences, based on the taxation rates (and tax legislation) which has been formally or materially issued by the date of reporting.

The deferred tax assets are recognised in as much as it is probable that there are future taxable profits available for using the temporary difference. The deferred tax liabilities are recognised on all the taxable temporary differences.

The deferred tax assets are reviewed on an annual basis and reduced whenever their utilisation is no longer probable.

3.10. INVENTORIES

The inventories are recorded at the acquisition cost, with the weighted average cost being adopted as the costing method of inventory exists.

Whenever the net realisable value is lower than the acquisition or production cost, the value of inventories is reduced through the recognition of an impairment loss, which is reverted when the reasons its origin no longer apply.

To that effect, the net realisable value is the price of sale estimated in

regular course of the business activity minus the estimated costs of completion and the costs necessary for conducting the sale, The estimates take into consideration the changes related to the events taking place following the end of the period insomuch as those events confirm existing conditions at the end of the period.

3.11. FINANCIAL ASSETS AND LIABILITIES

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

The financial assets and liabilities may be classified/measured as:

- (a) At the amortised cost minus any impairment loss; or
- (b) At fair value with the fair value changes to be recognised in Profit and Loss.

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

- i) which, regarding time limit, are on sight or have a defined maturity;
- ii) the return of which is of fixed amount, of fixed interest rate or of variable rate corresponding to a market index; and
- iii) which have no contractual clause from which the loss of nominal value and of accrued interest (in the case of assets) or change to the responsibility for the reimbursement of the nominal value and accrued interest to be paid (in the case of liabilities) may result.

For assets and liabilities recorded at the amortised cost, the interest to be recognised in each period are determined according to the effective

interest rate method, which corresponds to the rate that strictly discounts the estimated future cash receipts and payments during the expected life of the financial instruments.

The following assets and liabilities are recorded at the amortised cost:

- i) the financial assets which constitute granted loans, accounts receivable (clients, other debtors, etc,) and equity instruments as well as any associated derivative contracts which are not traded in the active market or whose fair value may not be reliably ascertained and
- ii) the financial assets which constitute granted loans, accounts receivable (clients, other debtors, etc,) and equity instruments as well as any associated derivative contracts which are not traded in the active market or whose fair value may not be reliably ascertained

The Group classifies and measures at fair value the financial assets which do not meet the requirements for being measured at the amortised cost, as described above, The financial assets which constitute equity instruments listed in an active market, derivative contracts and financial assets held for negotiation are recorded at fair value, The fair value negotiations are recorded in the results of the period, except with regards to the derivative financial instruments which qualify as cash flow hedging relationships.

The Group checks, at each financial date of reporting, the existence of indicators of loss in value for the financial assets which are not measured at fair value through results, In case of objective evidence of impairment, the Group recognises an impairment loss in Profit and Loss.

The financial assets are derecognised when the rights to the receipt of the money flows generated by those investments expire or are transferred, the same applying to all the risks and benefits associated

with their possession, An entity may only derecognise a financial liability (or part of a financial liability) when such liability ceases to exist, i.e, when the obligation laid down in contract is settled, cancelled or expires.

3.12. CASH AND CASH EQUIVALENTS

The amounts included under the cash and bank deposits heading correspond to the amounts of banking deposits due in less than three months and which may immediately be mobilised with a meaningless risk of change in value, These assets are valued at cost.

For cash flow statement purposes, the “Cash and cash equivalents” heading comprehends cash and banking deposits due in less than three months and current bank overdrafts included under the “Funding obtained” heading of the Balance Sheet, when such overdrafts result from occasional situations.

3.13. FUNDING OBTAINED

The funding obtained is initially recognised at fair value, net from transaction and assembly costs incurred, The funding is subsequently presented at amortised cost, with the difference between the nominal value and the initial fair value being recognised in the income consolidated statement throughout the loan period, by using the effective interest rate method.

The funding obtained is classified in the current liabilities, except if the Group has the unconditional right to defer the payment of the liabilities for, at least 12 months after the date of the balance sheet, in which case it is classified in the non-current liabilities.

The expenses with interest regarding the obtained funding are recorded under the expenses heading and funding losses in Profit and Loss.

3.14. GOVERNMENT GRANTS

Government grants are only recognised when there is a reasonable certainty that the Group will meet the conditions for attributing them and that such grants will be received.

The Government grants associated with the acquisition or production of non-current assets (Investment Grants) are initially recognised in equity, being subsequently attributed on a systematic basis (in proportion to the amortisations of the underlying assets) as period income during the useful lives of the assets with which they are associated.

Other Government grants (Operating Grants) are generally recognised as income, in a systematic manner, during the periods necessary for balancing them with the expenses which they are supposed to offset, Government Grants which are aimed at offsetting losses already incurred or which have no future costs associated are recognised as income of the period in which they have become receivable.

The Government Grants under the form of attribution of repayable funding at a subsidised rate must be discounted at the date of the initial recognition, the discount value constituting the grant value to be amortised by the funding period.

3.15. PROVISIONS

Provisions are only recognised when the Company has a present (legal or constructive) obligation resulting from a past event, and it is more probable than not that the settlement of that obligation results in an outflow of resources and the amount of the obligation may be reasonably estimated.

The recognised amount of the provisions consists in the present value of the best estimate by the date of the reporting of the resources necessary

for settling the obligation, Such estimate is determined taking into account the risks and uncertainties associated with the obligation and known of and assessed by the Management at the date of the reporting.

3.16. ACCRUAL-BASED ACCOUNTING

The expenses and income are recorded in the period to which they refer, regardless of their payment or receipt, according to the accrual based accounting system, The differences between the amounts received and paid and the corresponding revenues and expenses are recognised as assets or liabilities, providing they are qualified as such, under the “Other credits receivable”, “Other debts payable” and “Deferrals” Balance headings.

3.17. REVENUE

The revenue is measured by the fair value of the consideration received or receivable, The revenue to be recognised is deducted from the estimated amount of returns, discounts and other write offs, The recognised revenue does not include VAT and other taxes paid related to the sale.

The revenue originating from the sale of goods is recognised when the following conditions are met:

- All significant risks and advantages associated with the ownership of the goods were transferred to the buyer;
- The Group has no control over the goods sold;
- The amount of the revenue can be measured reliably;
- It is likely that the Group will receive future economic benefits associated to the transaction;

- The costs incurred or to be incurred with the transaction may be reliably measured.

The revenue originating from the provision of services is recognised with reference to the stage of completion of the transaction at the date of the reporting, providing that all the following conditions are met:

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

3.18. FINANCIAL CHARGES WITH FUNDING OBTAINED

The financial charges related to funding obtained are generally recognised as expenses as they are incurred under the “Interest and similar expenses incurred” heading of Profit and Loss.

3.19. CONTINGENT ASSETS AND LIABILITIES

A contingent asset is a possible asset originating from past events and the existence of which shall only be confirmed by the occurrence or not of one or more future uncertain events which are not totally under the control of the entity.

The contingent assets are not recognised in the financial statements in order to prevent that they result in the recognition of income which may never be realised, However, they are disclosed when the existence of a future inflow is probable.

A contingent asset is:

- A possible obligation originating from past events and the existence of which shall only be confirmed by the occurrence or not of one or more future uncertain events which are not totally under the control of the entity.
- or
- A present obligation resulting from past events but which is not recognised on account of:
 - The fact that it is not probable that an outflow of resources is required to settle the obligation;
 - The fact that the obligation amount cannot be measured with enough reliability.

The contingent assets are not recognised in the financial statements in order to prevent that they result in the recognition of income which may never be realised. However, they are disclosed whenever there is a likelihood of future outflows which is not remote.

3.20. EQUITY

Common shares are classified in equity. The costs directly attributable to the issuing of new shares or options are presented in equity as a deduction, net of tax, from the issued amount.

Own shares acquired through contract are recognised in equity, under a heading of their own. According to the Portuguese Commercial Company Code, the Company must ensure at any given moment the existence of reserves in equity for hedging of the value of own shares, thus limiting the value of the reserves available for distribution.

Own shares are recorded at the acquisition cost, if the purchase is made on sight, or at the estimated fair value, if the purchase is deferred.

The distribution of dividends among shareholders is recognised as a liability on the date in which it is approved by said shareholders.

3.21. ENVIRONMENTAL MATTERS

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

The Group incurs in expenses of environmental nature which, depending on their characteristics, are being capitalised or recognised as a cost in the operating results for the period.

Therefore, the expenses with equipment and operating techniques that ensure the compliance with the applicable legislation and regulations, as well as the reduction of the environmental impact to levels which do not exceed the levels corresponding to a viable application of the best technologies available from those referring to the minimisation of energy consumption to atmospheric emissions, waste production and noise output are capitalised when they are destined to serve, in the long term, the activity of the Group and are related to future economic benefits, which make it possible to extend the useful life, increase the capacity or improve the safety or efficiency of other assets held by the Group.

3.22. MAIN ESTIMATES AND JUDGMENTS PRESENTED

The estimates and judgments with an impact on the financial consolidated statement of the Luís Simões Group are assessed on an ongoing basis, representing at the date of each reporting the best estimate of the Administration, taking into consideration the historic performance, the accumulated experience and the expectations regarding future events which, under the circumstances in question, are believed to be reasonable.

The intrinsic nature of the estimates may lead the real reflection of the situations which were subject to an estimate to differ from the estimated amounts. for financial reporting purposes. The estimates and judgement which pose a significant risk of generating a material adjustment in the accounting value of assets and liabilities during the course of the following period are as follows:

3.22.1. Fixed tangible and intangible assets

The determination of the useful lives of assets, as well as the method of depreciation/amortisation to be applied is essential for determining the amount of the depreciations/amortisations to be recognised in the statement of the consolidated income of each period.

These two parameters are defined according to the best judgment on part of the Administration for the assets in question, considering, whenever possible, the practices adopted by companies of that sector.

3.22.2. Impairment losses

The determination of a possible impairment loss may be triggered by the occurrence of various events, many of which outside the sphere of influence of the Group, such as: the future funding availability, the cost of capital or of any other changes, both internal and external to the Company.

The identification of impairment indicators, the estimate of future cash flows and the determination of the fair value of assets entail a high degree of judgment on part of the Board of Directors with regards to the identification and assessment of the different impairment indicators, expected cash flows, applicable discount rate, useful lives and residual values.

Particularly, from the analysis made to accounts receivable may result the need to record impairment losses, these being determined based on

the information available and on estimates made by the Group regarding the cash flows that it expects to receive.

3.22.3. Provisions

The Group analyses, on a periodic basis, possible obligations that result from past events and which should be subject to recognition or disclosure.

The subjectivity inherent to the determination of probability and the amount of necessary resources for payment of the obligations may lead to adjustments of the recognised values, namely with regards to the ongoing processes and contingencies.

3.22.4. Deferred tax

Deferred tax assets are recognised only when there is a strong belief that there will be future attributable profit available for using the temporary differences or when there are deferred tax liabilities the reversal of which is expectable in the same period in which the deferred tax assets are reverted. The assessment of the deferred tax assets is carried out by the Administration at the end of each period, considering the expected future performance.

3.23. SUBSEQUENT EVENTS

The events following the date of the balance that provide additional information on conditions that existed at the date of the balance, “adjusting events”, are reflected in the financial statements. The events following the date of the balance that provide additional information on conditions that existed at the date of the balance, “non adjusting events”, are reflected in the financial statements.

4. - CASH AND ITS EQUIVALENTS

On 31 December of 2017 and 2016, the Cash and its Equivalents heading is detailed in the following manner:

	2017	2016
Cash in hand	18,142.01	16,006.05
Demand deposits	1,161,833.09	258,786.18
Total cash and bank deposits	1,179,975.10	274,792.23

5. - ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

In the periods of 2017 and 2016, there were no changes to the accounting policies used nor were any material errors identified.

6. - RELATED PARTIES

For purposes of the presentation of these financial statements, all subsidiaries of LS - Luís Simões, SGPS, S.A, and key elements in their management are considered as related parties.



6.1. GROUP ENTITIES

The Group Companies included in the consolidation by 31 December of 2017 and 2016 are as follows:

Subsidiaries	Head Office	Activity	% Holding 2017	% Holding 2016	Effective Control 2017	Effective Control 2016	RETGS (*)
LS - Luís Simões, SGPS, SA (Holding)	Moninhos - Loures	Management of share holdings					Sim
Luís Simões Logística Integrada, SA (Portugal)	Moninhos - Loures	Logistics and transports	100%	100%	100%	100%	Sim
Luís Simões Logística Integrada, SA (Espanha)	Madrid - Espanha	Logistics and transports	100%	100%	100%	100%	Não
LS Frota, Lda.	Carregado - Alenquer	Transports	100%	n/a	100%	n/a	Sim
Reta - Serviços Técnicos e Rent-a-Cargo, SA	Moninhos - Loures	Rental, sale and maintenance of vehicles	100%	100%	100%	100%	Sim
Diagonal - Corretores de Seguros, SA	Moninhos - Loures	Insurance brokers	100%	100%	100%	100%	Sim
LS - Gestão Empresarial e Imobiliária, SA	Moninhos - Loures	Services of support to the Group	100%	100%	100%	100%	Sim
Patrimundus - Investimentos Imobiliários, SA	Carregado - Alenquer	Real estate company	100%	100%	100%	100%	Sim
Solmoninhos - Consultoria, Gestão e Execução Imobiliária, Lda.	Moninhos - Loures	Real estate company	100%	11,51%	100%	100%	Não
Espaçotrans - Gestão Entrepostos Aduaneiros, Lda.	Quebradas de Cima - Póvoa Santa Iria	Customs warehouse management	70,00%	70,00%	70%	70%	Não

(*) RETGS - Regime Especial de Tributação de Grupos de Sociedades (Special Scheme of Taxation to Company Groups)

There are no subsidiaries excluded from the process of consolidation by the integral consolidation method.

6.2. REMUNERATION OF MANAGEMENT KEY STAFF

During the periods ending on 31 December of 2016 and of 2016, the following remuneration was granted to the key staff in charge of management:

Remuneration	2017	2016
Short term benefits to employees	978,347.89	955,511.09
	978,347.89	955,511.09

The Board of Directors of the Group was considered, according to NCRF 5, as the single “key” element in the management.

6.3. TRANSACTIONS WITH RELATED PARTIES

a) Nature of the relationship with related parties

	Nature of the relationship (Services provided)	Nature of the relationship (Services received)
Other related parties:		
Leonel Simões & Filhas, SGPS,S.A.	Supplies	Dividends
Varanda do Vale, SGPS, S.A.	Supplies	Dividends
Mira Serra, SGPS, S.A.	Supplies	Dividends
Otros accionistas	Supplies	Dividends



b) Amounts of transactions and pending accounts with related parties

	Year	Supplies Obtained (Note 18,2)	Interest Incurred (Note 21,11)
Other related parties:			
Leonel Simões & Filhas, SGPS,S,A,	2016	195,800.00	6,970.44
	2017	195,800.00	6,852.96
Varanda do Vale, SGPS, S,A,	2016	202,800.00	7,219.68
	2017	202,800.00	7,098.00
Mira Serra, SGPS, S,A,	2016	203,800.00	7,255.32
	2017	203,800.00	7,133.04
Individual shareholders	2016	11,683,737.67	436,199.70
	2016	12,411,327.04	412,821.31
Total	2016	12,286,137.67	457,645.14
	2017	13,013,727.04	457,645.14



7. - INTANGIBLE ASSETS

During the periods ending on 31 December of 2017 and of 2016, the movement occurred in the carried amount of the intangible assets, as well as in the respective accrued amortisations and impairment losses, was as follows:

	Computer software	Other intangible assets	Intangible assets in force	Total
Amounts on 01.01.2016				
Carried gross amounts	5,384,867,73	690,476,12	197,338,70	6,272,682,55
Amortisations and accrued impairment losses	(4,766,959,30)	(184,127,02)	-	(4,951,086,32)
Carried net amounts	617,908,43	506,349,10	197,338,70	1,321,596,23
Supplements	152,014,18	-	768,507,66	920,521,84
Transfers	177,208,70	-	(197,338,70)	(20,130,00)
Disposals, claims and write offs				
Carried gross amounts	(1,499,00)	-	-	(1,499,00)
Amortisations and accrued impairment losses	441,00	-	-	441,00
Amortisations (Note 21,9)	(291,776,25)	(69,047,64)	-	(360,823,89)
Amounts on 31.12.2016				
Carried gross amounts	5,712,591,61	690,476,12	768,507,66	7,171,575,39
Amortisations and accrued impairment losses	(5,058,294,55)	(253,174,66)	-	(5,311,469,21)
Carried net amounts	654,297,06	437,301,46	768,507,66	1,860,106,18
Supplements	129,570,24	1,997,745,88	802,372,27	2,929,688,39
Transfers	39,970,00	-	(39,970,00)	-
Amortisations (Note 21,9)	(259,856,61)	(468,596,76)	-	(728,453,37)
Regularizations	18,11	-	-	18,11
Amounts on 31.12.2017				
Carried gross amounts	5,882,131,85	2,688,222,00	1,530,909,93	10,101,263,78
Amortisations and accrued impairment losses	(5,318,133,05)	(721,771,42)	-	(6,039,904,47)
Carried net amounts	563,998,80	1,966,450,58	1,530,909,93	4,061,359,31

The main supplements to the intangible assets in force which took place in 2017 and in 2016 concern licensing and other expenses of a new software of management of transport operations (“TMS”), which is expected to enter into production in 2018. The acquisitions taken place in 2017 under the “Other intangible assets” headings refer to costs with the attainment of a contract for the provision of logistics and transport services with a duration of 5 years.

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

The computer software is not owned by the Group, which is limited to the respective rights of use under the terms of the contract entered into with the supplier.

There are no intangible assets pledged as security of liabilities.

There are no future commitments to the acquisition of intangible assets.

8. - FIXED TANGIBLE ASSETS

During the periods ending on 31 December of 2017 and of 2016, the movement occurred in the carried amount of the intangible assets, as well as in the respective accrued amortisations and impairment losses, was as follows



(valores expressos em euros)

	Terrains and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Administrative equipment	Other fixed tangible assets	Fixed tangible assets in force	Totals
Amounts on 01.01.2016								
Carried gross amounts	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
Depreciations and accrued 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)
Carried net amounts	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
Supplements	-	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	-	6,207,238.42	529,683.25	-	4,864.26	1,848.85	(6,761,476.56)	(17,841.78)
Disposals, claims and write offs	-	-	-	-	-	-	-	-
Carried gross amounts	-	(1,497,589.92)	(14,297,910.51)	(13,500.00)	(27,625.89)	(103,273.33)	(14,191.64)	(15,954,091.29)
Depreciations and accrued impairment losses	-	1,451,892.95	11,027,931.03	11,604.16	19,234.76	102,314.99	-	12,612,977.89
Depreciations (Note 21,9)	-	(2,827,562.83)	(7,597,993.75)	(5,461.73)	(462,624.73)	(132,786.38)	-	(11,026,429.42)
Amounts on 31.12.2016								
Carried gross amounts	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
Depreciations and accrued 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)
Carried net amounts	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
Supplements	-	276,989.07	12,662,137.05	-	682,933.99	722,520.52	1,957,067.50	16,301,648.13
Transfers	-	3,510.00	1,168,852.87	-	79,054.43	(2,610.43)	(1,248,806.87)	-
Disposals, claims and write offs	-	-	-	-	-	-	-	-
Carried gross amounts	-	(24,016,766.92)	(11,882,463.97)	(378,825.00)	(103,134.39)	(125,865.36)	-	(36,507,055.64)
Depreciations and accrued impairment losses	-	11,934,274.42	9,136,761.84	378,825.00	82,754.49	119,855.35	-	21,652,471.10
Depreciations (Nota 21,9)	-	(2,704,896.76)	(7,435,315.30)	(2,376.04)	(474,274.87)	(217,408.05)	-	(10,834,271.02)
Other regularisations	-	-	-	-	-	-	(14,782.70)	(14,782.70)
Amounts on 31.12.2017								
Carried gross amounts	12,239,216.51	46,313,872.20	62,078,638.18	447,763.31	9,957,481.20	2,899,686.79	5,885,657.08	139,822,315.27
Depreciations and accrued impairment losses	-	(27,366,911.25)	(34,128,300.77)	(444,281.59)	(8,713,380.34)	(1,653,480.00)	-	(72,306,353.94)

(valores expressos em euros)

	Terrains and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Administrative equipment	Other fixed tangible assets	Fixed tangible assets in force	Totals
Carried net amounts	12,239,216.51	18,946,960.95	27,950,337.41	3,481.72	1,244,100.86	1,246,206.80	5,885,657.08	67,515,961.33

The main supplements taken place in 2017 concern the acquisition of shelves, hardware, radio frequency equipment and video surveillance equipment.

The main transfer of the year of 2017 concern the preparation of the new logistics centre of Madrid, which started being used at the beginning of 2017.

The disposals taken place in 2017 essentially concern the disposal of two properties and the disposal of vehicles.

There are no fixed tangible assets pledged as security of liabilities or mortgages that burden Terrains and the Buildings which are owned by the Group in the periods ending on 31 December of 2017 and of 2016, with the exception of the assets acquired in leasing (Note 9).

The amount of expenditures recognised in the fixed tangible asset in force is composed as indicated in the following table:

	31-12-2017	31-12-2016
Vehicles in Preparation	298,244.00	781,852.87
Terminal of Azambuja	2,603,385.98	2,602,405.98
New Logistics Centre Madrid	2,530,629.59	1,683,443.96
Others	453,397.51	124,476.34
	5,885,657.08	5,192,179.15



The fixed tangible asset referring to the terminal of Azambuja concerns two terrains, which will be used by the company in the near future, within the scope of its activity.

The amount referring to the new logistics centre of Madrid concerns the installation of an automatic warehouse, which is predicted to be concluded in the first quarter of 2018.

During the period of 2017, amounts regarding compensations to be received from insurance companies for total loss of vehicle claims. In the period of 2016, the recognised amount rose to 23.543.94 Euro.

9. - LEASES

Leasing

The carried net amount of the goods in leasing by the date of the balance, for each asset category, is shown in the following table:

	31/12/17	31/12/16
<u>Tangible fixed assets</u>		
Terrains and natural resources	2,196,421.11	2,196,421.11
Buildings and other constructions	9,052,898.32	9,483,099.76
	<u>11,249,319.43</u>	<u>11,679,520.87</u>

The minimum payments of leasing on 31 December of 2017 and of 2016 are detailed as follows:



	31/12/17		31/12/16	
	Minimum payments	Present amount of payments	Minimum payments	Present amount of payments
Up to 1 year	1,489,287.31	1,489,126.45	1.477.561.91	1.461.980.54
Between 1 year and 5 years	1,780,654.46	1,776,718.21	3.255.799.81	3.241.877.67
Total of minimum payments	3,269,941.77	3,265,844.66	4.733.361.72	4.703.858.21
Financial burden	(14,097.11)	n/a (*)	(29.503.52)	n/a (*)
Present amount of minimum payments	3,255,844.66	3,265,844.66	4.703.858.21	4.703.858.21

(*) - not applicable

The Group has lease contracts for terrains and buildings.

The referred to contracts do not provide for contingent rents and include an option to purchase.

Operating leases

The non-cancellable future minimum payments of operating leases on 31 December of 2017 and of 2016 are detailed as follows:

	2017			
	Expenditure of period	Future minimum payments		
		Up to 1 year	1 year and 5 years	More than 5 years
Leased properties	9,708,029.86	8,237,644.61	20,922,101.26	9,224,214.30
Lease of light vehicles	591,795.08	516,648.70	612,441.84	-
Lease of heavy vehicles	3,298,970.53	3,488,447.32	4,013,979.43	-
Lease of stackers	2,779,215.54	2,171,736.96	6,852,536.66	45,939.30
	16,378,011.01	14,414,477.59	32,401,059.19	9,270,153.60

	Expenditure of period	2016		
		Future minimum payments		
		Up to 1 year	1 year and 5 years	More than 5 years
Leased properties	7,279,239.41	5,457,406.69	8,568.776.00	-
Lease of light vehicles	530,360.95	491,956.97	762,356.71	-
Lease of heavy vehicles	2,837,891.61	3,179,117.28	5,313,831.72	-
Lease of stackers	2,286,233.00	919,551.71	882,248.32	-
	12,933,724.97	10,048,032.65	15,527,212.75	-



10. - INVESTMENT PROPERTIES

Investment properties are composed of terrains and buildings not allocated to the activity of the Group and present the evolution shown below:

	31-12-2017	31-12-2016
On 1 January		
Gross amount	1,440,293.88	1,440,293.88
Depreciations and accrued impairment losses	(280,431.21)	(59,205.74)
Net amount	1,159,862.67	1,381,088.14
Depreciations (Nota 21,9)	(14,787.75)	(14,777.16)
Impairment Losses	-	(206,448.31)
Other changes	48,989.29	-
On 31 December		
Gross amount	1,489,283.17	1,440,293.88
Depreciations and accrued impairment losses	(295,218.96)	(280,431.21)
Net amount	1,194,064.21	1,159,862.67

The purpose of investment properties is to transfer a holding to external entities.

During the course of the period of 2016, the Group obtained a market assessment related to part of the investment properties which revealed that their fair value was lower than their accounting value by 206,448.31 Euros. having recorded the respective impairment loss.

The fair value of the assets at the date of the balance is higher than the values presented in the Group's financial statements by that date.

On 31 December 2017. no investment properties were put forward as security to third parties.



On 31 December 2017, there were no significant contractual obligations of purchase, construction or development of investment properties.

The Group recognised in Consolidated Profit and Loss, under the “other income and gains” heading, the amount of 40.348.31 Euro (47,239.05 Euro in 2016) concerning rents of Investment Properties (Note 21.7).

11. - INVENTORIES

On 31 December of 2017 and of 2016. the Group’s inventories was detailed as follows:

	2017	2016
Merchandise		
Gross amount	1,368,756.81	1.351.965.69
Impairment losses	(303,309.28)	(267.023.26)
	1,065,447.53	1.084.942.43
Raw Materials, subsidiary materials and consumable materials		
Gross amount	412,286.33	393.935.64
Impairment losses	(7,967.95)	(7.967.95)
	404,318.38	385.967.69
	1,469,765.91	1.490.910.12

The inventories contained in the table above correspond to terrains, parts purchased for repairs and maintenance of vehicles and fuel for use in own vehicles and assignment to subcontractors.

During the periods ending on 31 December of 2017 and of 2016, the amounts of inventories recognised as expenditure were the following ones:



Cost of Sold Goods and Consumed Materials:

	Goods	RM, Subsid, Consum,	Total
Inventories on 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)
Regularisations of inventories	-	(67,933.88)	(67,933.88)
Existences on 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
Inventories on 01 January 2017	1,084,942.43	385,967.69	1,470,910.12
Purchases	3,819,349.17	6,474,421.62	10,293,770.79
Impairment losses	(36,286.02)	-	(36,286.02)
Regularisations of inventories	-	(89,707.70)	(89,707.70)
Existences on 31 December 2017	1,065,447.53	404,318.38	1,469,765.91
Cost of goods sold and materials consumed	3,802,558.05	6,366,363.23	10,168,921.28

The amounts above presented as costs include 4,503,920.75 Euro (6,574,766.46 Euro in 2016) referring to the consumption of the fuel sold to subcontractors, The revenue concerning the sale of fuel of the period of 2017 is recorded under the “Sale of Goods” heading (Note 12), while in previous periods it was recorded under the “Other income” heading (Note 21,7).

Adjustments recognised as expenditure of the period:

	2017	2016
Impairment Losses		
Merchandise	36,286.02	267,023.26
Raw materials, subsidiary materials and consumable materials	-	7,967.95
	<u>36,286.02</u>	<u>274,991.21</u>

During the period ending on 31 December 2017, an impairment loss was recorded in the sum of 36.286.02 Euro, in the context of a critical analysis to the obsolescence and rotation of the goods.

During the course of the period of 2016, the Group obtained market assessments regarding the terrains recognised as inventories, which revealed that their fair value was lower than their accounting value by 274,991.21 Euros, having recorded the respective impairment loss.

12. - REVENUE

The revenue recognised by the Group in 2017 and in 2016 is detailed as follows:

	2017	2016
Sale of goods		
Merchandise	8,245,731.68	4,458,357.58
Return of sales	-	(15,341.78)
Discounts and write offs	(41,788.15)	(24,192.07)
	<u>8,203,943.53</u>	<u>4,418,823.73</u>

Provision of services		
Services	231,052,984.95	217,676,295.21
Discounts and write offs	(25,373.39)	(18,432.16)
	<u>231,027,611.56</u>	<u>217,657,863.05</u>
	<u>239,231,555.09</u>	<u>222,076,686.78</u>

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

	2017	2016
Logistics	114,268,195.21	100,455,764.34
Transports	106,441,077.59	106,907,419.40
Fuel	4,640,229.78	-
Others	13,882,052.50	14,713,503.04
	<u>239,231,555.09</u>	<u>222,076,686.78</u>

	2017	2016
Internal market	227,000,786.09	209,368,576.93
External market	12,230,769.00	12,708,109.85
	<u>239,231,555.09</u>	<u>222,076,686.78</u>

In previous periods, the revenue regarding the sale of fuel was recorded under "Other income" (Note 21,7).

13. - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

13.1. PROVISIONS

The values recorded under the provisions heading refer to the best estimate of the administration to respond to the losses that were estimated as probable regarding the ongoing court proceedings,

The movement taken place under the provisions heading during the periods ending on 31 December of 2017 and of 2016 is reflected in the following table:

	Provisions for ongoing court proceedings
On 1 January 2016	547,435.87
Uses in the year	(362,337.63)
Reversals of the year	(79,705.83)
Increases in the year	508,875.36
On 31 December 2016	614,267.77
On 01 January 2017	614,267.77
Uses in the year	(453,272.14)
Reversals of the year	(141,834.63)
Increases in the year	183,704.47
On 31 December 2017	202,865.47

During the periods ending on 31 December of 2017 and of 2016, the Group recorded expenses in the sum of 41,869.84 Euro and 429,169.53 Euros, respectively.

13.2. CONTINGENT LIABILITIES

There is an ongoing court proceeding against the Group in which a compensation on account of an accident occurred inside the facilities of the Group is claimed, for which it was not possible to estimate the amount of the possible expense to incur. The maximum contingency of this process amounts to 150,000 Euro, which corresponds to the amount of the claimed compensation.

Additionally, there is another court proceeding against the Company and an Insurance company filed by relatives of a former worker who received a compensation from the Insurance company due to an accident at work. The maximum contingency of this process amounts to 1,823,425 Euro, which corresponds to the amount of the claimed compensation, which is regarded as if the compensation is not covered by the insurance.

The Board of Directors, based on the opinion of its legal consultants, considers that the risk of losing is reduced, not having recorded any provision to that effect.

13.3. CONTINGENT ASSETS

The Luís Simões Logística Integrada, S.A, (Portugal) and Luís Simões Logística Integrada, S.A, (Espanha) subsidiaries proceeded to claim the “Impuesto sobre las Ventas Minoristas de Determinados Hidrocarburos” (IVMDH) tax referring to the tax periods from 2002 to 2012 both to the Autonomous Communities and the State Agency of Tax Administration (AEAT).

The IVMDH infringes the Community regulation that standardises the Special Taxes, particularly article 3, paragraph 2, of the Directive 92/12/EEC of the Council, of 25 February 1992, concerning the general scheme, term, circulation and control of the products subject to Special Taxes, Dated 27 February 2014, the Court of Justice of the European

Union declared that the IVMDH infringes the Directive on Special Taxes that permits companies to claim the value to the respective public administrations.

The total claimed sum on 31 December 2017 was 4,531,858,09 Euro, plus interest on arrears, During the period of 2017, the sum of 73,132,54 Euro plus interest on arrears in the sum of 532,64 Euro was returned, exhibited in the Cash Flows Statement as “Other receipts” Therefore, the amounts claimed are not recorded in the accounts by the cut-off date, those amounts rising to 1,558,399,52 Euro plus the respective interest on arrears, which will be recorded as soon as the Spanish Tax Administration confirms they will be returned.

The amount indicated in the previous paragraph includes a sum of 690,545 Euro, claimed by way of “Responsabilidad Patrimonial del Estado (español)” (financial liability of the Spanish State), in February 2015, regarding the periods which were already prescribed (first quarter of 2002 to the 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 Monitoring Department of the Social Security Institution to produce various documents, which were delivered within the time limits defined, By the date of the drawing up of the present financial statements, no information on part of the Social Security Institute regarding the outcome of the referred to monitoring process was received, We are convinced that no infringements that might significantly influence these financial statements will result from the monitoring process.

14. - GOVERNMENT GRANTS AND ASSISTANCE

The nature and scope of the government grants recognised in the consolidated financial statements are broken down in the following table:

	2017	2016
Government grants		
Internships	22,860.00	27,721.58
Employment incentives	36,743.71	28,016.61
Optimum incentive	19,322.95	-
Vehicle operating on gas incentive	14,533.75	-
Others	-	5,444.76
	<u>93,460.41</u>	<u>61,182.95</u>

The Group in 2017 and in 2016 did not directly benefit from any other forms of Government aid.

15. - CHANGES TO EXCHANGE RATES

During the course of the periods ending on 31 December of 2017 and of 2016 no income and expenditure related to favourable and unfavourable exchange rate differences were recognised.

16. - EVENTS AFTER THE DATE OF BALANCE

No events subsequent to 31 December 2017 that, due to their relevance and materiality, require adjustment or disclosure, as described in note 3,23, were recognised.

17. - INCOME TAX

In Portugal the Group is subject to Corporation Tax (“IRC” - Imposto sobre os Rendimentos das Pessoas Coletivas), at the rate of 21% applicable to the taxable amount, Derrama (local tax proportionally divided amongst the taxpayers) is added to the taxation up to the limit of 1,5% on the

taxable income, resulting in an aggregated tax rate of no more than 22,5%.

Additionally, during the course of the period ending on 31 December 2017, the taxable income that exceeds 1,500,00 Euro are subject to national “derrama”, as per article 87-A of the Corporate Income Tax Code, at the following rates:

- 3% for taxable income between 1,500,000 and 7,500,000 Euro;
- 5% for taxable income between 7,500,000 and 35,000,000 Euro;
- 7% for taxable income over 35,000,000 (9% for the periods starting on 1 January 2018).

As per article 88 of the Corporate Income Tax Code, the Company is subject to an autonomous taxation on a group of charges at the rates provided for in the referred to article.

Some companies of the Group led by shareholder LS - Luís Simões, SGPS, subsidiaries in Portugal, are encompassed by the Special Scheme for Taxation of Company Groups (“RETGS”), as laid down in article 69 and following articles of the Corporate Income Tax Code, wherefore the tax ascertained individually is reflected in the balance of the shareholder included under the Shareholders/Partners heading, The foreign subsidiary is taxed according to the tax rules in force in the respective country of origin.

The companies included in “RETGS” are presented in the following table:

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 - Gestã Empresarial e Imobiliária, S,A,	01-01-2011
LS Frota, Lda,	01-01-2016
Patrimundus - Investimentos Imobiliários, S,A,	01-01-2017

LS - Luís Simões, SGPS, S,A, as a controlling company, is responsible for calculating the taxable income of the group, by way of an algebraic sum of the taxable income and tax losses ascertained in Profit and Loss of each of the companies controlled belonging to “RETGS”.

The year’s tax charge to be paid is accounted for in each of the companies which comprise the Group according to the respective taxable income, The possible gain or loss resulting from “RETG” is recognised in each of the companies belonging to the Tax Group.

According to the existing legislation, tax returns are subject to be revised and corrected on part of the tax authorities over a four year period (five years for Social Security), except if there are tax losses or ongoing tax audits, complaints or challenges, in which case the time limits are extended or suspended, depending on the circumstances, This way, the tax returns of the Company concerning the periods from 2014 to 2017 may still be subject to revision and correction, The Board of Directors considers that possible corrections resulting from revisions/audits on part of the tax authorities to those tax returns will have no limiting effect on the tax returns under analysis.

The time limit for reporting the “PFR” reportable tax losses in Portugal is indicated in the following table:

Reporting time limit	Taxation periods
4 years	2010 and 2011
5 years	2012, 2013 and 2017
12 years	2014 to 2016

In Spain, the deduction of “PFR” is not limited by time.

The deduction of the “PFR” reportable tax losses is limited to 70% of the taxable income, this rule being applicable to the deductions made in the taxation periods starting on or after 1 January 2014, regardless of the taxation periods in which they were ascertained.

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

a) Expenditure (income) by tax;

The Expenditure (income) by tax is as indicated in the following table:

	2017	2016
Current tax		
Corporate Tax Income of the year	1,542,704.97	433,944.98
	1,542,704.97	433,944.98
Deferred tax		
Originated and subject to reversal by temporary differences	(1,607,000.98)	131,794.34
	(1,607,000.98)	131,794.34
	(64,296.01)	565,739.32

In the period ending on 31 December of 2017 and of 2016, no recognised adjustments in the period of current taxes from previous periods were made.

The expenditure amount (income) by deferred tax related to the origin and reversal of temporary differences is exhibited in the following table:



Deferred tax assets

	Basis				31-12-2017
	31-12-2017	Increases	Decreases	Consol, Adjust,	
Impairment of assets:					
Impairment losses in debts receivable	622,709.75	804,564.17	(622,709.75)	-	804,564.17
Limitation deduction of depreciations and amortisations 2013 and 2014	899,190.85	-	(112,398.86)	-	786,791.99
Impairment losses in Investment Properties	206,448.31	-	-	-	206,448.31
Tax losses	10,405.15	2,366,940.07	-	-	2,377,345.22
	1,738,754.06	3,171,504.24	(735,108.61)	-	4,175,149.69
Consolidation adjustments	519,019.78	-	-	(176,612.89)	342,406.89
Total basis	2,257,773.84	3,171,504.24	(735,108.61)	(176,612.89)	4,517,556.58
Tax benefits	66,936.40	152,223.35	-	-	219,159.75
Deferred tax assets	642,937.60	973,742.03	(215,810.62)	(39,816.59)	1,361,052.42

Deferred tax liabilities

	Basis				31-12-2017
	31-12-2016	Increases	Decreases		
Differences between the basis of accounting and the tax basis of fixed tangible assets:					
Leaseback	299,895.35	-	(299,895.35)	-	-
Revaluation of assets	10,544,593.86	-	(3,654,132.74)	-	6,890,461.12
	10,844,489.21	-	(3,954,028.09)	-	6,890,461.12
Deferred tax liabilities	2,426,424.67	-	(888,886.17)	-	1,537,538.50

In the period of 2017 no change to the taxation rate took place, wherefore no amount related to said fact was recorded.

17.2. RELATIONSHIP BETWEEN TAX EXPENDITURE (INCOME) AND ACCOUNTING PROFIT:

The numerical reconciliation between the effective average tax rate and the applicable tax rate is shown in the following table:

	Tax base		Tax rate	
	2017	2016	2017	2016
Income before taxes	545,285.41	1,895,583.29		
Nominal tax rate	22.50%	22.50%	22.50%	22.50%
Expected tax	122,689.22	426,506.24		
Non-taxable income				
Reversal of impairment losses taxed in previous years	829,158.67	378,922.00		
Refund of non-deductible tax and excess of estimate for tax	-	106.35		
Accounting gains	4,377,757.43	2,989,042.11		
Differences Amortisations/Results ascertained in Consolidation	288,753.19	112,398.86		
Tax benefits	44,316.78	567,273.31		
	5,539,485.52	4,047,742.63		
Non-deductible expenditure for tax purposes				
Depreciations and amortisations not accepted as costs	1,260,485.52	1,045,668.42		
Donations	14,139.08	4,666.50		
Corporate Income Tax and other income tax	24,777.44	48,516.34		
Fines, penalties and compensatory interest	97,780.64	47,893.12		
Charges that are not duly documented	779.13	8.50		
Charges with rental of vehicles without driver	19,807.78	-		
More tax gains	5,560,147.08	1,597,129.67		
Recording of impairment losses	1,011,012.48	829,551.26		
Non-deductible social benefit realisations	80,755.05	69,349.22		
Limit to the deductibility of expenditure with funding	-	44,058.01		

	Tax base		Tax rate	
	2017	2016	2017	2016
Corrections concerning previous periods	43,345.08	220.80		
Others	16,466.06	32,922.23		
	8,129,495.33	3,719,984.07		
Tax losses of the period not offset in the Group	(2,366,940.07	-		
Taxable income	5,501,734.74	1,567,824.72		
Taxable income rate	21.00%	21.00%		
Municipal “derrama” rate	1.50%	1.50%		
Ascertained corporate income tax	1,155,364.29	329,243.9	211.88%	17.37%
Municipal “derrama”	102,183.57	36,575.67		
State “derrama”	140,031.08	-		
Autonomous taxations	148,120.03	125,210.31		
Effect of the existence of tax rates different from those in force in Portugal	-	1,861.98		
Use of tax losses	(2,994.00)	(58,946.17)		
Tax of the period	1,542,704.97	433,944.98	282.92%	22.89%
Deferred tax (Note 18,1)	(1,607,000.98)	131,794.34		
	(1,607,000.98)	131,794.34	(294.71%)	6.95%
Income tax for the period	(64,296.01)	565,739.32	(11.79%)	29.85%

By 31 December 2017, the amount of the tax sums to be deducted rose to 2.366.940,07 Euro, referring to the Luís Simões Logística Integrada, S,A, company, (Spain), which have no limit to their use.

17.3. EXPLANATION OF CHANGES TO THE APPLICABLE TAX RATE COMPARED WITH THE PREVIOUS ACCOUNTING PERIOD;

Between the periods of 2017 and of 2016, no change to the corporate income tax took place, having remained at 21%.

18. - FINANCIAL INSTRUMENTS

18.1. FINANCIAL ASSETS

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

	31/12/17	31/12/16
Non-Current		
Other financial investments		
Equity shareholdings in unlisted companies	3,794.86	3,794.86
Labour Compensation Fund (FCT - Fundo de Compensação do Trabalho)	83,470.52	43,788.62
Others	-	10,000.00
	87,265.38	57,583.48
Credits receivable		
Pledges	1,169,217.70	1,343,970.97
Current		
Clients c/c	72,097,858.48	64,770,981.31
Other credits receivable		
Debtors by increase in income	2,936,705.84	1,880,414.99
Advances to suppliers	391,094.15	241,829.38
Staff	11,769.39	8,485.48
Other debtors - insurance brokerage activity	219,444.21	138,540.84
Other debtors - disposal of fixed tangible assets (a)	12,834,668.30	3,194,010.96
Other debtors	2,709,589.63	1,119,288.32
	19,103,271.52	6,582,569.97
Cash and bank deposits (Note 4)		
Cash in hand	18,142.01	16,006.05
Other bank deposits	1,161,833.09	258,786.18

	1,179,975.10	274,792.23
	93,637,588.18	73,029,897.96

(a) The heading includes, by 31 December 2017, the amount of 10,396,379.13 Euro, referring to the sale of the Gaia1 and Gaia2 buildings, which, as agreed upon in contract, shall be settled in 2018.

The Financial Assets measured at the amortised cost for which impairment was recognised are described in the following table:

	31/12/17	31/12/16
Clients		
Gross amount	75.060.208.68	69.360.185.19
Accrued impairment	(2.962.350.20)	(4.589.203.88)
Carried net amount	72.097.858.48	64.770.981.31
Other debtors - insurance brokerage activity		
Gross amount	251.813.97	165.339.71
Accrued impairment	(32.369.76)	(26.798.87)
Carried net amount	219.444.21	138.540.84

The amount of impairment losses recognised in each of the categories of financial assets is indicated in the following assets:

Year of 2017	Initial balance	Reinforcement	Utilisation	Reversal	Final Balance
Financial assets measured at the amortised cost minus impairment					
Clients c/c	4.589.203.88	455.826.53	(1.783.596.94)	(299.083.27)	2.962.350.20
Other debtors	26.798.87	14.890.33	(8.317.35)	(1.002.09)	32.369.76
Other financial assets	3.606.13	-	(3.606.13)	-	(0.00)
	4.619.608.88	470.716.86	(1.795.520.42)	(300.085.36)	2.994.719.96

Year of 2016	Initial balance	Reinforcement	Utilisation	Reversal	Final Balance
Financial assets measured at the amortised cost minus impairment					
Clients c/c	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

The effect in results in the period of 2017 was of 170,631.50 Euro (299,124.77 Euro in 2016).

18.2. FINANCIAL LIABILITIES

The financial liabilities measured at the amortised cost are indicated in the following table:

	31/12/17	31/12/16
Non-Current		
Funding		
Bank loans	21,802,733.08	17,114,768.11
Financial leases	1,776,718.21	3,241,877.67
Capital participants (Nota 6.3)	13,013,727.04	12,286,137.49
	36,593,178.33	32,642,783.27



Other debts payable		
Investment suppliers	75,000.00	90,000.00
Current		
Suppliers	36,554,594.21	36,507,171.63
Funding obtained		
Bank loans	20,559,838.08	15,663,884.98
Bank overdrafts	4,945,017.44	5,006,271.32
Financial leases	1,489,126.45	1,461,980.54
From other entities	-	51,499.98
	26,993,981.97	22,183,636.82
Other debts payable		
Investment suppliers	3,361,901.09	3,896,816.70
Advance payment from clients	15,310.85	48,826.47
Increase for holidays and holiday allowance	4,027,619.21	3,739,696.74
Bonuses and daily allowances	332,188.64	305,320.03
Increase for subcontracting	2,108,902.05	4,987,035.11
Other increases in expenditure	7,920,418.56	3,377,161.32
Staff	28,851.16	99,023.80
Other debts payable - insurance brokerage activity	311,451.43	174,797.03
Other debts payable	212,801.33	412,235.97
	18,319,444.32	17,040,913.17
	81,868,020.50	163,290,924.98

The maturity of non-current funding is in its entirety between 1 and 5 years.

At the end of the period of 2017, the amount of the credit lines hired was of 40,450,000.00 Euro (40.600.000.00 Euro in 2016), with 4,945,017.44 Euro being used (5,006,271.32 Euro in 2016).

The credit lines with movement up to 1 year are renewed automatically according to what provided for in contract entered into with the credit entities.

The interest paid by the Group in the periods of 2017 and of 2016, referring to loans and credit lines hired and approved with credit institutions, is mainly linked to Euribor, plus market spread

18.3. RECOGNISED NET GAINS AND NET LOSSES

In the periods ending on 31 December of 2017 and of 2016, the income, expenditure, gains and losses related to financial instruments are detailed as follows

	2017		2016	
	Income	Expenditure	Income	Expenditure
Financial assets at the amortised cost:				
Interest (Note 21.10)	24.08	-	8.33	-
Impairment losses (Note 18.1)	-	470,716.86	-	515,960.45
Reversals of Impairment Losses (Note 18.1)	300,085.36	-	254,438.68	-
Monetary Correction	-	103,620.87	-	-
	300,109.44	574,337.73	254,447.01	515,960.45
Financial liabilities at the amortised cost:				
Interest incurred (Note 21.11)	-	1,047,542.06	-	1,056,773.50

Prompt payment discount obtained (Note 21.7)	839,713.57	-	830,825.69	-
	839,713.57	1,047,542.06	830,825.69	1,056,773.50
	1,139,823.01	1,621,879.79	1,085,272.70	1,572,733.95

18.4. INSTRUMENTOS DE CAPITAL PRÓPRIO

The carried amount of the share capital issued by the Group on 31 December of 2017 and of 2016 is detailed as follows:

	31-12-2017	31-12-2016
Share 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 following table:

	Value	Quantity
Shares issued		
Common shares at 5 Euro each	30,000,000.00	6,000,000
	30,000,000.00	6,000,000

19. - STAFF COSTS

The staff costs particular is indicated in the following table:

	2017	2016
Remuneration of staff	39,733,930.79	36,287,754.60
Compensations	617,404.68	822,349.24
Charges with remuneration	9,754,063.20	8,342,117.09
Insurance schemes for accidents at work and occupational diseases	359,147.61	332,968.24
Social welfare costs	61,314.54	15,181.05
Others	1,029,830.55	975,583.06
	51,555,691.37	46,775,953.28

The average number of workers in the service of the Group was 1,915 in 2017 (1,680 in 2016).

20. - LEGALLY REQUIRED INFORMATION

From the information required in other legal acts, namely in articles 66, 324, 397, 447 and 448 of the Portuguese Commercial Company Code (CSC - Código das Sociedades Comerciais), and from the legal provisions contained in Decree-Law no. 328/95 of 9 December and the provisions of the Decree-Law no. 411/91 of 17 October, it is important to inform that:

- I. In compliance with the provisions of article 324, paragraph 2, of the Portuguese Commercial Company Code, the Company has no own shares nor did it carry out until now any business that entailed securities of this nature;
- II. In compliance with article 397, article 4, of the Commercial Company Code, during 2016, no businesses between the Company and members of its managing bodies were carried out;
- III. In compliance with the provisions of article 21, paragraph 1, of the

Decree-Law no. 411/91 of 17 October, the Company is not a debtor in delay to any welfare fund, the balances recorded by 31 December 2017 resulting from the application of withholding discounts and social security contributions corresponding to the month of December, the payment of which was made in January 2018, within the legal time limits.

IV. The members of the Board of Directors pointed below hold the following Company's shares:

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

As legally required, the Board of Directors declares that the Group presents no outstanding debts to the State and that the situation of the Group regarding Social Security is up to date, within the time limits legally defined.

21. - OTHER INFORMATION

21.1. DEFERRALS

By 31 December of 2017 and of 2016, the current assets and current liabilities "Deferrals" headings exhibited the following composition:

	31.12.2017	31.12.2016
Deferred assets		
Deferred costs - insurance	357,206.14	290,611.86
Deferred costs - supplies and external services	460,054.80	435,233.50
Deferred costs - interest	-	4,466.96
	817,260.94	730,312.32
Deferred liabilities		
Fleet management protocol	349,125.64	544,011.38
Other deferred income	328,229.13	232,092.89
	677,354.77	776,104.27



21.2. RESERVES, RESULTS AND OTHER CHANGES IN EQUITY

The results and other changes in Equity heading breaks down as indicated in the following table:

	Legal reserve	Other reserves	Retained earnings	Net profit and loss for the period	Total
Balances on 1 January 2017	213,343.60	4,562,969.49	5,770,842.50	1,690,786.49	12,237,942.08
Dividends	-	-	(485,626.50)	-	(485,626.50)
Application of results	84,539.32	-	1,606,247.17	(1,690,786.49)	-
Profit and loss of the year	-	-	-	566,772.00	566,772.00
Acquisition / disposal of subsidiary(ies) effect (a)	-	(467,681.38)	-	-	-
Balance on 31 December 2017	297,882.92	4,095,288.11	6,891,463.17	566,772.00	12,319,087.58

	Legal reserve	Other reserves	Retained earnings	Net profit and loss for the period	Total
Balances on 01 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)
Application of results	88,662.22	-	1,684,582.15	(1,773,244.37)	-
Profit and loss of 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

a) In the period ending on 31 December 2017, the Group acquired the remaining share capital of Solmoninhos- Consultoria, Gestão e Execução Imobiliária,S.A..

Non distributable reserves:

Apart from the aforementioned, according to the existing legislation in Portugal, the income and other positive asset variations recognised as a result of the use of the equity method are only relevant for distribution amongst the shareholders when they are realised. In 2017, the Company recognised income and other positive unrealised asset variations,

resulting from the application of the equity method and, consequently, non-distributable, in the sum of 546,242.86 Euro. On 31 December 2017, the total accrued amount of income and other positive non distributable asset variations of this nature recognised rose to 10.472.836.46 Euro, including the amount mentioned above included in the net profit and loss for the period.

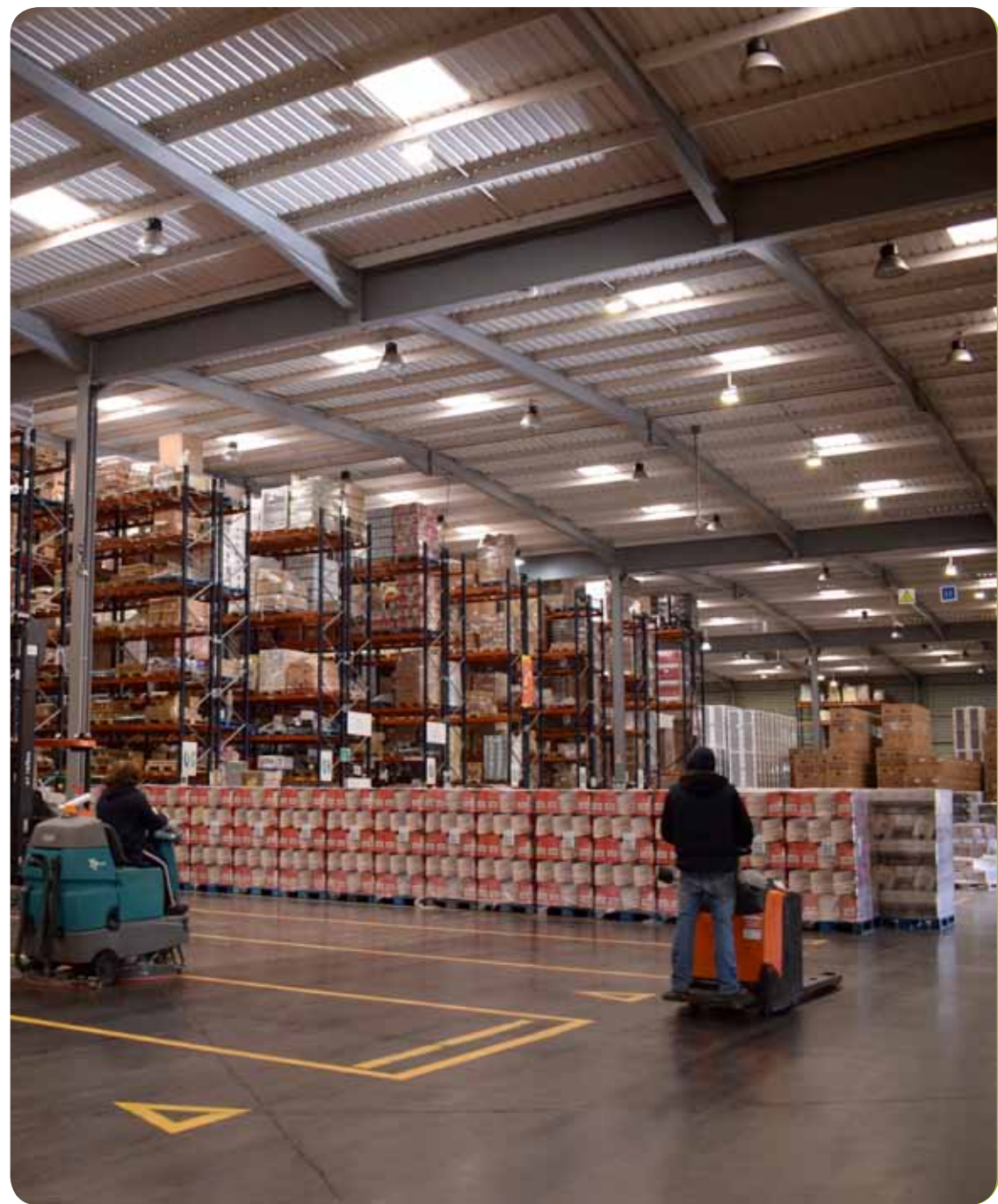
The existing legislation in Portugal also states that the difference between the result to which the equity method was applied and the amount of dividends paid or decided upon which concern the same shareholdings be equated to legal reserves.

The particular of the non-distributable reserves, by heading, by 31 December 2017, is as follows:

	Non-distributable amount	Distributable amount	Total
Other reserves	3,034,948.43	1,528,021.06	4,562,969.49
Retained earnings	6,891,463.17	-	6,891,463.17
Adjustments to financial assets	-	268,414.41	268,414.41
Net income for the period	546,424.86	14,428.60	560,853.46
	10,472,836.46	1,810,864.07	12,283,700.53

The amount due of 14,428.60 Euro represents the net profit and loss of the Company, excluding the equity method effect, which, on account it is positive, may be distributed.

The movements occurred in the reserves and other equity heading by 31 December of 2017 and of 2016 which resulted from the application of results were as follows:



Period of 2017

By resolution of the General Meeting of 15 April 2017, the net profit and loss for the period and loss for the period ending on 31 December 2016, in the sum of 1,690,786.49 was applied as follows:

- Legal Reserve:	84,539.32
- Distribution of Dividends:	485,626.50
- Results Carried Over:	1,120,620.67

Period of 2016

By resolution of the General Meeting of 03 May 2016, the net profit and loss for the period and loss for the period ending on 31 December 2015, in the sum of 1,773,244.37 was applied as follows:

- Legal Reserve:	88,662.22
- Distribution of Dividends:	429,566.79
- Results Carried Over:	1,255,015.36

The legal reserve is not yet fully set up as per the law (20% of share capital). This reserve may only be used to hedge losses or the increase in share capital.

The legal reserve is not available for distribution, and it may only be used for increasing the share capital or compensating losses. According to the law, the legal reserve is reinforced on an annual basis in at least 5% of the net profit and loss, until at least 20% of share capital is reached. This reserve is not distributable unless in case of winding up of the company, but may be used to take up losses after the other reserves have been expended, or to be incorporated into the share capital.

21.3. INTERESTS THAT ARE NOT CONTROLLED

In the periods of 2017 and of 2016, the balance of interests that are not controlled registered the following evolution:

	2017	2016
Balances on 1 January	340,610.73	725,882.48
(Acquisitions) / Disposals	(259,907.99)	-
Period profit	42,809.42	(360,942.52)
Dividends	(6,966.56)	(24,329.23)
Balance on 31 December	116,545.60	340,610.73

The acquisition in 2017 in the sum of 259,907.99 Euro corresponds to the acquisition of 88% of the share capital of Solmoninhos – Consultoria, Gestão e Execução Imobiliária, S.A., a Company already previously consolidated by the Luis Simões Group, and which was acquired at fair value, above the value for which it was consolidated, thus generating a difference in purchase of 467,681.38 Euro recorded in Equity, as provided for in NCFR 15.25;

The interests that are not controlled heading on 31 December of 2017 and of 2016 is detailed as follows:

	2017	2016
Solmoninhos - Consultoria. Gestão e Execução Imobiliária. Lda	-	263,283.48
Espaçotrans - Gestão Entrepósitos Aduaneiros. Lda	116,545.60	77,327.25
	116,545.60	340,610.73

21.4. STATE AND OTHER PUBLIC ENTITIES

By 31 December of 2017 and of 2016, the “State and other public entities” headings exhibited the following composition:

	31-12-2017		31-12-2016	
	Activo	Pasivo	Activo	Pasivo
Corporate income Tax				
Payments on account	39,764.85	(597,715.07)	749,772.16	(37,893.00)
Tax estimate	(2,572.13)	1,541,421.82	(371,018.87)	56,951.27
Withholding	50,418.72	(1,839.00)	53,227.82	42.28
Personal income tax	-	502,129.29	-	457,752.11
Value added tax - recoverable				
Recoverable VAT - Portugal	120,520.76	-	350,891.07	-
Recoverable VAT - Spain	385,844.57	-	438,475.60	-
Recoverable VAT - other countries	95,928.73	-	58,472.74	-
VAT Refunds Requested - Spain	646,028.20	-	382,035.63	-
VAT Refunds Requested - other countries	33,884.43	-	72,285.59	-
Value added tax - payable	-	2,343,796.70	-	1,003,115.08
Social Security Contributions	-	1,062,074.16	-	934,852.51
Excise duty	-	3,382,205.25	-	-
Other taxes	-	4,473.50	-	3,030.80
	1,369,818.13	8,236,546.65	1,734,141.74	2,417,851.05

21.5. WORKS TO OWN ENTITY

This heading is broken down as follows in the table below:

	2017	2016
Works to own entity		
Fixed tangible assets	434,282.74	477,816.96
Intangible assets	355,010.82	-
	789,293.56	477,816.96

21.6. SUPPLIES AND EXTERNAL SERVICES

The “Supplies and external services” heading in the periods ending on 31 December of 2017 and of 2016 is detailed as follows:

	2017	2016
Subcontracts	118,623,281.29	116,406,122.21
Rents and Leases	7,893,165.53	4,932,791.10
Fuel	201,777.23	320,267.56
Specialised works	904,730.44	639,272.48
Maintenance and Repair	4,865,195.26	5,433,740.27
Tolls	1,286,778.99	1,197,653.61
Insurances	8,559,327.24	7,879,925.89
Cleanliness, hygiene and comfort	957,898.77	1,040,324.46
Electricity	18,459,835.42	14,131,605.48
Travels and Stays	686,355.68	821,608.92
Surveillance and Security	1,730,654.15	1,638,751.83
Communication	1,691,564.56	1,331,626.83
Fees	1,991,013.20	1,874,508.25

Publicity and Marketing	530,980.28	408,800.77
Others	3,516,487.80	3,262,160.86
	171,899,045.84	161,319,160.52

The expenditure recognised as expenses of environmental nature are included in the cleanliness heading and amounted to 309,988.24 Euro in 2017 (301,095.15 Euro in 2016).

21.7. OTHER INCOME

The “Other income” heading in the periods ending on 31 December of 2017 and of 2016 is detailed as follows:

	2017	2016
Additional income:		
Sale of fuel	159,953.71	6,776,702.42
Transfer of staff	25,711.91	8,450.15
Rental of vehicles	98,617.41	260,524.92
Insurances	22,220.73	36,857.32
Transfer of a holding	20,234.61	2,223.20
Maintenance and repair of vehicles	341,716.26	224,116.51
Waste recovered	298,687.34	187,286.76
Other additional income	2,049,972.50	344,893.47
Prompt payment discounts obtained (Note 18.3)	839,713.57	830,825.69
Recovery of debts receivable	3,865.89	-
Compensation of claims	204,339.33	215,723.61
Gains in fixed tangible assets	4,422,445.57	3,694,141.53
Income renting contracts	229,810.74	329,175.34
Rate start of contract tyres	256,281.55	236,609.66
Rents from investment properties (Note 10)	40,348.31	47,239.05

Tax refund	70,188.93	1,893,929.88
Other obtained interest	28,529.40	599,935.26
Others	295,021.37	402,584.09
	<u>9,407,659.13</u>	<u>16,091,218.86</u>

In the period ending on 31 December 2017, the revenue associated with the sale of fuel became recorded under the “Sale of goods” heading (Note 12).

The “Other additional income” essentially refers to penalties provided for in contract regarding the delay in the delivery of the new logistics centre of Madrid and the installation of an automatic warehouse.

The “Tax refund” heading concerns the refund of a tax on motor fuels sold at petrol stations, the “Impuesto sobre las Ventas Minoristas de Determinados Hidrocarburos” (IVMDH), commonly named “Cêntimo



Sanitário”. The “Other obtained interest” heading essentially concerns the interest on arrears regarding the amounts refunded of the “Cêntimo Sanitário” (Note 13.3).

This tax refund originated from the claims presented by the company, as referred to in Note 13.3.

21.8. OTHER EXPENSES

The “Other expenses” heading in the periods ending on 31 December of 2017 and of 2016 is detailed as follows:

	2017	2016
Taxes and Rates	715,229.50	740,795.32
Losses in fixed tangible assets	446,083.64	137,733.58
Donations	45,687.07	37,914.27
Levies	26,065.15	25,857.80
Claims	892,703.40	838,042.05
Insufficiency of tax estimate	24,777.44	6,899.11
Fines	96,432.94	45,104.77
Others	128,606.80	199,059.97
	<u>2,375,585.94</u>	<u>2,031,406.87</u>

21.9. DEPRECIATIONS / AMORTISATIONS

The “Expenses / reversals of depreciation and amortisation” heading in the periods ending on 31 December of 2017 and of 2016 is broken down as follows:

	2017	2016
Intangible Assets (Note 7)	728,453.37	360,823.89
Fixed intangible assets (Note 8)	10,834,271.02	11,026,429.42
Investment properties (Note 10)	14,787.75	14,777.16
	<u>11,577,512.14</u>	<u>11,402,030.47</u>

21.10. INTEREST AND SIMILAR INCOME RECEIVED

The “Supplies and Similar Income Obtained” heading in the periods ending on 31 December of 2017 and of 2016 is detailed as follows:

	2017	2016
Interest received		
From deposits	24.08	8.33
	<u>24.08</u>	<u>8.33</u>

21.11. INTEREST AND SIMILAR COSTS PAID

The “Supplies and Similar Expenses Incurred” heading in the periods ending on 31 December of 2017 and of 2016 is detailed as follows:

	2017	2016
Interest losses		
From funding obtained	390,572.40	398,305.93
From funding obtained - Other Related Entities - (Note 6.3)	433,905.31	457,645.14

From overdrafts	153,075.15	176,119.24
From leasing	15,169.48	21,651.87
From factoring	-	111.02
From confirming	15.41	-
From financial updates	103,620.87	-
Others	1,399.22	2,940.30
Other expenses and losses of funding		
Others	53,405.09	-
	<u>1,151,162.93</u>	<u>1,056,773.50</u>

21.12. GUARANTEES GIVEN

The liability for guarantees given by the companies included in the consolidation goes up to 16,496,773.59 Euro (7,386,328.10 Euro in 2016) and essentially corresponds to bank guarantees.

Additionally, the Group presents promissory notes to third parties as a guarantee with a view to ensure the payment of debts, which by 31 December 2017 amounted to 48,072,617.59 Euro (33,100,009.59 Euro by 31 December 2016).

21.13. EARNING PER SHARE

The earnings per share of the periods ending on 31 December of 2017 and of 2016 was determined as follows:

	2017	2016
Results::		
Net profit and loss for the period	566.772.00	1.690.786.49

Number of shares

Average weighted number of shares 6,000,000.00 6,000,000.00

Basic earning per share

0.09 0.28

The Certified Accountant:

Vítor José Caetano de Sousa

The Board:

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



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CERTIFICAÇÃO LEGAL DAS CONTAS

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS CONSOLIDADAS

Opinião

Audítamos 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 2017 (que evidencia um total de 171.426.879 euros e um total de capital próprio de 42.236.366 euros, incluindo um resultado líquido de 566.772 euros), a demonstração consolidada dos resultados por natureza, a demonstração consolidada das alterações no capital próprio e a demonstração consolidada dos fluxos de caixa relativos ao ano findo naquela data, e o anexo às demonstrações financeiras consolidadas que inclui 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 2017 e o seu desempenho financeiro e fluxos de caixa consolidados relativos ao ano findo naquela data de acordo com as Normas Contabilísticas e de 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 Contabilísticas e de Relato Financeiro adotadas em Portugal através do Sistema de Normalização Contabilística;
- elaboração do relatório consolidado 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.

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Página 2 de 3

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 à 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; e
- 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 identificada durante a auditoria.

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

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Página 3 de 3

RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o relatório consolidado de gestão

Dando cumprimento ao artigo 451.º, n.º 3, al. u) do Código das Sociedades Comerciais, semos de parecer que o relatório consolidado 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 consolidadas auditadas e, tendo em conta o conhecimento e apreciação sobre o Grupo, não identificamos incorreções materiais.

Lisboa, 28 de março de 2018


Deloitte & Associados, S.R.L.
Representada por Nuno Bettencourt Pereira, ROC