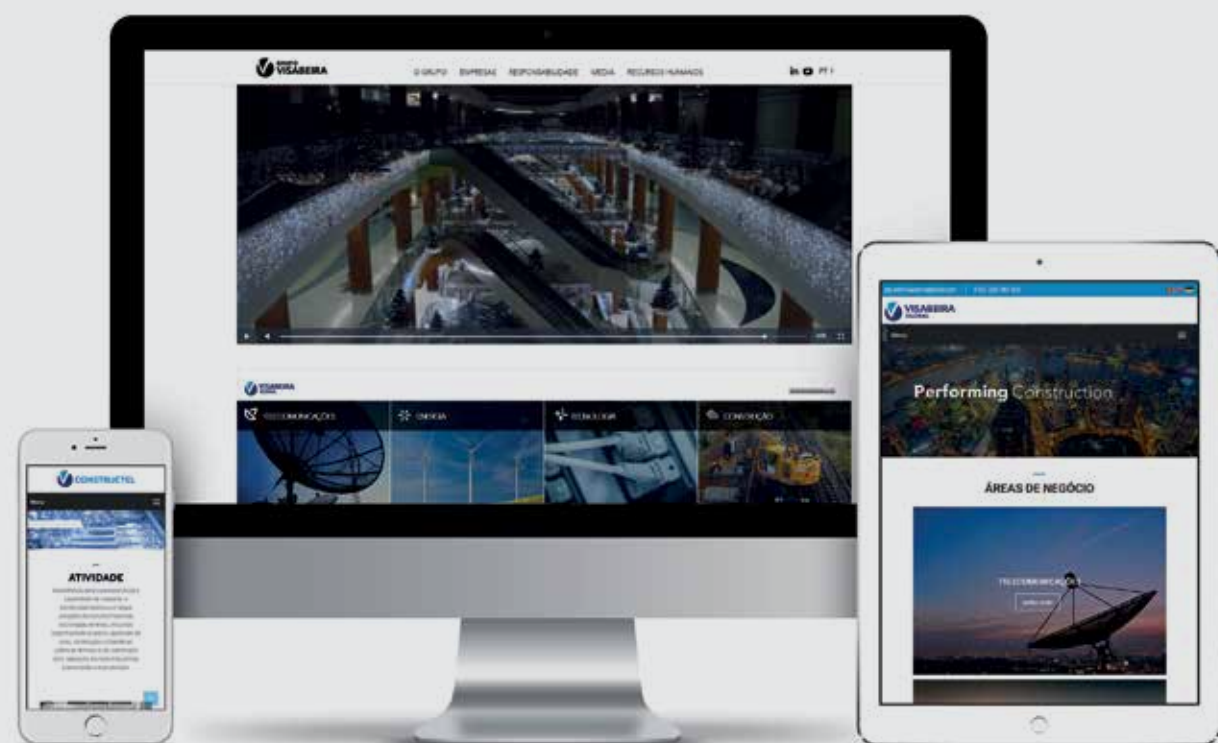


ANNUAL REPORT 2016

ANNUAL REPORT 2016

Visabeira Group



In 2016, the Visabeira Group began a process of image renewal, with the purpose of reinforcing brand projection and further deepening the relationship between its sub-holdings.

This renewal is not intended to convey changes from the brand's operational or architectural standpoint. Regardless of the evolution of the strategic framework and its offer, and with an increasingly significant international presence in its different areas of activity, the Visabeira Group has been able to maintain its DNA without detracting from the structuring values of the organisational culture and behaviour.



Performing Dreams.

In the context of strengthening the brand image, the most significant change was the re-branding of Visabeira Global, the only business area that presented a symbol different from that of the Visabeira Group holding company. All sub-holdings and business-to-business units now have the same image, with a chromatic aspect different from the logo mould.

Regarding the Visabeira Group, in addition to a design work that went through the streamlining of the visual identity and the main communication

media, the new signature, **Performing Dreams**, was also developed. A reference to the vision, capacity for planning and implementation that, from day to day, project to project, has been responsible for creating a greater variety of products and services, in a wide variety of geographical and social contexts, making the Group a daily facilitator for thousands of people. Our commitment is to realise what yesterday was a dream in tomorrow's well-being, embracing each new challenge and consolidating the trust put in us by stakeholders, partners and customers.



Table of Contents

01

- 06 **The Visabeira Group**
- 08 Opening
- 10 Message from the Chairman
- 12 Corporate bodies
- 16 Ownership structure
- 18 Where we are
- 20 Main business areas

02

- 56 **2016 overview**
- 58 Analysis of consolidated results
- 64 Risk factors
- 69 Business evolution by area
- 103 Commitment to society
- 108 Future outlook
- 111 Annex to the Report of the Board of Directors

03

- 112 **Consolidated reporting documents**
- 114 Consolidated financial statements
- 120 Notes to the consolidated financial statements
- 172 Assessment and certification documents

The Visabeira Group





Vision

To be an economic group of large multinational expansion, seeking leadership in every sector and market we operate and differentiating ourselves with innovative concepts and integrated solutions that create value both for customers and shareholders.

Mission

Bring to our partners and customers increasingly complete answers, according to their needs and fulfilling their expectations, through an increasing productive and operational capacity. Thanks to the transdisciplinarity that defines us, we produce a great diversity of goods, we provide services in the most different areas and we create multiple business opportunities.

To be a day-to-day facilitator for thousands of people, all over the world.



Amounts

The values we assumed as defining elements of the Visabeira brand are common to all the professionals and the different areas of the organisation, proving to be decisive for the Group's evolution and its continued success.

Innovation

Dynamism

Creativity

Ambition

Competitiveness



Message from the Chairman

The results we achieved in 2016 are a reason for justifiable pride and reflect the Group's ability to overcome adversity in a particularly difficult year in the national and international macroeconomic context.

The Group's geographical diversification, especially the growth in European markets, has reduced exposure to African markets and contributed to the good results recorded. The results obtained in the African markets were below expectations, due to the significant exchange rate variations resulting from the devaluation of local currencies in Angola and Mozambique. As a result, the contribution of these countries to turnover decreased by 40.9%.

On the other hand, the European market contributed decisively toward the presented result, with a turnover of 210 million euros. In this context, the largest contribution came from Constructel in France, which operates for

Orange, ERDF and GRDF. The company has become one of the main partners of those operators in design, construction, operation and maintenance of telecommunications, electricity and gas networks.

Even in this scenario of adverse economic conditions in the African markets, the Group has once again fulfilled its strategic objective of continuing to grow in foreign

markets. In fact, the turnover achieved abroad already represented 59% of the total in 2016.

The Group ended 2016 with a consolidated turnover of 601 million euros and an EBITDA of 111 million euros, a record figure that represents a growth of 7.0% over the same period last year. The net results, with growth by 38.1% to 28.3 million euros, are the unequivocal corollary of the success achieved during the year.

Following this good overall performance, there was a substantial improvement in the overall performance of the several business areas, with operating results increasing 23.2% to 81.6 million euros. Also to be highlighted in this year is the reduction in net debt of 63.6 million euros.

In Industry, it is with great satisfaction that I announce to the entire market the positive net results of Vista Alegre, which amounted to 1.7 million euros in this year. In Tourism, we highlight Montebelo Vista Alegre Ilhavo Hotel, which has been a site of several internationally renowned events, and the Montebelo Aguieira Lake Resort Spa, which continues

to be the place of choice for the best international kayaking teams, for training and preparation for the main competitions in this sport. The real highlight was the athletes who attended this training camp this year, winning 25 medals in individual and collective categories in the Rio de Janeiro Olympic Games in 2016. In addition, Montebelo Aguieira hosted the World Paddle Awards ceremony, the "Oscars" ceremony of world canoeing, bringing together all the variants of the sport, which distinguished the best athletes from the last sporting season.

Thus, the balance that can be made of this year is necessarily positive, because, despite the hostile economic climate, the results outperformed expectations, with the achievement of record highs in the most relevant ratios.

This success was only possible thanks to the commitment of the approximately 9,700 employees, who are a dedicated team, whose exemplary professionalism, competence and precision are the basis of the successes achieved.

The satisfaction of our Customers, the trust of our Partners and Shareholder support are reasons for justifiable pride and satisfaction, as they prove the Visabeira Group's entrepreneurship and are at the same time an essential incentive for us to keep on the path that we have been following for 36 years, continually focused on overcoming the obstacles that the future will surely put in our way.

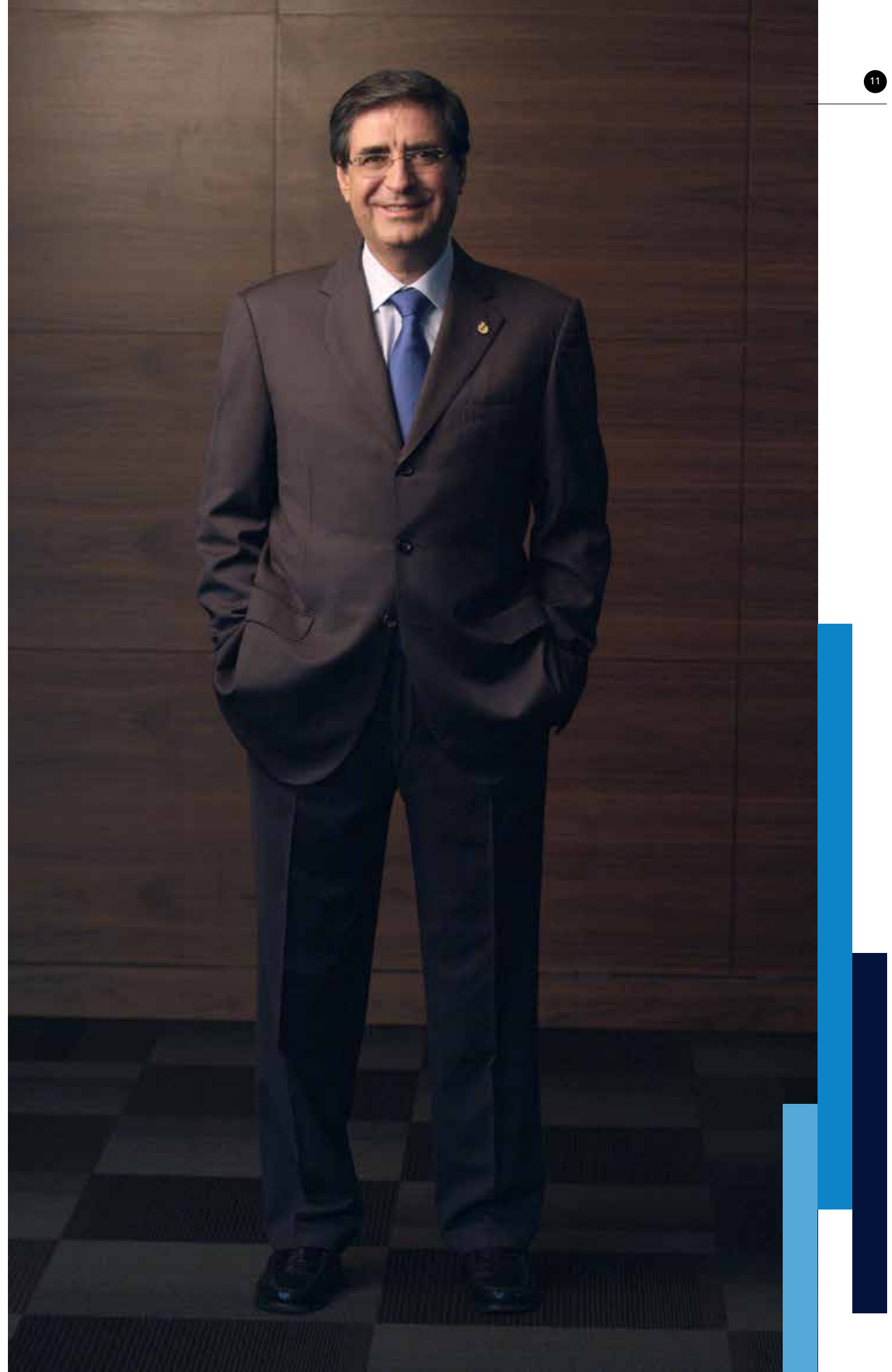
In 2017, the main challenge will be to keep the growth rate in the locations already reached by the Visabeira brand, and to continue to expand into new markets and opportunities, always inspired with the spirit of achievement that characterises the Group.

A sustainable growth is the intent of an ambitious team and the challenge for the future that we build every day.

I would like to end with a thank you to those who accompany us.



Fernando Campos Nunes
Chairman of the Board of Directors



Corporate Bodies

Grupo Visabeira SGPS, S.A.

FERNANDO CAMPOS NUNES

Nuno Miguel Rodrigues Terras Marques
João Manuel Pisco de Castro
Alexandra da Conceição Lopes
António Jorge Xavier da Costa

Board of the General Meeting

Leopoldo de Sousa Camarinha – Chairman
Marta Albuquerque Santos – Secretary

Statutory Auditor

Ernst & Young, Audit & Associados – SROC, S.A.
Represented by Rui Manuel da Cunha Vieira



FERNANDO CAMPOS NUNES
Chairman of the Board of Directors



NUNO MIGUEL RODRIGUES TERRAS MARQUES
Vice-Chairman of the Board of Directors



JOÃO MANUEL PISCO DE CASTRO
Vice-Chairman of the Board of Directors



ALEXANDRA DA CONCEIÇÃO LOPES
Member of the Board of Directors



ANTÓNIO JORGE XAVIER DA COSTA
Member of the Board of Directors
Representing Portugal Capital Ventures, S.A.

Corporate Bodies

VISABEIRA GLOBAL SGPS, S.A.

Nuno Miguel Rodrigues Terras Marques
Chairman of the Board of Directors
and Chairman of the Executive Committee

Alexandra da Conceição Lopes
Vice-Chairman of the Executive Committee

Jorge Manuel Ferreira Guimarães Sousa

António José Monteiro Borges

António Carlos Ferreira Rocha Perpétua

José Paulo Gomes Tomás da Costa

Domingos Gonçalo Soares Sampaio

José Luís Borba de Campos Nogueira

José Manuel Carreiras Carrilho
Representing Caixa Capital
Sociedade de Capital de Risco, S.A.

António Jorge Xavier da Costa
Representing Portugal
Capital Ventures, S.A.

VISABEIRA INDÚSTRIA SGPS, S.A.

João Manuel Pisco de Castro
Chairman

Alexandra da Conceição Lopes
Vice-Chairman

Paulo Alexandre Rodrigues Ferraz

António Jorge Xavier da Costa
Representing Portugal
Capital Ventures, S.A.

VISABEIRA TURISMO SGPS, S.A.

José Luís Borba de Campos Nogueira
Chairman

Alexandra da Conceição Lopes
Vice-Chairman

José Eduardo Arimateia Antunes

Paulo Alexandre Rodrigues Ferraz

António Jorge Xavier da Costa
Representing Portugal
Capital Ventures, S.A.

VISABEIRA IMOBILIÁRIA SGPS, S.A.

José Eduardo Arimateia Antunes
Chairman

Alexandra da Conceição Lopes
Vice-Chairman

Paulo Alexandre Rodrigues Ferraz

António Jorge Xavier da Costa
Representing Portugal
Capital Ventures, S.A.

VISABEIRA PARTICIPAÇÕES SGPS, S.A.

Alexandra da Conceição Lopes
Chairman

Jorge Manuel Esteves Costa

José Eduardo Arimateia Antunes

Paulo Alexandre Rodrigues Ferraz

António Jorge Xavier da Costa
Representing Portugal
Capital Ventures, S.A.

Board of Directors

General Meeting

Leopoldo de Sousa Camarinha
Chairman

Marta Albuquerque Santos
Secretary

Alberto Henrique de Figueiredo Lopes
Chairman

Marta Albuquerque Santos
Secretary

Manuel Marques da Costa Figueiredo
Chairman

Marta Albuquerque Santos
Secretary

Alberto Henrique de Figueiredo Lopes
Chairman

Marta Albuquerque Santos
Secretary

Manuel Marques da Costa Figueiredo
Chairman

Marta Albuquerque Santos
Secretary

Statutory Auditor

**Rui Manuel da Cunha Vieira and
alternate member Pedro Jorge
Pinto Monteiro da Silva e Paiva**
Representing Ernst & Young, Audit &
Associados - SROC, S.A.

**Rui Abel Serra and alternate
member Pedro Jorge Pinto
Monteiro da Silva e Paiva**
Representing Ernst & Young, Audit &
Associados - SROC, S.A.

Rui Manuel da Cunha Vieira and alternate member Pedro Jorge Pinto Monteiro da Silva e Paiva
Representing Ernst & Young, Audit & Associados - SROC, S.A.

Ownership structure

GRUPO VISABEIRA
SGPS, S.A.

83.77%
Fernando Campos Nunes
(NCFGEST, SGPS, S.A.)

2.16%
Caixa Capital, S.A.
(Grupo CGD)

3.53%
Portugal Capital
Ventures, S.A.

84.97%
VISABEIRA
GLOBAL
SGPS, S.A.

Viatel	99.29%	TVCABO Mozambique	50.00%	Cerutil	100.00%
PTC	100.00%	Televisa (MZ)	50.00%	Bordalgest	55.97%
PDT	100.00%	TVCABO Angola	50.00%	Bordallo Pinheiro	83.99%
		Comatel (AO)	100.00%	Vista Alegre Atlantis	76.86%
		Televisa Morocco	80.00%		
Constructel (FR)	99.98%	Constructel Africa (MZ)	50.00%	Ambitermo	50.99%
SCI Constructel	99.90%	Electrotec (MZ)	49.00%	Ambitermo Maroc	100.00%
Constructel Energie	76.00%	Selfenergy Moçambique	60.00%		
Gatel	100.00%	Edivisa (AO)	99.00%	Mob	97.78%
Constructel Belgium	96.77%	Electrovisa (AO)	99.00%	Mob Cuisines (FR)	100.00%
Constructel GmbH (DE)	75.00%	Vista Power (AO)	50.00%		
Constructel Bau	100.00%	Sogitel (MZ)	75.00%	Pinewells	66.53%
				Granbeira	98.75%
Constructel Sweden	50.00%			Marmonte (MZ)	80.00%
		Intelvisa (MZ)	49.00%	Agrovisa (MZ)	99.98%
		Visaqua (MZ)	50.60%	Celmoque (MZ)	70.38%
Constructel (UK)	50.00%			Tubangol (AO)	95.00%
		Aeroprotechnik	51.00%	Álamo (AO)	95.00%
Constructel Denmark	50.00%	Hidroáfrica (MZ)	81.90%	Visaconstroi (AO)	95.00%
Constructel Russia	100.00%	Constructel (DO)	80.00%		
Visabeira	60.00%				
Aceec	50.00%				
DST/Visabeira, ACE	50.00%				
Yetech Mexico	50.00%				
Beiragás	23.55%				
Naturenergia	100.00%				
Visagreen	100.00%				
Real Life Technologies	65.00%				
Real Life Technologies (MZ)	98.00%				
Real Life Academy (MZ)	98.00%				
Edivisa	100.00%				
Visacasa	100.00%				
Vibeiras	11.07%				

93.04%
VISABEIRA
INDÚSTRIA
SGPS, S.A.

100%
VISABEIRA
TURISMO
SGPS, S.A.

100%
VISABEIRA
IMOBILIÁRIA
SGPS, S.A.

100%
VISABEIRA
PARTICIPAÇÕES
SGPS, S.A.

Montebelo	99.83%	Visabeira Imobiliária S.A.	100.00%	Benetrónica	98.80%
VAA Empreend. Turísticos	91.00%	Ifervisa	100.00%	Iutel	50.00%
Zambeze	50.00%	Imovisa (MZ)	49.00%	Rentingvisa	100.00%
Doutibelo	20.00%			Parque Desp. de Aveiro	54.57%
Sem Amarras	20.00%				
				Visabeira Saúde	100.00%
Movida	98.65%			Porto Salus	79.50%
Visabeira Knowledge & Research	100.00%			2 Logical	51.00%
				Hosp. N.º Sr.ª da Arrábida	80.00%
Mundicor	100.00%			Visabeira Pro - Est. e Invest.	100.00%
				Gevisar	30.00%
Turvisa (MZ)	95.00%			Mercury Comercial (MZ)	95.00%
Inhambane (MZ)	80.00%			Combustíveis Songo (MZ)	99.00%
Imobiliária Panorama (MZ)	70.00%			Mercury South Africa	100.00%
Milibangalala (MZ)	69.00%			QVZ Associados (MZ)	30.00%
Soginveste (MZ)	70.00%				
Zambeze Village (MZ)	90.00%			Visabeira Mozambique	100.00%

Autovisa (MZ)	80.00%
Imensis (MZ)	49.00%
Martifer Amal (MZ)	35.00%
Build Down & B. Up (MZ)	50.00%
Caetano Formula (MZ)	21.00%
Visa House (MZ)	35.00%
Spinarq (MZ)	30.00%
Vibeiras (MZ)	60.00%
Visasecil (AO)	70.00%
Visauto (AO)	95.00%
Visabeira (ES)	60.00%
Mercury (AO)	99.00%
Catari Angola	50.00%
Visabeira Angola	99.00%
Convisa Engenharia (AO)	50.00%
Visarocha (AO)	60.00%
Visatur (AO)	95.00%
Agrovisa (AO)	95.00%
Angovisa	70.00%

The holding's most relevant shares

Visa House	100.00%
Fundo Inv. Imob. Tur. II	0.24%
Fundação Visabeira	9.00%
Moçambique Seguros	4.50%

Where we are

We are located in 16 countries, including Germany, France, Belgium, Spain, Denmark, Angola and Mozambique, marketing services and products to more than 70 nations and employing almost 10,000 employees, distributed by more than 100 companies.

9,700 EMPLOYEES

Presence with companies

EUROPE

Portugal
Spain
France
Germany
Belgium
Denmark
United Kingdom
Sweden

AMERICA

USA
The Caribbean
Brazil

AFRICA

Angola
Mozambique
Morocco
South Africa

ASIA

India

Presence with products / services

EUROPE

Austria
Belarus
Cyprus
Estonia
Finland
Greece
The Netherlands
Hungary
Ireland
Italy
Latvia
Lithuania
Luxembourg
Malta
Moldavia
Monaco
Norway
Poland
Czech Republic
Romania
Russia
Serbia
Switzerland
Turkey
Ukraine

AMERICA

Argentina
Canada
Chile
Colombia
Guatemala
Honduras
Mexico
Panama
Venezuela

AFRICA

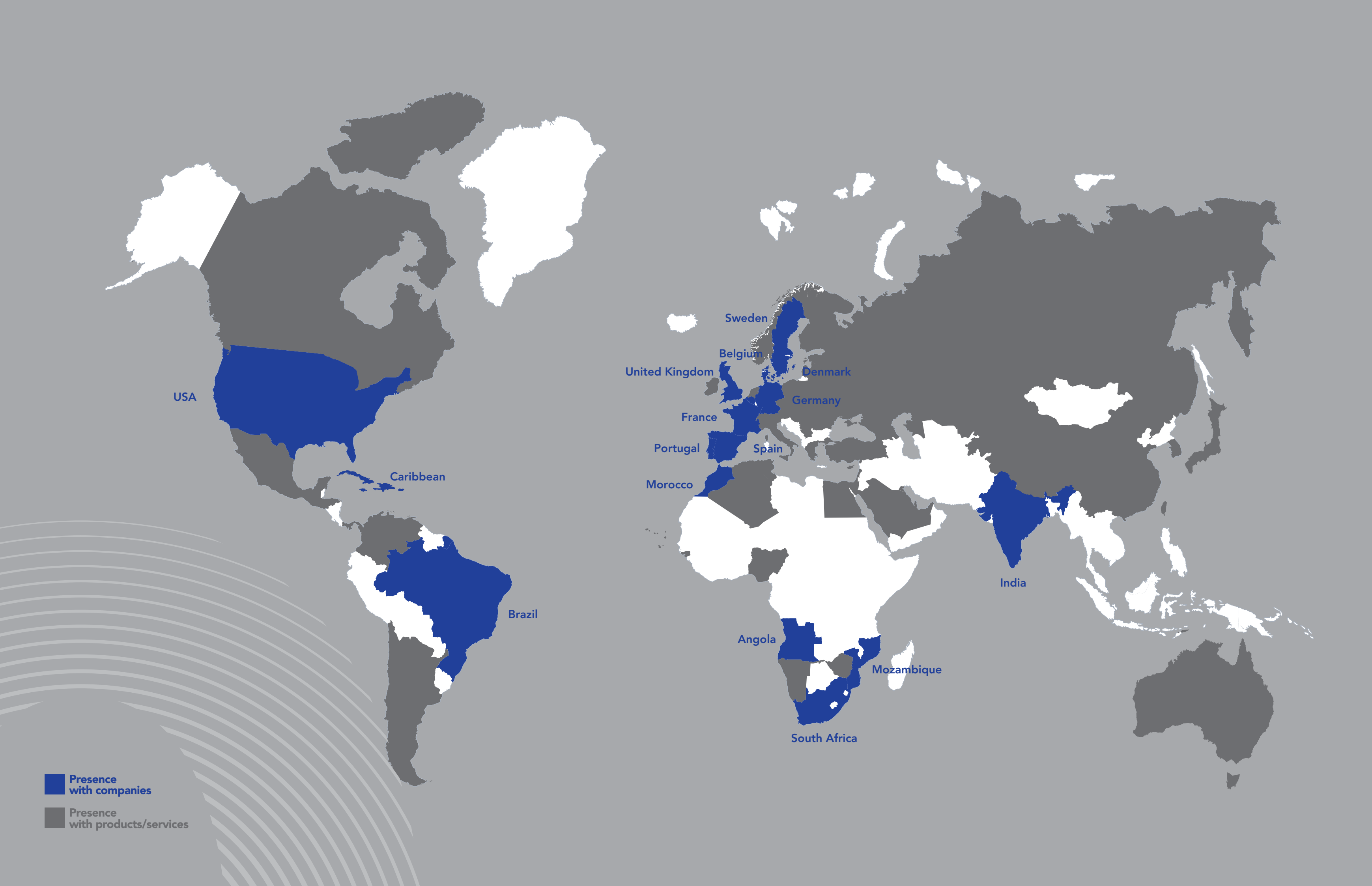
Algeria
Cape Verde
Egypt
Guinea-Bissau
Namibia
Nigeria
Tunisia
Zimbabwe

ASIA

Saudi Arabia
Azerbaijan
Kazakhstan
China
South Korea
United Arab Emirates
Israel
Japan
Lebanon
Kuwait
Macao
Qatar
Singapore
Taiwan
East Timor

OCEANIA

Australia



USA

Caribbean

Brazil

Sweden

Belgium

Denmark

United Kingdom

Germany

France

Portugal

Spain

Morocco

India

Angola

Mozambique

South Africa

■ Presence with companies
■ Presence with products/services

Main business areas

We are recognised for our vision and adaptability, anchored in a broad multisectoral experience and the effective optimisation of resources. The sustained growth of our multiple business areas in the global market over the past few years is a proof of that.

Aimed at creating value, this model of entrepreneurship and demand has generated continuous business opportunities, rewarding the trust and investment of customers and partners, as well as promoting the development of the different communities that our companies are part of.

The results obtained in 2016 allow us to face with renewed optimism the challenges that lie ahead. As a result of a strict planning, monitoring and evaluation process, showing the appropriate strategic decisions and the best use of our human resources, we will continue in 2017 with an international expansion plan, where "determination" is the keyword.



Telecommunications
Energy
Construction
Technology



Ceramics and glassware
Kitchens
Biofuels and thermal energy
Natural resources



Hospitality
Restaurants
Entertainment and leisure
Sports and wellness



Housing and commerce
Management and services



Investment
Trading
Health
Services



Performing Telecommunications

Main activities: landline, mobile and wireless telecommunications engineering; specialised technical solutions and general infrastructures for telecommunications networks, transport and defence and security; television, internet and voice operations using cable and optical fibre.

Performing Energy

Main activities: construction and maintenance of infrastructures and equipment related to electricity, gas and renewable energy sources, including solar, wind and biofuels.

Performing Technology

Main activities: engineering solutions and services, including information and communication systems, mobility, innovation and georeferencing.

Performing Construction

Main activities: design development, construction, rehabilitation and maintenance of buildings and infrastructures.



Corporate Bodies

Visabeira Global SGPS, S.A.

BOARD OF THE GENERAL MEETING

Leopoldo de Sousa Camarinha Chairman
Marta Albuquerque Santos Secretary

STATUTORY AUDITOR

Ernst & Young, Audit & Associados – SROC, S.A.
Represented by Rui Manuel da Cunha Vieira

BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE



**NUNO MIGUEL RODRIGUES
TERRAS MARQUES**
Chairman of the Board of Directors
and Chairman of the Executive Committee



**ALEXANDRA
DA CONCEIÇÃO LOPES**
Member of the Board of Directors and Vice-
Chairman of the Executive Committee



**JOSÉ PAULO GOMES
TOMÁS DA COSTA**
Member of the Board of Directors
and Member of the Executive Committee



**DOMINGOS GONÇALO
SOARES SAMPAIO**
Member of the Board of Directors
and Member of the Executive Committee



**JOSÉ LUÍS BORBA
DE CAMPOS NOGUEIRA**
Member of the Board
of Directors



**JORGE MANUEL FERREIRA
GUIMARÃES SOUSA**
Member of the Board of Directors
and Member of the Executive Committee



ANTÓNIO JOSÉ BORGES
Member of the Board of Directors
and Member of the Executive Committee



**ANTÓNIO CARLOS
FERREIRA ROCHA PERPÉTUA**
Member of the Board of Directors
and Member of the Executive Committee



**JOSÉ MANUEL
CARREIRAS CARRILHO**
Member of the Board of Directors
Representing Caixa Capital Social de Risco, S.A.



**ANTÓNIO JORGE
XAVIER DA COSTA**
Member of the Board of Directors
Representing Portugal Capital Ventures, S.A.

TELECOMMUNICATIONS

- Viatel
- PDT
- Televisa
- Comatel
- Constructel
- Gate1
- TVCABO Mozambique
- TVCABO Angola

ENERGY

- Visabeira
- Electrotec
- Hidroáfrica
- Constructel Energie
- Selfenergy

CONSTRUCTION

- Edivisa
- Visacasa
- Sogitel
- Visaconstroi

TECHNOLOGY

- Real Life Technologies
- Aeroprotechnik

In the competitive world of telecommunications, a constantly evolving area, Visabeira Global holds a wide range of skills and is able to intervene in all kinds of networks, systems and technological infrastructures in the fields of engineering, planning, design, construction and maintenance.

Visabeira Global also offers multimedia services, broadband internet and cable TV, through a fully digital network of fibre optic and coaxial cables.

TELECOMMUNICATIONS**ENERGY**

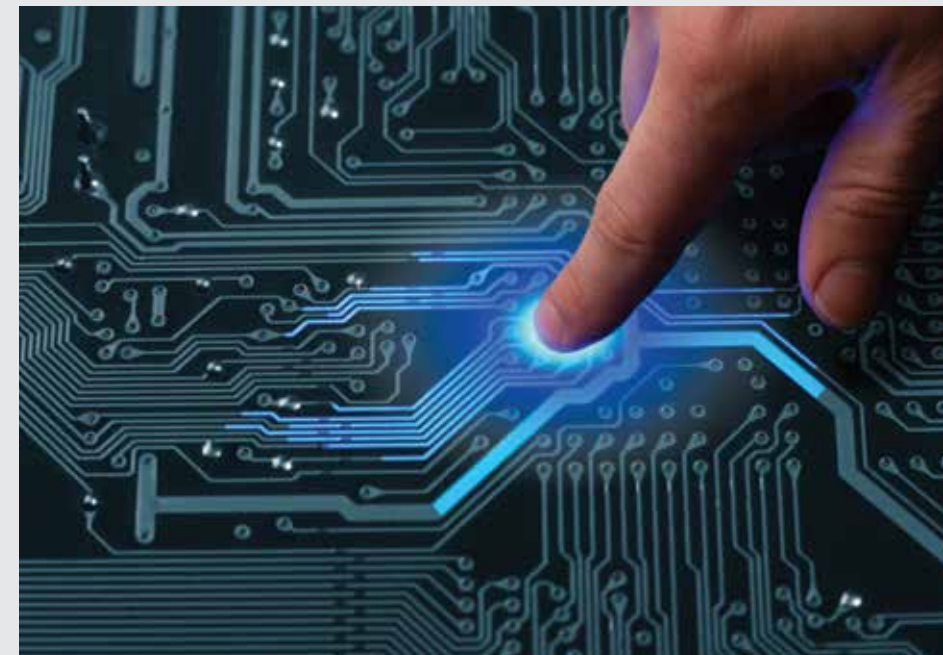
The Energy sector integrates companies with recognised competence in many areas related to the construction and maintenance of infrastructures and equipment related to energy resources, particularly in the fields of electricity, gas and renewable energy sources, including solar, wind and biofuels.

The area of Construction is made up of companies that complement each other, intervening at different stages of the value chain and earning recognition for their high standards and quality services. Together, they have a strong know-how, which goes from design and construction to rehabilitation and maintenance of buildings and infrastructures, taking on small, medium and large works, both in Portugal and abroad.

CONSTRUCTION



TECHNOLOGY



This area brings together leading companies in the development of highly complex services and solutions in the areas of information and communication systems, mobility, innovation management and georeferencing, among others, also integrating units dedicated to the research and development of technological solutions for companies in different sectors of activity.

Focusing on launching a new range of products with the introduction of landline service, TVCABO has become the first and only triple play operator in Mozambique. Marketing the two main satellite televisions, ZAP and DStv, TVCABO also expanded its offer in this area by introducing a new package.



tv cabo

COM TRÁFEGO ILIMITADO O SEU NEGÓCIO CHEGA MAIS LONGE.

ADIRA JÁ AOS PLANOS ILIMITADOS DA TVCABO
21 480 550
 82 4800 | 84 4800

INTERNET

PMI
 MELHOR INTERNET

www.tvcabo.mz/negocios

A VIDA A 3 DIMENSÕES

tv cabo

A NEYMA DÁ-TE MÚSICA A TRIPLICAR.
 FAZ JÁ O DOWNLOAD GRATUITO.

tv cabo

**CAMPEÕES!
 CHAMPIONS!
 CAMPIONI!
 ¡CAMPEONES!**

VIVE AS MELHORES JOGADAS DA LIGA DOS CAMPEÕES E DA LIGA EUROPA.
 Adere aos pacotes VIV e acompanha os jogos das equipas europeias de topo.

VIV
 A VIDA A 3 DIMENSÕES

tv cabo

VIV Mais
 LÁ EM CASA, A TV VAI SER ONDE QUISERES.

A VIDA A 3 DIMENSÕES

Com o **VIV Mais** vais poder ver os teus programas favoritos em todas as divisões. Mais um serviço inovador da TVCABO, para maior conforto de toda a família!

923 168 000 | 222 680 000 | tv cabo@tv cabo.co.ao | www.tvcabo.ao

The only triple play operator in Angola, in 2016 TVCABO launched the service VIV Mais - OTT System, an advanced television platform, via internet, that allows watching TV channels on the smartphone, tablet, computer or VIV Mais box, with recording capability and multiple features. This service has a specific channel grid that includes DStv and ZAP channels.





Performing Industry

Main activities: Manufacture and marketing of porcelain and ceramics, crystal and glass, for tableware, giftware, decorative and hotelware segments; Manufacture and marketing of multifunctional and customisable kitchen furniture; Production of organic pellets, a processed form of biomass.



CERAMICS AND GLASSWARE

- Cerutil
- Vista Alegre
- Bordallo Pinheiro
- Ria Stone

KITCHENS

- Mob

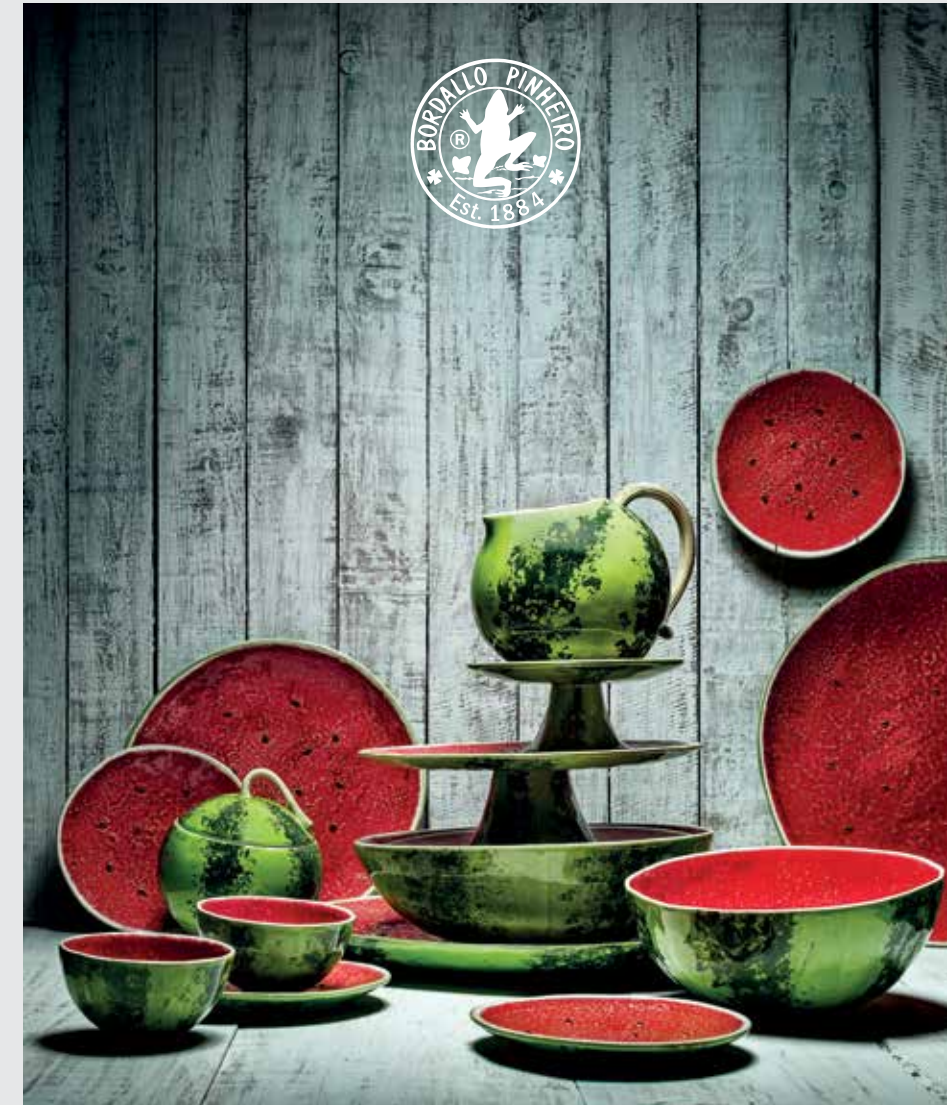
BIOFUEL AND THERMAL ENERGY

- Pinewells
- Ambitermo
- Celmoque

NATURAL RESOURCES

- Granbeira
- Agrovisa
- Álamo

Vista Alegre's new collections continued to be internationally recognised, receiving numerous nominations and prizes in prestigious international competitions, which reinforced the brand's global presence. In the German Design Awards, "Orquestra" and "Trace" were awarded by the panel of judges of the German Design Council, "Carrara," "Gárgulas," "Jazz" and "Love Who You Want" - created in partnership with Christian Lacroix Maison - received special mentions, and "Plissé," "Blue Ming," "Timeless," "Midnight" and "Swinging" earned the label "German Design Award 2017."



With significant implementation in the domestic market, Bordallo Pinheiro continued to maintain its worldwide presence in 2016, with external sales accounting for 35.6% of total turnover. Reflecting this dynamic, the historic brand of utilitarian and decorative pottery has been present at events such as the Maison & Objet fair in Paris and Ambiente Frankfurt 2016, expanding its range of customers.



Through innovative industrial technologies and strict quality control, Pinewells focuses its operations in the recovery of waste and waste wood. From densified biomass, composed mainly of sawdust and wood waste, Pinewells manufactures wood pellets, a solid organic fuel without environmental impact.



Mob opened a new store at Avenida da República in Lisbon, with an area of 500 m², which allows to fully display the quality and innovation of its kitchens, from the new and compact "Cabinet" models to offers with electric doors, among many other modular solutions launched in 2016. In addition to increasing the supply of kitchens in the domestic market, Mob also strengthened its presence abroad, adding to its portfolio the markets of Qatar, Algeria and Morocco.



Ria Stone is a company of strong strategic national interest, with a large-scale production for IKEA, an internationally renowned customer. In 2016, two projects stood out: "M2Gres2," which aims to develop new high value-added stoneware based on significantly improved pastes and glazing, and "CASA," which aims to develop a new tableware product of greater nobility.



Cerutil continued to heavily focus on the foreign market, which currently represents around 90% of its sales, presenting new products, models and decorations at trade shows such as Ambiente Frankfurt 2016. France, Italy, England, Benelux, Germany and the United States are some of the markets of the tableware company with a manufacturing capacity of more than 30,000 pieces per day.





Performing Tourism

Main activities: operation of hotels, resorts and lodges, as well as multiple entertainment areas and restaurants in Portugal and Mozambique; responsible for a wide range of offers in Portugal, including hotel infrastructures in the beauty, nature, sport, culture and history, recreational and business tourism segments.



HOTELS PT

- Montebelo Aguieira Lake Resort & Spa
- Montebelo Viseu Congress Hotel
- Montebelo Vista Alegre Ílhavo Hotel
- Parador Casa da Insua
- Hotel Palácio dos Melos
- Hotel Príncipe Perfeito

HOTELS MZ

- Montebelo Girassol Maputo Hotel
- Montebelo Indy Maputo Congress Hotel
- Montebelo Gorongosa Lodge & Safari
- Nampula Hotel by Montebelo
- Lichinga Hotel by Montebelo
- Songo Hotel by Montebelo

RESTAURANTS

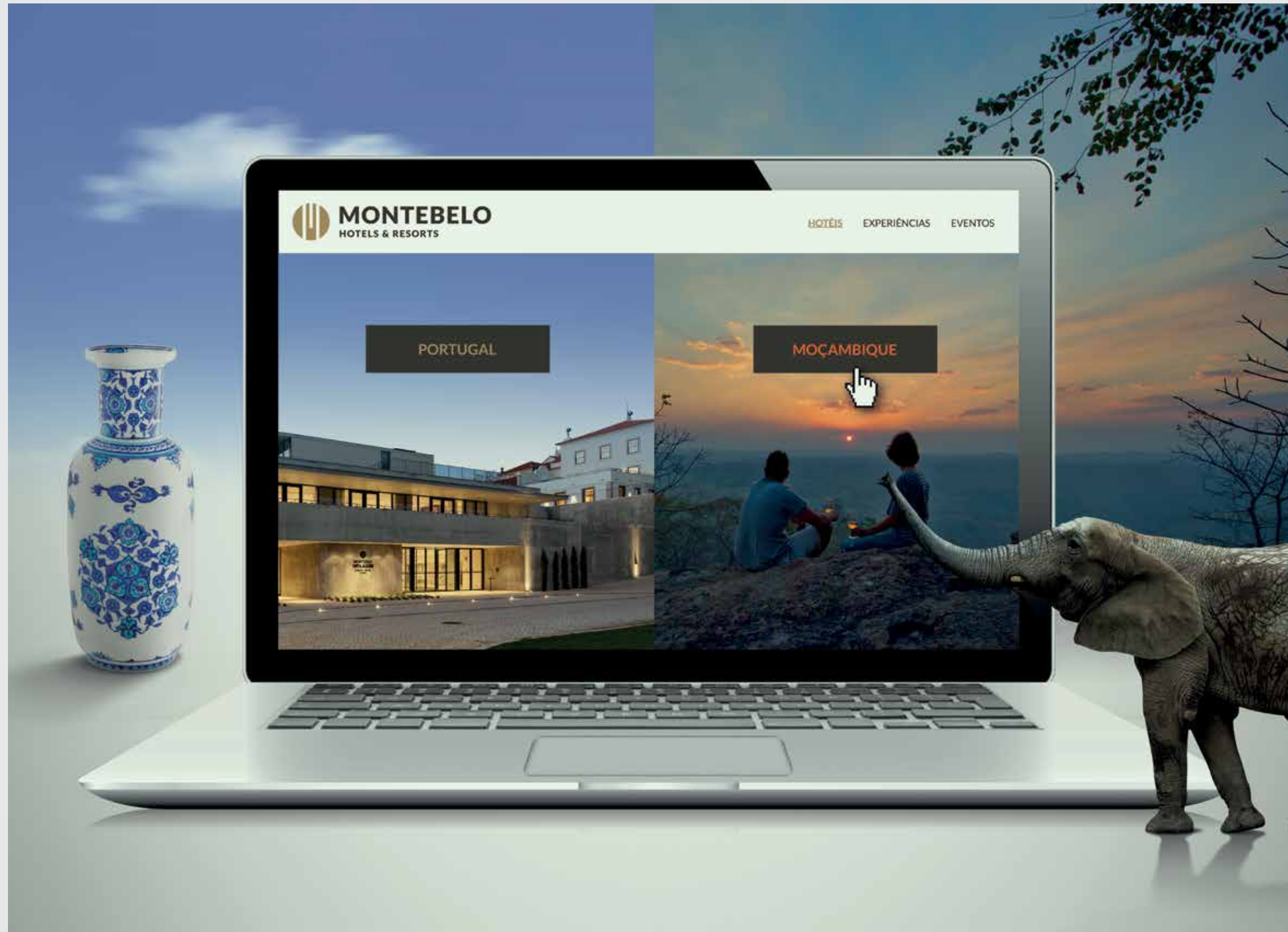
- Zambeze Restaurant
- Forno da Mimi & Rodízio Real
- Cervejaria Antártida
- Rodízio do Gelo
- Bar Americano

ENTERTAINMENT AND LEISURE

- Palácio do Gelo Shopping
- Bar de Gelo Viseu
- Mundicor

SPORTS AND WELLNESS

- Montebelo Golfe
- ForLife



Montebelo Hotels & Resorts is the brand that brings together the multiple infrastructures, facilities and services of Visabeira Tourism in Portugal and Mozambique. With 20 years of activity in Portugal and a broad cross-sectoral experience, it comprises hotels, restaurants, a marina, golf, an outdoor sports complex and one of the largest shopping and entertainment centres on the Iberian Peninsula, which includes a multifunctional gym with more than 20,000 m² and a unique ice experience in the country (bar and rink).

In 2016, the Montebelo chain consolidated its presence and recognition in the Mozambican market, a priority in the brand's internationalisation strategy, with units in 5 provinces (Maputo, Sofala, Songo, Niassa and Nampula) and an offer that includes hotels, lodge & safari, restaurants, catering services, wellness areas and areas for business events.

In 2016, Montebelo Gorongosa Lodge & Safari, after remodelling and rehabilitation works, received the "Excellence" certificate awarded by Trip Advisor, the largest travel website in the world, with over 435 million traveller ratings. Another reward for this Montebelo unit, which is committed to preserving the ecological integrity of Gorongosa National Park with the participation and contribution of local communities.

GRUPO VISABEIRA

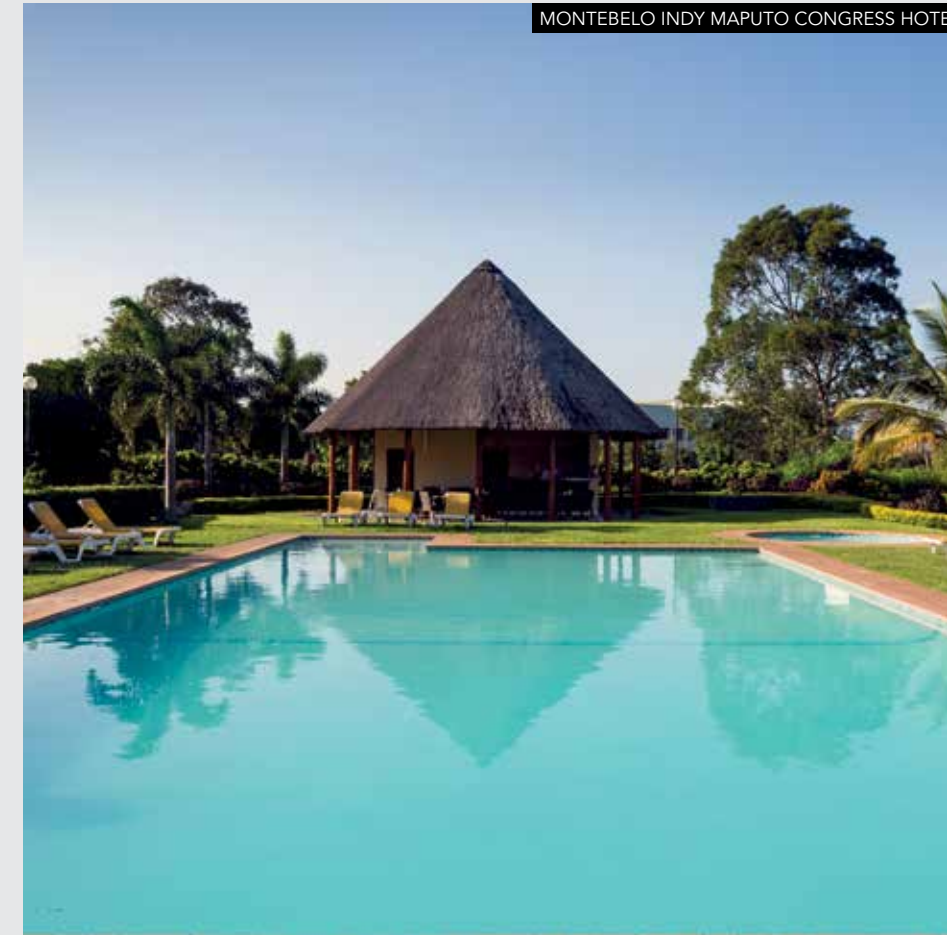
MONTEBELO GORONGOSA
LODGE & SAFARI

DE TIRAR O FÔLEGO.

- RESERVA NATURAL COM MAIS DE 4.000 KM²
- BUNGALOWS E VILLAS
- ÁREA DE CAMPISMO
- PISCINAS
- RESTAURANTE
- ZONAS DE PASSEIO
- REDES DE PICADA PARA SAFARIS

INFORMAÇÕES E RESERVAS
+258 21 480 505
reservasmontebelo@montebelohotels.com

montebelohotels.com
— PORTUGAL · MOZAMBIQUE —



Montebelo Indy Maputo Congress Hotel was awarded "Diamond Arrow Award" and "Golden Arrow Award" in Mozambique, awards given by PRM Africa consulting agency. The strengthening of the prestige and quality of Visabeira Mozambique's tourism offers through the Montebelo brand is also reflected in the achievement of these coveted awards.



Montebelo Girassol Maputo Hotel (formerly Girassol Bahia Hotel), with its iconic circular building and spectacular panoramic views over the Bay of Maputo, is a reference in the Mozambican hotel industry. After the remodelling works, which added more rooms, a restaurant with a panoramic terrace, a swimming pool and a gym, this hotel unit reinforced the excellence of its services, combining comfort, location and view, multi-purpose facilities for leisure and business, and quality restaurant services.

2016 was a year of recognition for the latest five-star unit of the Montebelo Hotels & Resorts chain. Officially opened in May by the President of the Republic, Montebelo Vista Alegre Ílhavo Hotel combines the prestige of the century-old Portuguese brand with the excellence of the Montebelo welcome. In addition to having been selected throughout the year to host the most different events, Montebelo Vista Alegre was awarded the SIL Real Estate Prize 2016 in the "Urban Tourism Rehabilitation" category.



MONTEBELO VISEU CONGRESS HOTEL



PARADOR CASA DA INSUA



MONTEBELO VISTA ALEGRE ÍLHAVO HOTEL

MONTEBELO
HOTELS & RESORTS

EMOTIONS IN ALL THE SENSES.

In each Montebelo unit you find a world of experiences, comfort and discovery, in a unique variety of scenes. Make your choice to experience a more intense and memorable vacation.

PT +351 232 420 000 · MZ +258 214 805 05 · reservasmontebelo@montebelohotels.com

montebelohotels.com
— PORTUGAL · MOZAMBIQUE —

palaciogelo.pt

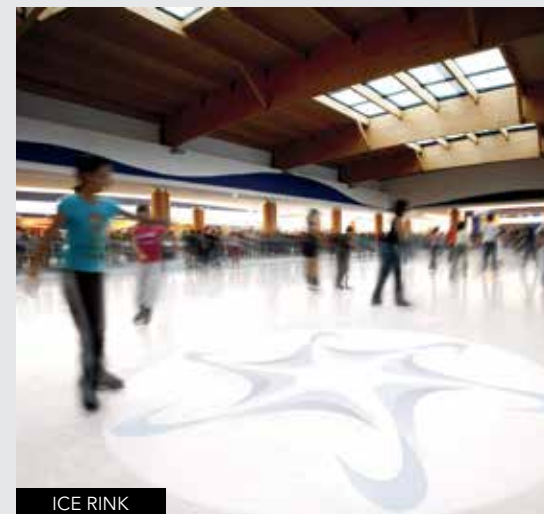
7 Pisos / de Lojas

MODA · RESTAURAÇÃO · DESPORTO · BEM-ESTAR E ESTÉTICA
ENTRETENIMENTO · HIPERMERCADO · CULTURA · ELETRÓNICA

Tem mais tudo.

GRUPO VISABEIRA +351 232 483 900 · geral@palaciogelo.pt

PALÁCIO DO GELO SHOPPING



ICE RINK

ESPECIAL EXPERIÊNCIA DO GELO **-50%***

ICE+ICE
4Baby

UMA EXPERIÊNCIA DUPLAMENTE REFRESCANTE
Bar de Gelo | Pista de Gelo

PALÁCIO DO GELO SHOPPING

Palácio do Gelo Shopping has many distinctive characteristics that offer one of the best shopping and leisure experiences in Portugal, showing the best turnout since the opening, precisely in the year it celebrated 20 years of existence. This recovery movement in light of the economic climate reveals the remarkable dynamism of the Palácio's shopkeepers, where six new stores were opened in 2016.

In 2016, the Zambeze Restaurant continued to be preferred by numerous customers, both domestic and foreign, being chosen for different business or family meetings, and as a meeting place for individuals from several sectors of public life, from politics to culture. As such, the Zambeze Restaurante is recognised as the ambassador of the Beira and Mozambique's cuisine in the capital, showing a new increase in turnover.

Portugal e Moçambique com vista sobre o Tejo.

O Zambeze Restaurante tem a melhor localização para quem quer desfrutar de uma experiência gastronómica única, com vista sobre o rio Tejo e o centro histórico de Lisboa. montebelohotels.com

ZamBeze
RESTAURANTE



Performing Real Estate

Main activities: Design, construction, mediation and maintenance of top-quality projects for the upper and upper-middle segments, as well as commercial spaces, offices and other complementary areas.





Performing Innovation

Main activities: Creation of business synergies and incubation of new projects, concentrating financial investments in strategically selected companies - from multi-sector trading to the operation of health facilities, from management and consulting services to georeferencing systems.



MANAGEMENT AND SERVICES

- Visabeira Pro
- Visabeira Angola
- Visabeira Mozambique
- Fundação Visabeira – Os Infantinhos

TRADING

- Benetrónica
- Mercury
- Autovisa
- Visasecil

HEALTH

- Visabeira Saúde
- Porto Salus
- Hospital de Nossa S^{ra} da Arrábida

MANAGEMENT AND SERVICES / INVESTMENTS

Coordination of specialist teams for strategic advice and provision of multidisciplinary services.

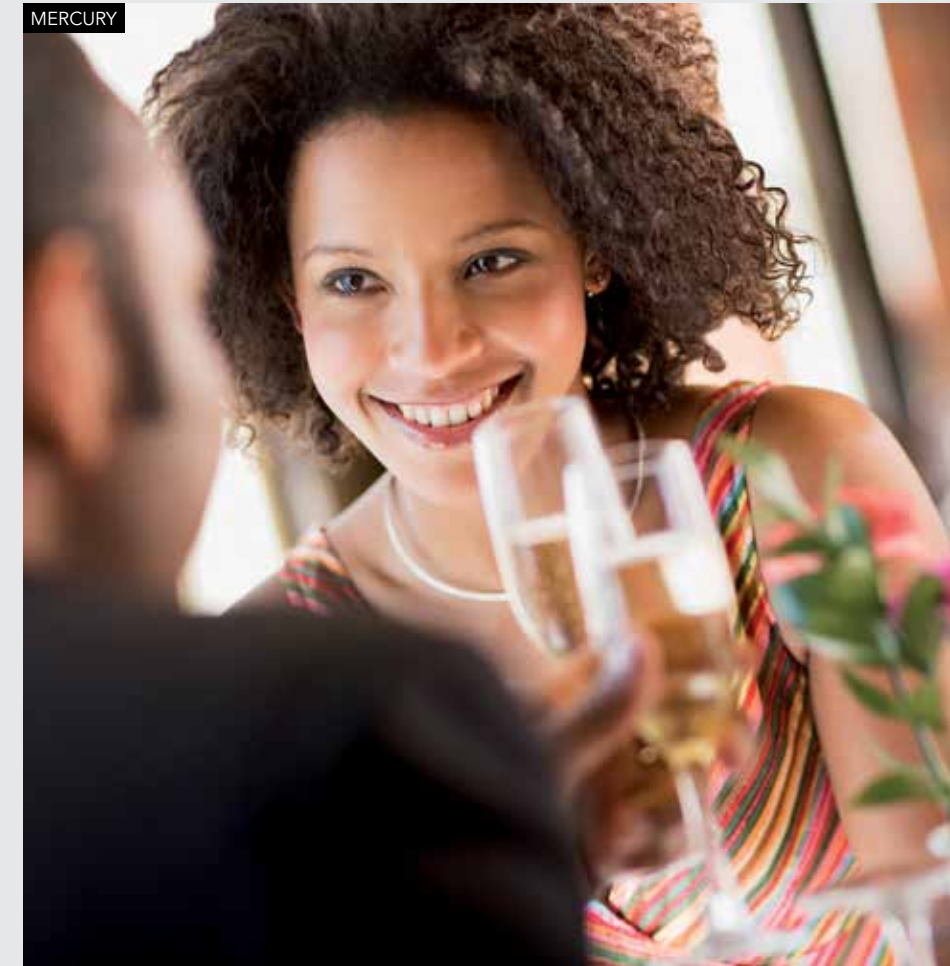
VISABEIRA PRO – ESTUDOS E INVESTIMENTOS



BENETRÓNICA



MERCURY



VISASECIL



TRADING

Importing and exporting of products in different segments, including construction materials, furniture, equipment, vehicles, technology and food brands, among others.

HEALTH

Extended health care services, including the Porto Salus Development - Assisted Living in Azeitão, Setúbal, and the Hospital de Nossa S^ª da Arrábida.

NOSSA SENHORA DA ARRÁBIDA HOSPITAL



PORTO SALUS – ASSISTED LIVING



FUNDAÇÃO VISABEIRA – INFANTINHOS VILABEIRA



FUNDAÇÃO VISABEIRA – INFANTINHOS QUINTA DO BOSQUE

**MANAGEMENT AND SERVICES**

Car fleet maintenance and management, commercial representation of auto manufacturers, auto repairs and sale of parts and accessories. Administrative and financial advisory and multidisciplinary technical services. Training and selection of human resources. Promotion of charitable organisations that provide support to disadvantaged families and children.

2016 overview



Analysis of consolidated results

Macroeconomic background

World GDP growth for 2016 is expected to be around 3.1%, reflecting a more moderate forecast for advanced economies. In the Eurozone, we faced a scenario of slight economic recovery, with growth expected to reach 1.7% in 2016. According to projections for 2017, the economy shall slow down due to the increase in inflation that will reduce the propensity to consume and the decrease in investment growth due to greater uncertainty. However,

the continuation of monetary policy stimuli of the Central Bank and improvements in the foreign sector should lead to a growth rate of 1.5%. GDP growth is expected to remain stable at 1.5% in 2018. The Portuguese economy will presumably maintain the moderate recovery path as seen in recent years. In 2016, GDP growth should be 1.2% and is expected to increase to 1.4% in 2017, maintaining a relatively stable growth rate in 2018-2019 (1.5%).

Key economic indicators

	Annual rate of change (%)	
	2015	2016
WORLDWIDE	3.2	3.1
World Output	3.2	3.1
Advanced economies	2.1	1.6
USA	2.6	1.6
Japan	0.5	0.5
Eurozone	2.0	1.7
Germany	1.5	1.7
France	1.3	1.3
Italy	0.8	0.8
Spain	3.2	3.1
United Kingdom	2.2	1.8
Emerging markets and developing economies	4.0	4.2
Russia	-3.7	-0.8
China	6.9	6.6
Brazil	-3.8	-3.3
Mexico	2.5	2.1

Source: FMI: World Economic Outlook 2016

	PROJECTIONS	
	2015	2016
PORTUGAL	1.6	1.2
Gross Domestic Product	1.6	1.2
Private Consumption	2.6	2.1
Public Consumption	0.8	1.0
Gross Fixed Capital Formation	4.5	-1.7
Domestic Demand	2.5	1.2
Exports	6.1	3.7
Imports	8.2	3.5
Inflation	0.5	0.8
Unemployment rate	12.4	11.0
Budget deficit (as a % of GDP)	-4.4	-2.0
Public Debt (as a % of GDP)	129	130.3
Current Account Balance (as a % of GDP)	0.4	0.2

Source: Bank of Portugal, AICEP, INE

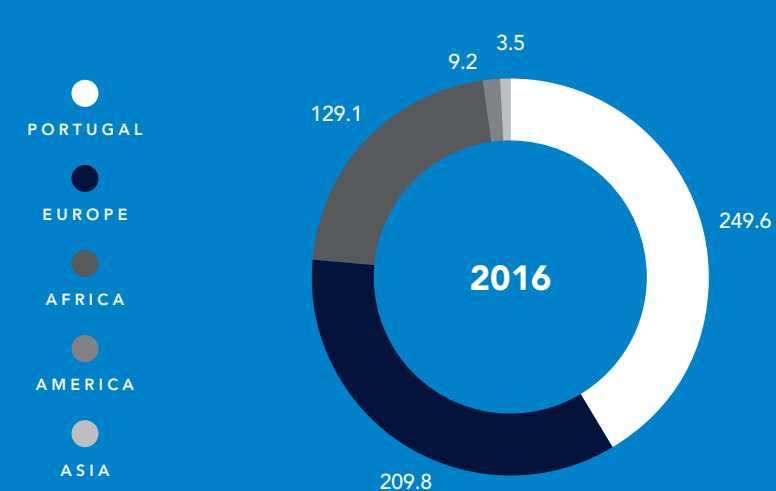


CONSOLIDATED INDICATORS (amounts expressed in million euros)

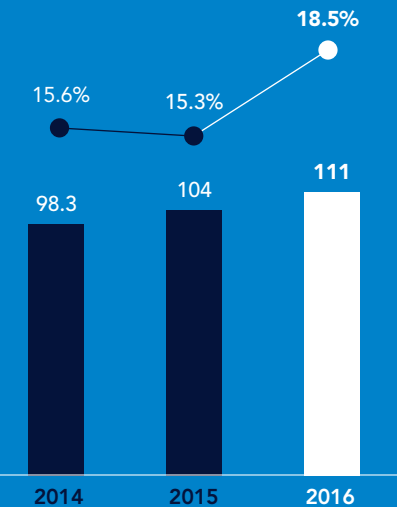
	2016	2015	Changes YoY
Turnover	601	678	-11%
EBITDA	111	104	7%
EBITDA Margin	18.5%	15.3%	3.2 pp
Recurring operating income*	80.0	71.5	12%
Operating margin	13.3%	10.5%	2,8 pp
Net income	28.3	20.5	38%
Net investment	26.1	65.2	-60%
Debt	742	806	-8%
Inventories	139	150	-8%
Fixed assets (including goodwill)	538	634	-15%

*Adjusted operating income without Investment Property and without impairment

TURNOVER (million euros)



EBITDA (million euros) and MARGIN (%)



AVERAGE ANNUAL GROWTH

	2006 / 2016	2015 / 2016
Aggregate turnover 756 million euros	7%	2%
Consolidated turnover 601 million euros	7%	-11%
Foreign markets 59%	3.1 pp	0 pp
EBITDA 111 million euros	14%	5%
EBITDA Margin 18.5%	0.9 pp	2.4 pp
Productivity 26 million euros	4%	1%
Employees 9,754	9%	0%

Income

The Group ended 2016 with a consolidated turnover of 601 million euros and an EBITDA of 111 million euros. In 2016, the Group was deeply affected by kwanza and metical exchange rate changes, respectively in Angola and Mozambique, which strongly impacted the Group's turnover and EBITDA. Turnover was also affected by the policy change on resale of materials in some operators' businesses. Although having no impact on EBITDA, it had an impact on turnover. Were it not for these two impacts, the turnover would be around 691 million euros in 2016.

The Group's EBITDA reached 111 million euros, a new record figure that represents a growth of 7% over the same period last year, and a net income of 28 million euros, a 38% increase over 2015.

The Group continued strongly focused on the internationalisation strategy. France, Angola and Mozambique continue to be the main contributors to the Group's foreign market turnover.

France, where the Group currently has three companies, contributed 143 million euros to turnover this year. This foreign market is currently the largest contributor to turnover. Visabeira Global continues to be the largest sub-holding

company, accounting for 72% of the Group's turnover and 61% of its EBITDA, with 430 million euros and 67.6 million euros, respectively.

Visabeira Indústria had a turnover of 113 million euros and an EBITDA of 14.9 million euros, which represents a 14% growth over the same period last year. Of note was the excellent performance of Vista Alegre, which had positive results this year, with a consolidated turnover of 75.4 million euros, an EBITDA of 9.5 million euros and a positive net income of 1.7 million euros.

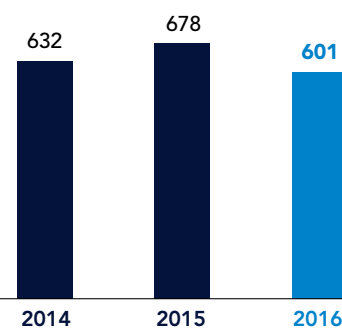
The Group also continues to be strongly focused on the internationalisation of its products in this sub-holding through Vista Alegre, Bordallo Pinheiro, Pinewells, Mob and Ambitermo.

The sub-holding Visabeira Turismo ended 2016 with a turnover of 33.4 million euros, which represents almost 6% of the Group's total turnover, reaching an EBITDA of 17 million euros.

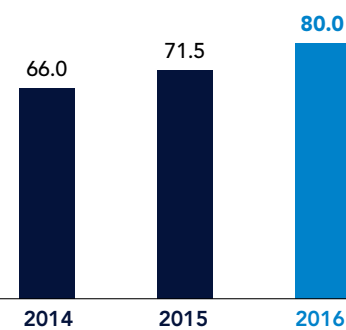
Of note in this sub-holding is the new hotel of Visabeira Group, the Montebelo Vista Alegre Ilhavo Hotel. Since the opening, several internationally renowned events have been held at this hotel.

VISABEIRA GROUP

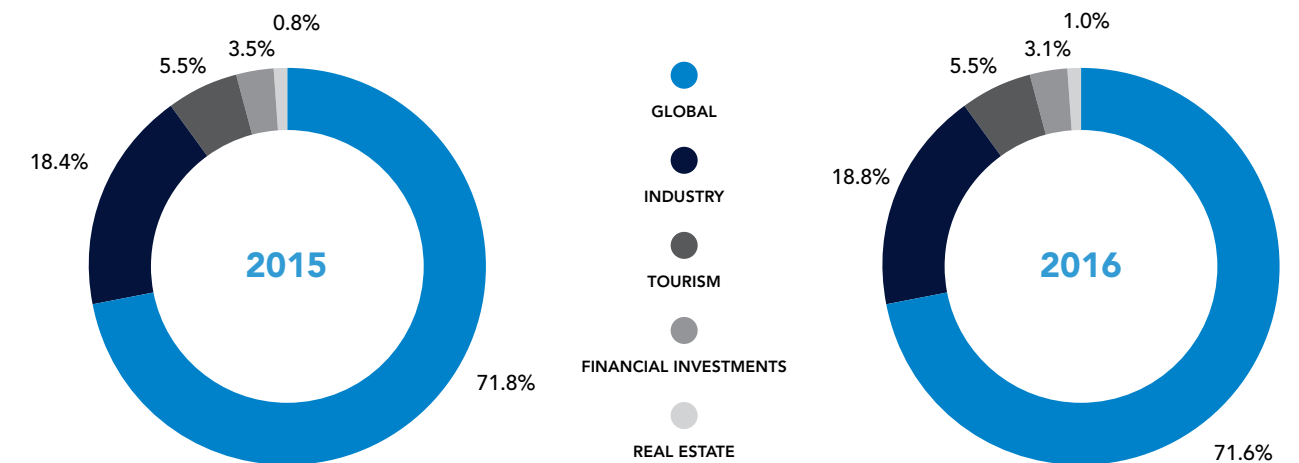
TURNOVER (million euros)



RECURRING OPERATING INCOME (million euros)



TURNOVER BY BUSINESS AREA



Balance Sheet

In 2016, the Group's assets were strongly impacted by large metical and kwanza currency depreciations. This impact on tangible assets amounted to 42.5 million euros.

In 2016, net capex (Investments - Divestments) was 26.7 million euros. The most significant investments were made in TVCABO operations in Angola and Mozambique, in remodelling hotels in Mozambique (Indy and Bahia), as well

as in revitalising Lugar da Vista Alegre and its units. This year, there was a loss of 21.6 million euros in available-for-sale financial assets, while the gearing ratio stood at 21%.

As a result of the cash flows generated in 2016 and the divestments made in financing and leasing, the Group's consolidated debt decreased 63.6 million euros.

CONSOLIDATED FIGURES (millions of euros)

Total Debt (Leasing + Financing)	742.4
Cash and cash equivalents	-46.5
Confirming	-34.0
Debt attributed to investments in progress, not yet generating EBITDA	-102.4
Debt attributed to real estate business	-71.0
Available-for-sale financial assets	-85.0
Total net operating debt	403.4
EBITDA	111.2
Net financial debt attributed to areas generating EBITDA / EBITDA	3.6 x

Investments

PORTUGAL (amounts in euros)		
	Amount	Investment
Visabeira Group	22,254	SAP Licenses
Visabeira Global		
Viatel	832,890	Equipment
Real Life Technologies	676,753	Software licences
PDT	550,853	Equipment
Edivisa	386,217	Equipment
Visabeira	23,202	Equipment
Visabeira Indústria		
Vista Alegre Atlantis	5,584,712	Remodelling and equipment
Bordallo Pinheiro	272,627	Equipment
Cerutil	138,352	Equipment
Mob	23,573	Equipment
Visabeira Turismo		
Movida	2,409,962	CUF Building and Head Offices
VAA Empreendimentos Turísticos	963,100	Montebelo Vista Alegre Ílhavo Hotel
Empreendimentos Montebelo	870,514	Rehabilitation and improvement of spaces
Zambeze	4,003	Equipment
Visabeira Participações Financeiras		
PDA	931,575	Ongoing work
Visabeira Estudos e Investimentos	103,287	Equipment
Other Companies	975,410	
TOTAL	14,751,029	

In 2016, the most relevant investments of Visabeira Global sub-holding were made by Viatel, Real Life and PDT, amounting to 833,000 euros, 677,000 euros and 551,000 euros, respectively, which represents around 82.3% of total investments made by Global.

These investments were mainly directed at equipment and assets to meet the specific needs of each company and leverage their activities.

As for the investment of Visabeira Indústria, it is important to highlight Vista Alegre, with an investment of 5.6 million euros, which represents more than 80% of the investment made in Industry. This amount is justified by the porcelain segment, with the investment in a new furnace. Accompanied by the introduction of innovative technologies, this furnace allows a very significant increase in quality, productivity and energy efficiency. The amount is also justified by investments in expansion and modernisation

of the Vista Alegre factory, featuring new show rooms, paint atelier, offices and warehouses. We should also highlight two projects in Ria Stone, the M2Gres2 project, which aims to develop new high value-added stoneware based on significantly improved pastes and glazing, and the CASA project, which aims to develop a new tableware product of greater nobility.

Regarding Visabeira Turismo, the main investments were made by VAA Empreendimentos Turísticos (963,000 euros), with the investment in the Hotel Vista Alegre, part of the porcelain factory complex in Ílhavo. The hotel has 82 bedrooms, a restaurant for up to 142 people, meeting rooms, bars, a spa and two outdoor swimming pools, divided into two different areas: the hotel and the palace. The hotel's entire décor and surroundings aim at promoting the recognition of the universal value of Vista Alegre's heritage and its products as a legacy of the industrial and ceramic culture.

INTERNATIONAL (amounts in euros)		
	Amount	Investment
Mozambique		
Turvisa	6,285,415	Remodelling of Montebelo Indy and Montebelo Girassol hotels
TVCABO Mozambique	3,335,548	Expansion of the network coverage area
Visabeira Mozambique	2,665,929	Software licences
Imovisa	2,452,969	Construction works at Montebelo Girassol hotel
Televisa	150,030	Equipment
Other	396,978	
Angola		
TVCABO Angola	16,248,396	Expansion of the network coverage area
Angovisa	884,832	Land / warehouse purchase
Comatel	131,158	Equipment
Álamo Angola	54,384	Equipment
Other	154,209	
France		
Constructel	1,618,923	Equipment (Transport)
Constructel Energie	330,192	Equipment
Gatel	47,383	Equipment
Belgium		
Constructel Belgium	401,148	Construction site purchase
Germany		
Constructel GmbH	285,333	Equipment
Other countries	76,296	
TOTAL	35,519,122	

Regarding international investments, the main markets were Angola, with 49.2% (17.5 million euros) and Mozambique, with 43% (15.3 million euros).

France was another important foreign market, which accounted for 5.6% of international investments (1.9 million euros). We should highlight Constructel France, with an investment of 1.6 million euros, related to the necessary equipment and technical means for the activity of operational teams, particularly means of transport. In the Angolan market, it is important to highlight TVCABO, with the largest share of investments (around 93%). The 16.2-million-euro investment was mainly in the expansion of the network in the city of Luanda (Morro Bento, Corimba, Benfica, Kifika, Lar Patriota, Viana Sul and Novos Condomínios) and the expansion of the FTTH network in the provinces of Lubango and Benguela/Lobito, as well as equipment for the various provinces with the purpose of improving the quality of data services.

In the Mozambican market, the investment was shared by several companies, especially Turvisa, TVCABO, Visabeira Mozambique and Imovisa. Turvisa invested 6.3 million euros,

mainly in the rehabilitation of the Montebelo Indy Maputo Congress Hotel and the Montebelo Girassol Maputo Hotel. TVCABO invested 3.3 million euros, mainly in the expansion of the network to the various provinces, as well as in the purchase of equipment necessary for the competitiveness of the business. Visabeira Mozambique's investment amounted to 2.7 million euros, mainly related to a contract for the purchase of international bandwidth for internet access for a period of 10 years.

Financial investments

The Group formed and acquired some companies during 2016. A highlight was the Indian market, with the formation of Shree Sharda Vista Alegre in Vista Alegre Group. In order to expand the Group in this new market, the company was formed with an equity stake of 50.0%. In Germany, Visabeira Global formed Constructel Bau GmbH, a company to operate in the telecommunications sector, strengthening the Group's presence in Europe.

Risk factors

Visabeira Group is always exposed to a diverse set of risks arising from its different business areas; therefore, it remains fully aware of the importance of managing credit risk and protecting its investments, recognising, in this context, the importance of credit insurance as an essential instrument, both in foreign and domestic markets.

Aware of the importance of actively managing the different financial risks in order to minimise their potential negative impacts on cash flow, results and value of the company, Visabeira Group promotes careful management of these risks by devising the most appropriate hedging strategies for each situation.

The success of operations critically depends on mitigation and control of risks that can significantly affect all of its assets (equipment, quality of service, information, facilities) and jeopardise its strategic objectives.

Interest rate risks

The Group's exposure to interest rate risk arises mainly from loans obtained, since financial investments are usually short-term investments and loans granted to its subsidiaries are mostly remunerated at a fixed rate.

The balance of the consolidated financial debt of Visabeira Group by the end of December 2016 was contracted, for the most part, at the indexed interest rate, and the main indexing factor was the Euribor rate at the different maturities for domestic financing, and the Libor rate for loans in dollars, mostly granted to foreign companies. In order to reduce the risk of interest rate fluctuation, greater relevance was given to financing by the various subsidiaries, particularly in Angola and Mozambique in the local currency. On the balance sheet date, Grupo Visabeira SGPS, SA shows open positions classified as hedging instruments associated with this index for 3 million euros, contracted in 2015 with a mark-to-market value of -50,000 euros.

In October 2008, the 3-month Euribor rate started to drop, as a result of successive cuts to the reference rate by the European Central Bank, in response to the international financial crisis, which has led to a downward trend in recent years, reaching negative values in 2015. In 2016, the downward trend remained. The rate started the year at -0.132% and it stood at -0.319% on 31 December 2016. With the Euribor at very low levels and with a stable short-term trend, the Group estimates that the impacts arising from changes in this index will not have a significant impact on its accounts.

In line with the downward trend in the current level of spreads that occurred in 2016, the Group anticipates that there are favourable conditions for this trend to continue, mainly in new financing operations, with a positive impact on the Group's financial results.

Exchange Rate Risks

Whenever possible, the Group chooses to have a natural hedging for its foreign exchange risk, since its subsidiaries have assets and liabilities denominated in U.S. dollars, in order to achieve a balance and make an automatic adjustment to possible currency mismatches.

Thus, exposure to liabilities denominated in dollars does not represent a high economic or financial risk, given the fact that the impact of exchange rate changes on those liabilities are naturally offset by the operating revenues of the respective businesses, also dependent on the dollar. In foreign markets, particularly Angola and Mozambique, local companies import goods and services from the European market in euros, billing customers in kwanzas and meticals, respectively. In these markets, the local currency is strongly correlated with the U.S. dollar, with a historical devaluation trend. In 2016, these currencies suffered significant devaluations. The Angolan kwanza depreciated by 30.2% against the dollar, and the Mozambican metical by 56.2% against the dollar. The contribution of these markets to consolidated turnover stood at 115 million euros, corresponding to 19.1% of its total, due to the currency devaluations that occurred this year. Angola and Mozambique contributed 12.7% and 6.5% to turnover, respectively. Consolidated EBITDA in these locations amounted to 35.9 million euros, which represents a 32.3% increase: 23.6% for Angola and 8.7% for Mozambique.

In Mozambique, balances denominated in metical also have a long position of 8.4 million dollars. On the date of the balance sheet, the Group's subsidiaries in Mozambique had liabilities in the amount of 31.7 million euros, resulting in exchange rate gains with an impact of 733,000 euros on the results. With a greater impact, there were exchange rate losses of 2.5 million euros in Angola, reflected in the results as a result of the currency devaluation.

The transposition into the consolidated accounts of the subsidiaries in these countries also had a negative impact on equity in the line item foreign currency translation reserves.

Cash flow risks

Treasury and investments of all Group companies are managed by a centralised global organisation, which reduces the risk of cash flows, avoiding exposure to changes that may affect the results of companies.

On the other hand, the use of factoring allows a reduction in the average collection period with the inherent anticipation of receivables, while facilitating better treasury management by obtaining the timely working capital necessary to finance the operational cycle, a vital condition for sustained economic and financial growth. On 31 December 2016, the amounts paid in advance by customers in this format amounted to 52 million euros. The amount used in confirming amounted to 34 million euros. The resources in this line of credit increased by 12.2 million euros in the year, which is also an important liquidity instrument. The Group has additionally contracted short-term current accounts to meet occasional treasury needs.

Credit risks

Credit risk is an important and complex activity that is present in the everyday life of most companies of Visabeira Group, whatever the nature of their business.

Risk assessments imply credit decisions, at times, based on incomplete information, within a scenario of uncertainty and constant change.

Considering the business itself, the business area in which it operates, or the risk of the region and country, the classification and assessment of the credit risk of a given customer is usually summarised in a credit record, which includes available and relevant information such as the customer's nature, management capacity, assets, history, financial information, credit guarantees and payment terms that will inform an opinion on a given credit transaction. The assessment of credit risk reflects the multiplicity, quality and origin of the information available to the credit analyst. For many years, Visabeira Group has subscribed insurance policies, delegating in the first instance the credit analysis to professionals specialised in the collection and recovery of debts, receiving from the credit insurer an assessment of the exposure - credit limit - adjusted to the creditworthiness of each customer. Thus, management can be primarily focused on operational issues. The hedging of this risk enables a compensation for unpaid customer loans, which is 85% for the domestic market and 90% for the foreign market, except Angola. Recent years have been marked by increased restrictions on credit granting in general, and the credit limits were subject to significant downward revisions. In light of this scenario, and in order to meet the credit risk hedging requirements for which the limits granted under basic policies are insufficient, Visabeira Group has contracted additional instruments, which allow increasing the partial hedging of its risks up to twice the amount covered by basic policies. Particularly for customers in domestic and foreign markets, and also to hedge risks whose amount is not specified in the said basic policy or obtain more than twice the existing coverage, up to a limit of 100,000 euros, for customers in foreign markets.

The added constraints in the external hedging of loans entail a greater precision and stricter requirements in assessing applications for internal credit. Also relevant is the amount of receivables by advance payments or payments in cash, which, in the year under review, represented about 16% of turnover, with a special contribution from the cable TV and internet distribution, tourism, restaurants and recreation businesses. Loans granted to external entities, which are also suppliers of the Group, had a weight of 2.4% this year. Companies in Visabeira Group that operate as infrastructure and telecommunications service providers sell to entities of recognised financial probity, which accounted for about 54% of consolidated turnover in 2016. This group includes entities such as local telecommunications operators, generally directly held by the Government of each country, replacing credit risk with political risk. Examples of such companies include: TDM - Telecomunicações de Moçambique, EDM - Electricidade de Moçambique, Hidroelectrica de Cahora Bassa, Moçambique Celular, Vodacom Moçambique, Angola Telecom, France Telecom, MEO - Serviços de Comunicações e Multimédia, NOS Multimédia, EDP Distribuição and natural gas concessionaires.

Liquidity risks

The Group manages liquidity risk in such a way as to ensure the financing of assets by maturity date and at appropriate rates and the timely settlement of its financial commitments. At the same time, appropriate cash and cash equivalents and short-term credit lines are kept in order to allow for the proper management of the cash available to meet short-term financial commitments.

The leverage associated with the acquisition of shares of PHAROL, Nos Multimédia and EDP, in the form of commercial paper issued by Visabeira Group (outstanding amount on the date of the balance sheet is 212 million euros) is materialised by two separate commercial paper programmes. One of the programmes, in the initial amount of 125 million euros, provides for three capital repayments, the first on 31 December 2017 and the last on 31 December 2019, and is based on the aforementioned financial assets. The second programme, in the initial amount of 119 million euros, has annual repayments scheduled until 2023 and has the assets of Palácio do Gelo Shopping associated with it, partly financed as a real estate leasing. Short-term liabilities with these credit lines amount to 72.4 million euros, which should be settled through the disposal of available-for-sale financial assets (shares of PHAROL, Nos Multimédia and EDP). The amount of short-term debt includes 23 million euros related to pledged current accounts and overdraft facilities, as well as 35.1 million euros related to commercial paper and bond loan transactions, in which borrowers and bondholders are the main partner banks, and whose renewal has been historically achieved. This leads the Group to expect the revolving of these credit lines, which include 24.2 million euros related to syndicated commercial paper expiring in December 2017.

Considering the amount that will be settled through the sale of assets and the renewal of these lines, the short-term residual debt will amount to 62.5 million euros, which represents about 8% of the consolidated debt. If cash and cash equivalents are considered (although around 32.6 million euros may be subject to the current restrictions on the transfer of currency from Angola and Mozambique), short-term net debt will amount to around 20 million euros, which may also be addressed with the operating cash flows released during the year (which is estimated to rise, after taxes, to 100 million euros in 2017), as the investment and debt service should absorb 80 million euros. It is worth highlighting that, in July 2015, the Group contracted a bond loan of 100 million euros, maturing in 2021, with a 3-year grace period and a 3-year repayment. Besides investing in the expansion project of TVCABO Angola, whose financing of 20 million euros, contracted by the European Investment Bank in April 2015, has not yet been received, Visabeira Group will seek to obtain specific financing for other investments planned for 2017.

At the same time, it will be necessary to negotiate the partial revolving of some short-term commitments, whose renewal we consider very likely, since it refers to partner organisations with a long relationship history and institutions that have recently increased their involvement with the Group. The short-term debt of Visabeira Group is rated "B" by ARC Ratings, which means that the Group currently has sufficient ability to meet its financial commitments. ARC Rating also assigned a medium- and long-term rating. The ability to meet short-, medium- and long-term financial commitments of the Group was rated "BB+", with a stable trend. The overall liquidity ratio in the consolidated accounts, which stood at 0.8 in 2016, rose to 0.93, considering that short-term liabilities include liabilities of 72.5 million euros associated with available-for-sale financial assets, which represents an improvement in the adequacy of financing of current assets by current liabilities compared to the previous year.



Business evolution by area

TURNOVER BY COMPANY(euros)

Business Areas	Total	Group	Consolidated 2016	Consolidated 2015				
GLOBAL								
Portugal	229,017,518	44.7%	48,511,230	59.1%	180,506,288	42.0%	212,655,825	43.7%
Visabeira Global, SGPS	2,830,789	0.6%	2,697,052	3.3%	133,737	0.0%	103,996	0.0%
Aeroprotechnik	74,173	0.0%	0	0.0%	74,173	0.0%	0	0.0%
Edivisa	37,955,231	7.4%	19,823,221	24.0%	18,132,010	4.2%	29,681,419	6.1%
Fibroglobal	3,058,084	0.6%	0	0.0%	3,058,084	0.7%	6,035,336	1.2%
Naturenergia	3,263,029	0.6%	894,464	1.1%	2,368,566	0.6%	3,127,036	0.6%
PDT	33,958,055	6.6%	2,149,021	2.6%	31,809,035	7.4%	33,043,529	6.8%
PTC	12,000	0.0%	12,000	0.4%	0	0.0%	0	0.0%
Real Life Technologies	15,891,750	3.1%	1,333,517	1.6%	14,558,232	3.4%	16,851,030	3.5%
ViateL	96,857,852	18.9%	15,702,412	19.0%	81,155,440	18.9%	87,164,946	17.9%
Visabeira	31,909,659	6.2%	4,668,962	5.7%	27,240,696	6.3%	31,781,778	6.5%
Visacasa	3,206,897	0.6%	1,230,582	1.5%	1,976,315	0.5%	4,866,753	1.0%
France	145,408,126	28.4%	2,885,266	3.5%	142,522,860	33.1%	111,610,940	22.9%
Constructel	124,710,567	24.3%	136,421	0.2%	124,574,145	29.0%	94,109,725	19.3%
Constructel Energie	16,065,532	3.1%	0	0.0%	16,065,532	3.7%	15,361,627	3.2%
Gatel	4,400,947	0.9%	2,517,764	3.1%	1,883,183	0.4%	2,139,587	0.4%
SCI Constructel	231,080	0.0%	231,080	0.3%	0	0.0%	0	0.0%
Belgium	7,855,042	1.5%	0	0.0%	7,855,042	1.8%	8,170,580	1.7%
Constructel Belgium	7,855,042	1.5%	0	0.0%	7,855,042	1.8%	8,170,580	1.7%
Mozambique	36,260,973	7.1%	9,989,624	12.1%	26,271,348	6.1%	53,706,078	11.0%
Electrotec	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Hidroafrica	953,119	0.2%	903,663	1.1%	49,456	0.0%	2,756,784	0.6%
Real Life Academy	26,133	0.0%	0	0.0%	26,133	0.0%	9,227	0.0%
Real Life Mozambique	1,913,306	0.4%	77,497	0.1%	1,835,809	0.4%	3,247,361	0.7%
Selfenergy	298,496	0.1%	0	0.0%	298,496	0.1%	0	0.0%
Sogitel	9,461,540	1.8%	7,723,660	9.4%	1,737,880	0.4%	4,665,947	1.0%
Televisa	8,065,597	1.6%	1,122,985	1.4%	6,942,612	1.6%	19,475,386	4.0%
TVCABO	15,120,882	2.9%	133,790	0.2%	14,987,092	3.5%	21,649,905	4.5%
Visaqua	421,900	0.1%	28,030	0.0%	393,870	0.1%	1,901,469	0.4%
Angola	86,278,699	16.8%	21,146,342	25.6%	65,132,357	15.1%	92,326,507	19.0%
Comatel	25,486,462	5.0%	17,799,697	21.6%	7,686,765	1.8%	14,487,822	3.0%
Edivisa Angola	3,330,771	0.6%	3,132,216	3.8%	198,556	0.0%	1,828,304	0.4%
Electrovisa	154,056	0.0%	139,348	0.2%	14,709	0.0%	117,845	0.0%
TVCABO Angola	57,307,410	11.2%	75,082	0.1%	57,232,328	13.3%	75,892,535	15.6%
Dominican Republic	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Constructel Dominican Republic	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Germany	7,442,073	1.5%	0	0.0%	7,442,073	1.7%	7,740,509	1.6%
Constructel GmbH	7,442,073	1.5%	0	0.0%	7,442,073	1.7%	7,740,509	1.6%
Sweden	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Constructel Sweden AB	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Denmark	509,178	0.1%	0	0.0%	509,178	0.1%	221,219	0.0%
Constructel Denmark	509,178	0.1%	0	0.0%	509,178	0.1%	221,219	0.0%
TOTAL	512,771,609	100.0%	82,532,463	100.0%	430,239,147	100.0%	486,431,658	100.0%

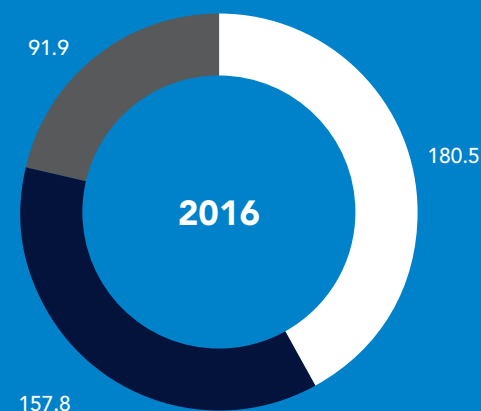
Business areas	Total	Group	Consolidated 2016	Consolidated 2015
INDUSTRY				
Portugal	108,451,919	86.0%	11,697,210	88.9%
Visabeira Indústria, SGPS	430,142	0.3%	424,172	3.2%
Ambitermo	10,003,523	7.9%	7,881	0.1%
Bordallo Pinheiro	5,034,548	4.0%	1,780,944	13.5%
Cerutil	5,300,636	4.2%	185,393	1.4%
Granbeira	2,466,571	2.0%	700,638	5.3%
Mob	6,512,044	5.2%	1,331,647	10.1%
Pinewells	7,457,511	5.9%	3,654	0.0%
Ria Stone	16,930,929	13.4%	76,442	0.6%
Vista Alegre Atlantis	54,316,015	43.1%	7,186,439	54.6%
Mozambique	1,485,288	1.2%	10,054	0.1%
Agrovisa	16,744	0.0%	8,143	0.1%
Celmoque	1,318,211	1.0%	1,911	0.0%
Vista Alegre Atlantis Mozambique	150,333	0.1%	0	0.0%
Angola	4,905,786	3.9%	1,447,564	11.0%
Álamo Angola	4,359,499	3.5%	974,656	7.4%
Visaconstrois	546,286	0.4%	472,908	3.6%
France	865,901	0.7%	6,378	0.0%
Mob Cuisines	865,901	0.7%	6,378	0.0%
Brazil	2,697,163	2.1%	0	0.0%
Vista Alegre Atlantis Brazil	2,697,163	2.1%	0	0.0%
United States of America	994,893	0.8%	0	0.0%
Vista Alegre Atlantis USA	994,893	0.8%	0	0.0%
England	0	0.0%	0	0.0%
Vista Alegre Atlantis UK	0	0.0%	0	0.0%
Spain	6,704,952	5.3%	0	0.0%
Vista Alegre Atlantis Spain	6,704,952	5.3%	0	0.0%
TOTAL	126,105,901	100.0%	13,161,206	100.0%
TOURISM				
Portugal	35,782,732	84.3%	8,817,220	98.0%
Visabeira Turismo, SGPS	470,699	1.1%	464,069	5.2%
Empredimentos Montebelo	15,169,534	35.8%	3,525,989	39.2%
Movida	15,372,081	36.2%	4,054,145	45.1%
Mundicor	1,018,154	2.4%	481,793	5.4%
VAA - Empreedimentos Turisticos	2,523,732	5.9%	257,623	2.9%
Zambeze	1,228,532	2.9%	33,601	0.4%
Mozambique	6,645,904	15.7%	180,086	2.0%
Turvisa	6,645,904	15.7%	180,086	2.0%
TOTAL	42,428,637	100.0%	8,997,306	100.0%

Business Areas	Total	Group	Consolidated 2016	Consolidated 2015
REAL ESTATE				
Portugal	7,148,233	73.8%	2,976,768	78.9%
Visabeira Imobiliária, SGPS	489,668	5.1%	489,668	13.0%
Ifervisa	2,362,963	24.4%	615,873	16.3%
Visabeira Imobiliária, SA	4,295,602	44.3%	1,871,227	49.6%
Mozambique	2,540,577	26.2%	798,151	21.1%
Imovisa	2,540,577	26.2%	798,151	21.1%
TOTAL	9,688,811	100.0%	3,774,919	100.0%
FINANCIAL HOLDINGS				
Portugal	43,733,826	72.1%	35,602,143	85.0%
Visabeira Participações, SGPS	620,967	1.0%	603,994	1.4%
2 Logical	655,441	1.1%	0	0.0%
Benetrónica	13,240,945	21.8%	12,040,138	28.7%
Hospital Nossa Srª Arrábida	3,418,922	5.6%	61,373	0.1%
lutel	307,646	0.5%	292	0.0%
Porto Salus	1,598,973	2.6%	3,257	0.0%
Visabeira Pro Estudos e Investim.	23,890,289	39.4%	22,893,089	54.6%
Visabeira Knowledge & Research	643	0.0%	0	0.0%
Spain	6,000	0.0%	0	0.0%
Visabeira España	6,000	0.0%	0	0.0%
Mozambique	5,300,552	8.4%	2,320,572	5.5%
Autovisa	401,967	0.7%	281,414	0.7%
Build Down & Build Up	0	0.0%	0	0.0%
Combustíveis do Songos	1,422,018	2.3%	900	0.0%
Imensis				
Mercury	1,940,946	3.2%	729,674	1.7%
Vibeiras Mozambique	244,425	0.0%	14,452	0.0%
Visabeira Mozambique	1,291,195	2.1%	1,294,132	3.1%
Angola	11,619,484	19.1%	3,965,686	9.5%
Catari Angola	120,417	0.2%	0	0.0%
Mercury Angola	1,297,243	2.1%	981,746	2.3%
Visabeira Angola	1,761,441	2.9%	1,751,438	4.2%
Visauto	8,440,383	13.9%	1,232,502	2.9%
South Africa	0	0.0%	0	0.0%
Mercury South Africa	0	0.0%	0	0.0%
TOTAL	60,659,862	100%	41,888,401	100.0%
HOLDING				
Portugal	3,204,442	100.0%	3,171,657	100.0%
Visabeira Group	3,204,052	100.0%	3,171,657	100.0%
Visa House	390	0.0%	0	0.0%
TOTAL	3,204,442	100.0%	3,171,657	100.0%
OVERALL TOTAL	754,859,262	100.0%	153,525,952	100.0%

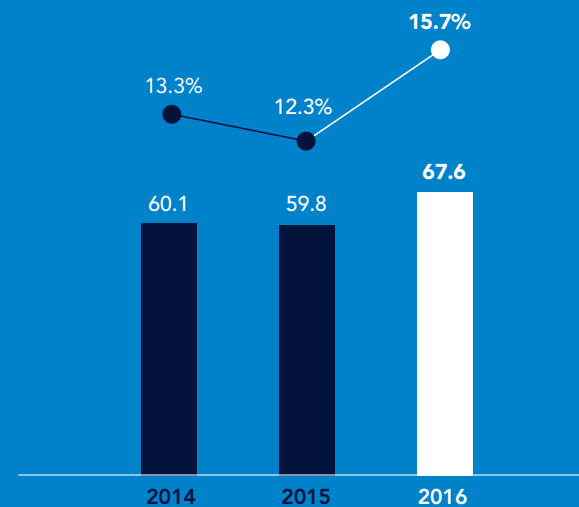

CONSOLIDATED INDICATORS (amounts expressed in million euros)

	2016	2015	Changes YoY
Turnover	430	486	-12%
EBITDA	67.6	59.8	13%
EBITDA Margin	15.7%	12.3%	3.4 pp
Recurring operating income*	52.7	43.6	21%
Operating margin	12.2%	9.0%	3.2 pp
Net income	25.9	18.4	41%
Net investment	24.5	30.8	-21%
Debt	80.7	107.9	-25%
Inventories	36.2	40.5	-11%
Fixed assets (including goodwill)	142	217	-34%

*Adjusted operating income without Investment Property and without impairment

TURNOVER (million euros)


● PORTUGAL
● EUROPE
● AFRICA

EBITDA (million euros) and **MARGIN** (%)


In 2016, Visabeira Global's consolidated turnover amounted to 430 million euros and EBITDA amounted to 68 million euros, which represents a 13% growth compared to the previous year. As a result, EBITDA margin increased by 3 p.p. compared to 2015, with a margin of 15.7% in 2016. The business areas that contributed to this performance were the telecommunications network engineering, energy and CATV services, which more than offset the decline in construction. Foreign markets accounted for 58% of Visabeira Global's total turnover and 56% of its EBITDA. EBITDA in foreign markets reached 37.7 million euros, supported by telecommunications in Mozambique, TVCABO and construction in Angola and Mozambique. In Portugal, turnover was 181 million euros, with the main contribution coming from telecommunications and energy, together with construction and ICT.

Telecommunications

Visabeira Global is the main sub-holding owned by Visabeira Group and comprises the Group's main business units, including a diversified range of strategic and core activities, such as: telecommunications, energy, construction and information technology.

Viatel maintained a high-quality operational performance, reflected in the main customer indicators. The customer satisfaction rating, the NPS and the Average Installation Time, stand out as indicators of greater importance to the customer. In 2016, a new fibre optic network (FTTH) construction project was launched, which includes the networks built in the Azores and Madeira archipelagos, as well as in many cities on the mainland, where this project had not yet arrived. In the commercial area, Viatel strengthened the company's leadership in this segment, maintaining the primary position it has secured for several years. In 2016, it maintained its shares in the segments in which it operates and strengthened its position as a benchmark in a competitive sector, where new players have entered. Viatel continued to strategically focus on training, qualification and presentation of its technicians, taking it as one of the company's purposes and its main lever for success. This commitment to continued training and qualification of technicians and permanent creation of more skills has made Viatel the main pillar of support for international operations and business growth and expansion to new locations that the Group's strategy has been implementing over the last few years. As a result of this performance, Viatel continues to set a standard. PDT business in the technical area consists of providing services to the operator NOS, namely the installation and maintenance of cable television network infrastructures in public spaces and end-user homes in mainland and insular Portugal. In 2016, PDT maintained its position as the largest service provider to NOS. The company increased its turnover by 2%, from 33.3 million euros in 2015 to 34 million euros in 2016. Net income for the year increased to 3.5 million euros, which represents a growth rate of 115% over 2015.

In France, Constructel achieved a high growth in turnover for all the activities developed by the company in 2016, particularly the activity of FTTH and FTTC fibre optic networks. The company strengthened its presence across the country for several customers, especially for Orange. In addition, it entered into a new market (EDF - Linky project) which, besides being a new customer, will allow access to significant turnovers in the next few years by replacing traditional energy meters with smart meters.

Also in France, Gatel strengthened the business in the telecommunications sector in the field of construction and maintenance of copper and fibre optic networks,

maintaining its position as a benchmark in the Rhône-Alpes region and in the electricity sector. In addition to maintaining its position, it has developed specific skills that allowed the company to enter into new markets, such as the nuclear and the chemical platform segments.

In the German market, Constructel strengthened the business by covering new technological areas, diversifying the services provided and expanding its customer portfolio in that market. The company focused on a significant increase in the landline business and expanded the operation to the Cologne region to its customer Deutsche Telekom, as well as to Stuttgart and Munich. In addition, the company strengthened its presence in the construction of underground infrastructures related to the construction of FTTH networks and the maintenance service for copper and fibre optic cables in distribution network, as well as in the Electrotechnical segment, particularly in the Stuttgart region. Regarding the mobile network, Huawei's customer portfolio was extended to include Ericsson, Nokia and Sigfox, among others.

A new company, Constructel Bau GmbH, was formed in 2016 with the purpose of strengthening the service offer, which will allow it to expand the business in the area of civil engineering services.

In Belgium, the change in strategy of the different telecommunications operators, which blocked a significant part of their investment programmes in copper infrastructures to switch to fibre optic networks, led Constructel Belgique to take advantage of this moment to qualify a great part of its resources in order to improve its skills for those two types of business. Of note was the investment made during this year with the acquisition of own facilities, which now include central and local services together with the operating facilities.

Constructel Denmark's business in the first half of 2016 was supported by projects related to Mobile Network in this country and in the Faeroe Islands. In the second half of the year, the company's business was extended to Landline Network, after Constructel was selected as Huawei's main partner for the modernisation of Tele Danmark Communications (TDC) Hybrid Fibre Coaxial (HFC) network. In the HFC Project, Constructel, supported by Visabeira Global companies, is also providing Huawei with network planning and design services and implementation of active elements.

This project, through the use of innovative technology, will serve as an example for other markets, and for Constructel, it is one of the strategic guidelines aimed at extending business to Northern Europe markets that will embrace this technology.

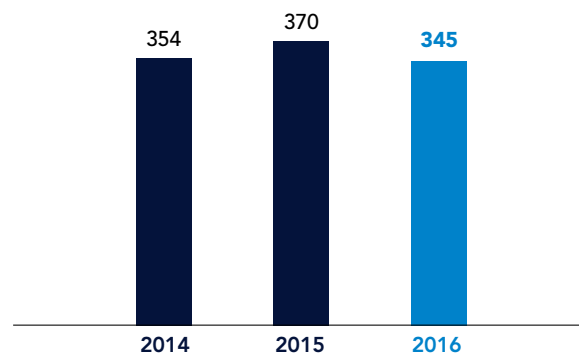
In Mozambique, the focus and high strategic priority was the

confirmation of Televisa as the main network maintenance service provider. 2016 corresponded to a period of stagnation in this specific business, due to cyclical, social and macroeconomic factors. However, Televisa focused on network maintenance for the customer Vodacom. The operational success allowed the extension of the maintenance contract, and it is now the most important business in Televisa's entire operation. In this context, turnover stood at 8 million euros (563 million meticals). The company's EBITDA amounted to 1.6 million euros (111 million meticals), corresponding to a margin of 19.7% on turnover. Comatel developed several works across Angola as a service

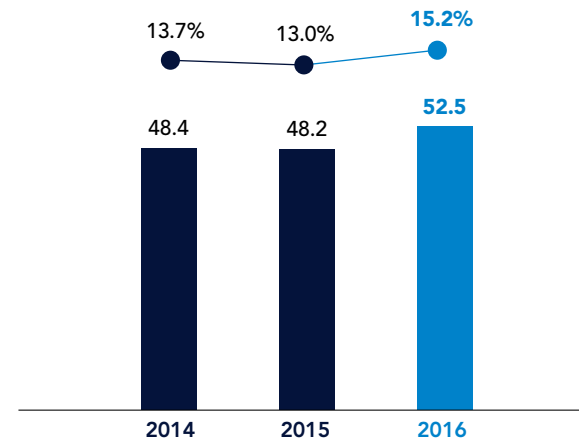
provider for Angola Telecom, and continued to be regarded as a benchmark for this customer. For TVCABO Angola, Comatel continued to carry out the construction and maintenance of its network in the cities of Luanda, Benguela and Lubango, and started the construction of an FTTH network in the city of Huambo. Comatel's major customers in 2016 continued to be TVCABO Angola, Angola Telecom and ZAP, and the mobile network operators Unitel and Movitel started to become relevant in the company's business. In 2016, Comatel's operating revenues reached 4.7 billion kwanzas (25.8 million euros), over 3.7 billion kwanzas in 2015, which represents a 26% increase.

TELECOMMUNICATIONS

TURNOVER (million euros)



EBITDA (million euros) and **MARGIN (%)**



TVCABO
Angola and Mozambique
Stand FILDA.

CATV Services

In 2016, TVCABO Mozambique decided to launch a new line of products with the introduction of the landline service in its portfolio. Thus, the company has become the first and only triple play operator that provides TV + NET + VOICE in Mozambique.

This strategy of expanding the commercial offer for the residential segment, with the introduction of TV + NET + VOICE packages that are commercially appealing to the customer, was very well accepted in the market, strengthening the position of TVCABO as an innovative company. By marketing the two main television offers (ZAP and DStv), adding the quality of the cable distribution, as well as the entire range of its own portfolio, TVCABO has the advantage of being a unique partner in Maputo. Also noteworthy was the introduction of another television package in the company's portfolio, which expanded the television offer, allowing to reach more customers in the mass market.

For the internet service, the company maintained its focus on the continuous improvement of quality of the service provided, namely by increasing the contracted speed for certain internet plans, as well as on the introduction of a new and more modern email platform with more features. In 2016, TVCABO maintained specialised support in the corporate segment, focusing on the continuous improvement of customer service. Also in this area, it is worth highlighting the reinforcement of the retention team for the housing segment, which has shown positive results.

The company's turnover amounted to 1.055 billion meticals (15.1 million euros), an increase of 12.9% over the previous year, and EBITDA amounted to 262 million meticals (3.7 million euros), an increase of 113.6% over the previous year. TVCABO is the only triple play operator that provides TV + NET + VOICE services in the country. In order to distinguish the market segments where it operates, TVCABO has created two different brands: "VIV A Vida a 3 Dimensões," for the residential segment, and "VIV Negócios com +Fibra" for the business segment. Regarding the Operational Plan, TVCABO continued the expansion of the FTTH (Fiber-to-the-Home) access network in the areas of greater urban growth in the metropolitan area of Luanda. The network expansion strategy also took into account areas where the competition is not present. In November 2016, TVCABO launched the service "VIV Mais - OTT system" (Over The Top) - an advanced television platform, via internet, that allows watching TV channels on the smartphone, tablet, computer or VIV Mais box. The recording capabilities and system features are a competitive advantage and a powerful sales argument. The service has a specific channel grid that includes DStv and ZAP channels and is expected to expand in the future. Regarding the implementation of management tools, TVCABO introduced the Hybris platform with the purpose of promoting efficiency and effectiveness in CRM. TVCABO also focused on strengthening the social responsibility policy, carrying out several social, educational and cultural initiatives.

Energy

In 2016, Visabeira continued the Continuous Contract with EDP. In this contract, the company operates in the construction, repair and maintenance of high-, medium- and low-voltage distribution networks, being the second contractor with the largest volume of work under this type of continuous contract with EDP Distribuição at the national level.

In order to strengthen the skills of the employees who pursue their careers in the electricity area, 2016 was marked by a strong increase in the number of training initiatives carried out both in the technical area and in the quality, safety and environmental area.

Therefore, Visabeira strengthened its competence and effectiveness in response to the various requests related to the activities developed under the aforementioned contract, allowing to ensure the continuity of an excellent relationship and a true partnership with the customer.

Regarding the customer REN, 2016 was marked by the execution/completion of two important construction works. In relation to Substations, the remodelling contract for seven panels of the Évora Substation was started and completed in 2016. Regarding the construction and remodelling works for Very-High-Voltage (MAT) lines, the 400kV Feira-Lavos Line remodelling and uprating works were completed in the last quarter of 2016. The section was about 12.5 km long and involved work on 33 pylons. The connection of the line took place on 30 December 2016.

In the gas sector, Visabeira focused on the execution of the existing contracts with the main operator in the market, Galpenergia. In this context, the company continues to pay close attention to its operational capacity, aimed at maintaining a high level of service quality and optimising resources, in order to maximise results.

The electricity sector in Mozambique has been subject to countless reforms, and the country today has a value chain that, by comprising production, transport and distribution, seeks to guarantee the sustainability that this sector needs

to achieve in the future, in order to provide a good service to consumers.

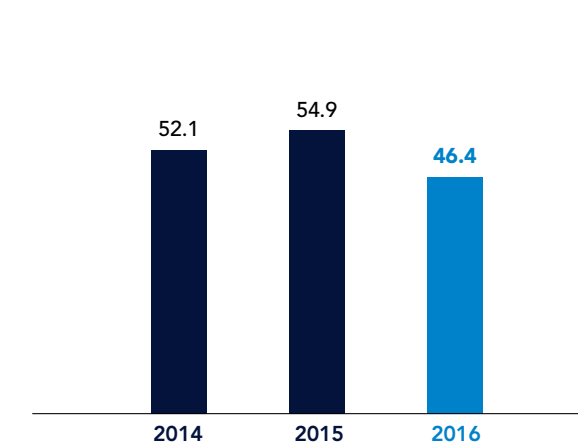
In 2016, Electrotec strengthened its position in the construction and maintenance of high-, medium- and low-voltage electricity transmission and distribution infrastructures. The company operates across all of Mozambique, from Niassa to Maputo. In its portfolio, EDM - Electricidade de Moçambique stands out as the main customer, for which it has carried out several works, namely the construction and rehabilitation of low-voltage networks, construction of public lighting networks, construction and rehabilitation of medium- and high-voltage networks, construction of transformer stations, construction of substations, maintenance work and downloads for the connection of new customers.

Hidroáfrica maintained its business highly focused on the water sector with presence in most of Mozambique. Among the various works carried out by the company in 2016, we highlight the completion of the construction of the Limane Irrigation System, district of Mopeia, province of Zambezia, which consisted of the construction and equipment of a water station, including an irrigation network for 120ha, the construction of an Aquaculture Demonstration and Training Centre in Chokwé, and the electrification works through a small hydro in Chiurairue, district of Mussurize, province of Manica. In 2016, the company's turnover was 953,000 euros (66.5 million meticals).

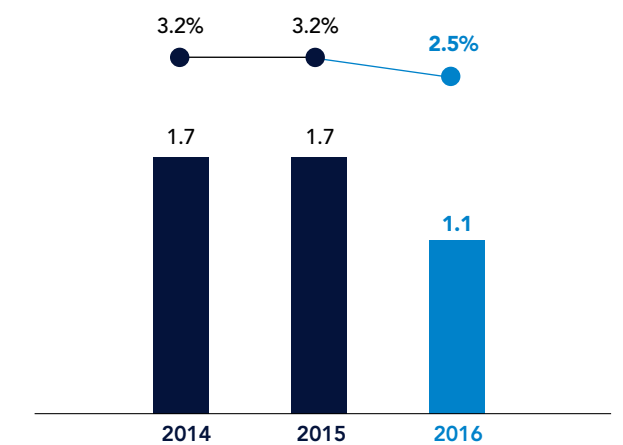
Also in the energy sector, in 2016 Selfenergy completed the works awarded by the Ministry of Tourism, namely the installation of two photovoltaic power stations in the Chimanimani National Reserve and the Zinave National Park. Also in this year, the implementation of the Construction, Operation and Maintenance Project of the Metoro Photovoltaic Power Station, with an installed capacity of 30MW, was continued. This Project is being developed in partnership with the French company NEON and with EDM - Electricidade de Moçambique.

ENERGY

TURNOVER (million euros)



EBITDA (million euros) and MARGIN (%)





REAL LIFE TECHNOLOGIES
 Certified ICT development,
 integration and training.

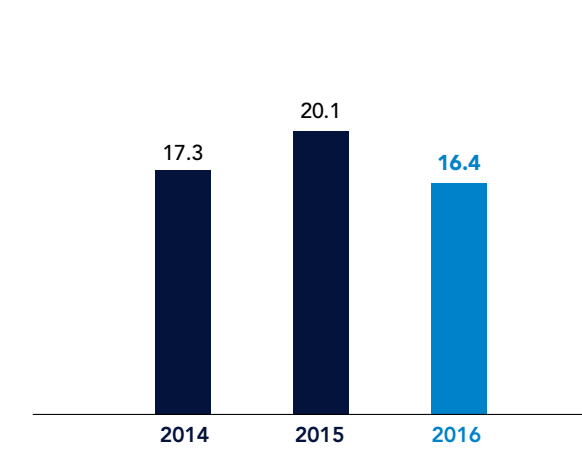
Communication and Information Technology

In 2016, Real Life - Tecnologias de Informação S.A. realigned its business model in order to adapt to the reality of markets, as a result of an increasingly volatile macroeconomic environment and a restraint that has been observed in locations where it operates in Africa. In fact, this realignment of the value creation model, combined with the knowledge base created and the agility and adaptability demonstrated by the company team, were the drivers of an increase exceeding 30% in the professional services rendered during this financial year.

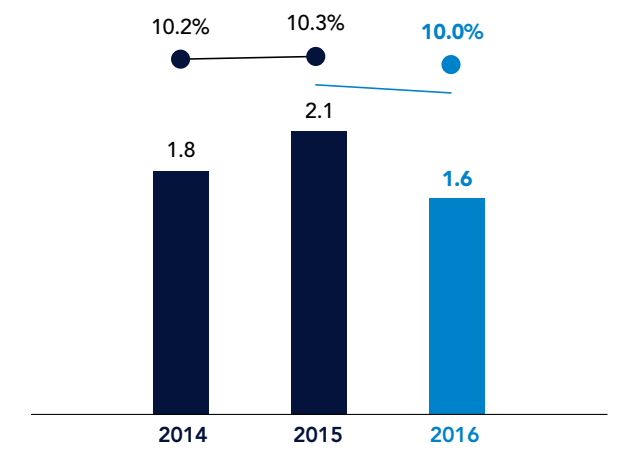
This strategic growth in the professional services has ensured a rise in the value chain, increasing the number of employees being present at the customer and the successful and synergistic participation in highly complex service solutions, which are very relevant to the technological development of our customers. Thanks to the continued customer appreciation policy, the high level of recognition, the certification of the company and the competence and flexibility of its team, Real Life - Tecnologias de Informação S.A. increased its EBITDA by 3% to 1.7 million.

TECHNOLOGY

TURNOVER (million euros)



EBITDA (million euros) and **MARGIN (%)**



Construction

Visabeira Global's aggregate construction turnover was very positive, amounting to 54 million euros in 2016.

Edivisa's main purpose is the construction and civil engineering business, combining all the specialities in the fields of construction and infrastructure, from project development and design to construction, maintenance or rehabilitation. The company has proven experience in the construction and public works sector in Portugal, Mozambique and Angola.

The company develops its business particularly geared to two segments: one that results from public tenders and the Real Estate, with highlight to the production carried out within the Group. In the area of public works, there was a marked increase in the number of works in Portugal in 2016 compared to 2015, as a result of some economic upturn and recovery of the construction and real estate sector. As a result, the turnover of works awarded increased from around 160,000 euros to 24.3 million euros. During 2016, we can highlight the construction of the Gouvães tunnel and the Alto Tâmega dam, joint ventures in which the company participates. Following the strategy of the last few years, Edivisa has increased international business, with an emphasis on the presence in

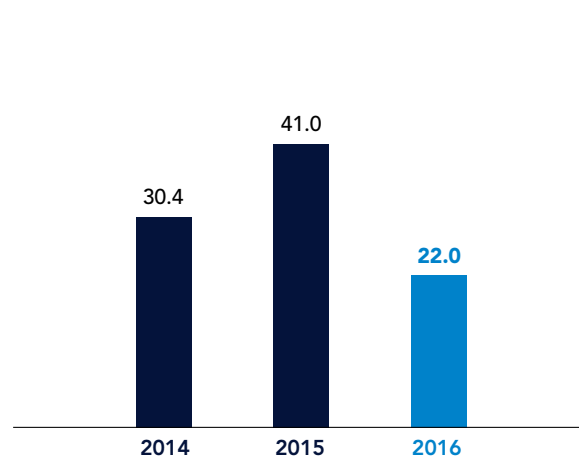
Mozambique. Edivisa Moçambique is a branch of the company Edivisa and its business is broad in its sector, with emphasis on the construction and maintenance of railway infrastructure. 2016 was marked by the completion of the contract for the reconstruction and rehabilitation of the Sena Line to 20MTPA, from Beira to Moatise, in an overall length of about 560 km. Also in Mozambique, during 2016, Sogitel's business continued to develop in both real estate and construction and infrastructure sectors.

Of note are the Aquaculture Demonstration and Training Centre (located in the Chokwé region), with the construction of 40 tanks and 3 support buildings for research and genetic improvement of tilapia, and the construction of the second stage of the Songo hotel.

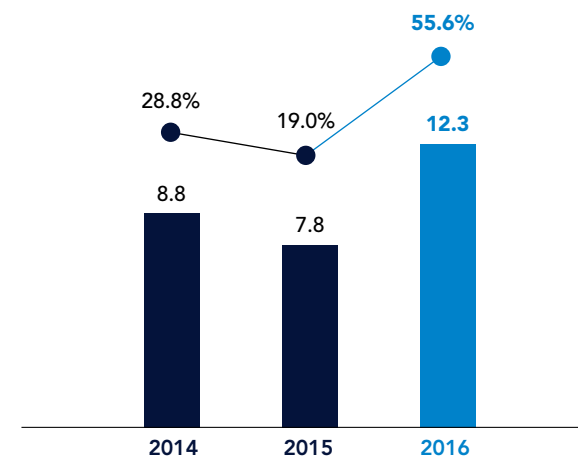
In 2016, the operational integration between Visacasa maintenance and the Mobile Network area was carried out in order to maximise the synergy. Both structures have a strong engineering and service component in electricity (low voltage), HVAC, Structured Cabling and Electronic Security areas. This enabled the company to reduce its operating costs by 30% and to see its operating results grow 45%, from 125,000 euros in 2015 to 181,000 euros in 2016.

CONSTRUCTION

TURNOVER (million euros)



EBITDA (million euros) and MARGIN (%)

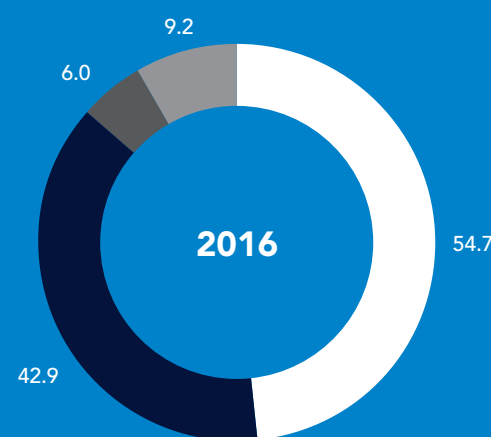


EDIVISA
Works carried out on the Sena Line, in Mozambique.

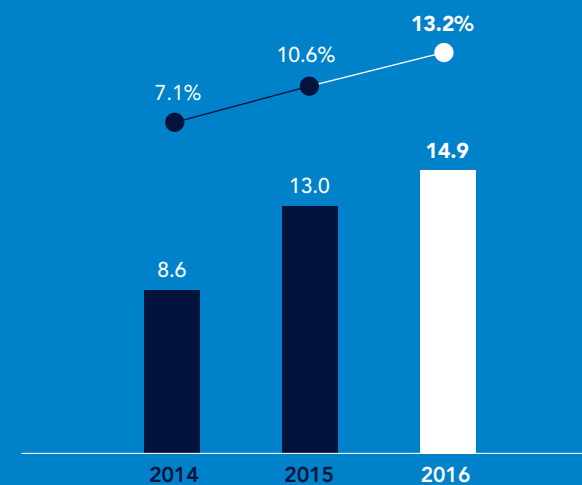

CONSOLIDATED INDICATORS (amounts expressed in million euros)

	2016	2015	Changes YoY
Turnover	113	125	-10%
EBITDA	14.9	13.0	14%
EBITDA Margin	13.2%	10.4%	2.8 p.p.
Recurring operating income*	6.4	2.8	130%
Operating margin	5.7%	2.2%	3.5 pp
Net income	0.0	-3.5	100%
Net investment	6.9	13.4	-49%
Debt	66.2	71.1	-7%
Inventories	43.6	44.7	-3%
Fixed assets (including goodwill)	205	206	0%

*Adjusted operating income without Investment Property and without impairment

TURNOVER (million euros)


● PORTUGAL
● EUROPE
● AFRICA
● AMERICA

EBITDA (million euros) and **MARGIN (%)**


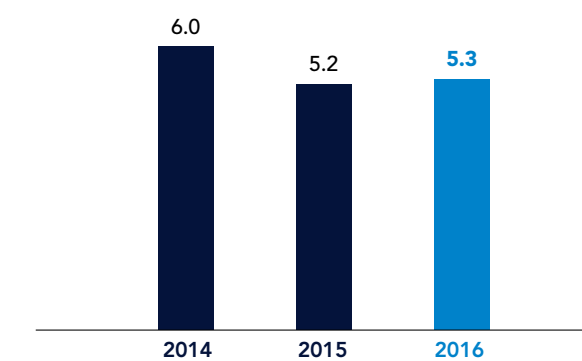
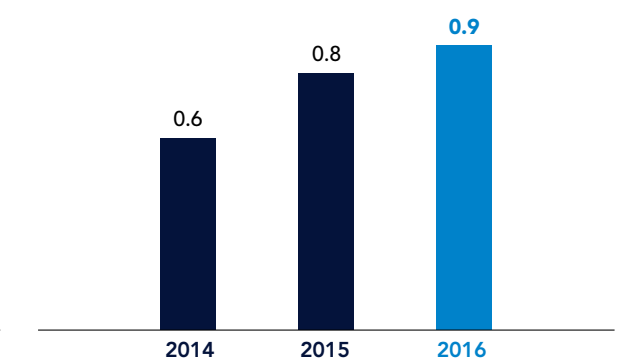
Visabeira Indústria, constantly focused on innovation and development of the operational processes of its companies, reached a consolidated EBITDA of 14.9 million euros, a 14% rise compared to the previous year. Also noteworthy was the very significant evolution of the operating income, which stood at 7.8 million euros in 2016, reflecting a growth rate of 89% over 2015.

Ceramics and Glassware

Turnover in this area amounted to 82.8 million euros, a 3% growth compared to the previous year, and EBITDA amounted to 11.2 million euros, a 29% increase. Cerutil is dedicated to producing and marketing utilitarian ceramics, namely tableware and ovenware. In 2016, the company had a sales growth of 3%, reaching an amount of 5.3 million euros. In 2016, the company sought to follow the economic movements in foreign markets and was sensitive to the irregular cycles in demand throughout the year. Customers have chosen a very restrictive policy in the purchase of new products, in light of the surplus stock-push in previous years. Cerutil, through the implementation of Lean Manufacturing methods, measures to reduce residues and cost containment measures, was able to improve operating income by 27% from an amount of 476,000 euros in 2015 to 605,000 euros in 2016. During 2016, Cerutil sought to be more selective in business, optimising its customer portfolio, which allowed the average sales price to increase.

In 2016, the markets that stood out the most for their growth in demand were: Israel, USA, Portugal, Italy and France. Priority in the foreign market continues to be Cerutil's strong suit, a policy well evidenced by the fact that 90% of its sales correspond to markets such as France, Italy, England, Benelux countries, Germany, among others. The company maintained its presence at the main international trade show for home products - Ambiente Fair 2016 in Frankfurt, and made several visits to the target markets of its products, especially the German, Spanish and French markets, to strengthen the commercial presence and analyse the market. In relation to commercial initiatives, the company sought to present new products, models and décors, with the purpose of stimulating the interest of its customers, trying to meet their expectations, strengthening or complementing their collections. Finally, it should be noted that the company's EBITDA reached 919,000 euros, 17% more than the amount of this indicator in 2015 (782,000 euros).

CERUTIL

TURNOVER (million euros)

EBITDA (million euros)


Vista Alegre Atlantis

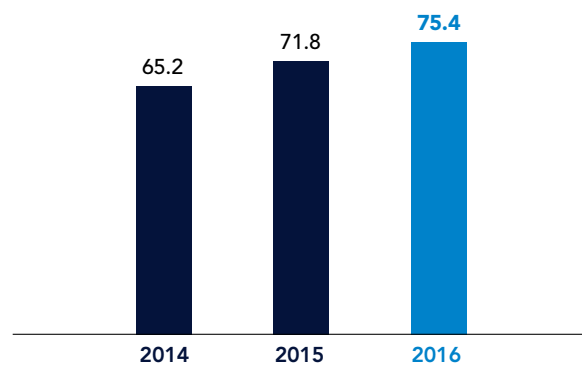
In 2016, Vista Alegre Atlantis strengthened its focus on international markets. The increase in commercial teams and the presence in the world's main trade shows in the sector strengthened brand visibility and boosted sales growth in various countries. In addition to the traditional target markets for Grupo VAA's products such as Spain, France, Germany, Italy and Brazil, others emerge, such as the Czech Republic, Colombia, Morocco and India.

Vista Alegre's new collections continued to be increasingly recognised internationally, receiving eleven international design distinctions and winning several awards, which strengthened the brand's presence and quality abroad. All these distinctions are the result of the company's strategic focus on design, which supports the ambitious global expansion plan and brand repositioning through the launching of exclusive items and outstanding collections. The "Orquestra" and "Trace" collections were awarded the "German Design Award Winner" prize in one of the most prestigious international competitions - German Design Awards. The "Carrara," "Gárgulas," "Jazz" and "Love Who You Want" collections earned the distinction of "Special

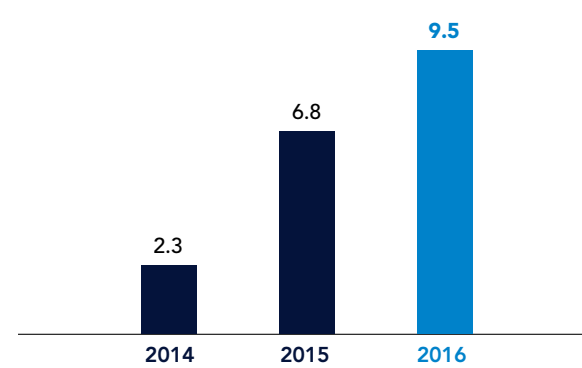
Mention." This latter collection is a result of a successful partnership between Vista Alegre and Christian Lacroix Maison, from which a series of items were developed. In addition to internationalisation, innovation was another focus of VAA's strategy. In 2016, investments were maintained in the expansion and modernisation of the Vista Alegre factory, as well as the investment in research and development, aimed at a greater diversification of products to reach a greater number of customers through a wide variety of distribution channels. The consolidated sales of Grupo VAA represented 75.4 million euros in 2016, corresponding to a 5% growth over the same period in the previous year. Consolidated net income was positive in this year, by a significant amount of 1.7 million euros, reversing the negative cycle of results and showing a 314% improvement over the same period in the previous year. Operating income increased 102%, reaching 5.5 million euros in 2016. EBITDA stood at 9.5 million euros, which represents a 40% growth compared to the same period in the previous year. Exports represent 64% of Grupo VAA's turnover.

VISTA ALEGRE ATLANTIS

TURNOVER (million euros)



EBITDA (million euros)



VISTA ALEGRE
The leading Portuguese group in the production of utilitarian and decorative porcelain and one of the ten largest in the world.



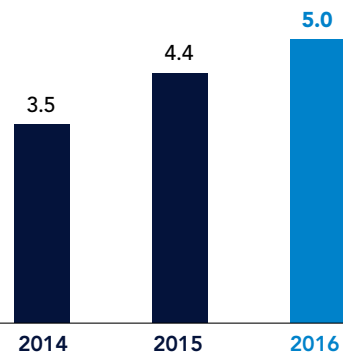
Bordallo Pinheiro

The company Faianças Artísticas Bordallo Pinheiro, founded by Raphael Bordallo Pinheiro, maintains its industry geared to the artistic pottery sector, which constitutes a unique heritage in the history of ceramic art. The company, honouring the legacy of Mestre Raphael, is dedicated to the manufacture of items crafted in decorative stoneware, based on values where art, originality and *sui generis* characteristics stand out. The year 2016 was characterised by an increase in sales of around 15% compared to 2015, reaching a total amount of 5 million euros. Following the trend of 2015, the domestic market accounted for most of the sales, standing at 64.4%. The presence in the foreign market was strengthened by the weight of this sector, which stood at 35.6%. In 2016, the company continued to focus on a strong sales dynamics in the various markets

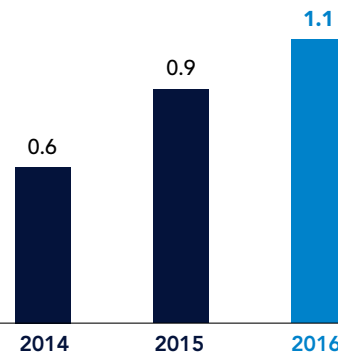
where it operates. Bordallo Pinheiro maintained its focus on the presence at trade fairs by participating in the Maison & Object Fair in Paris, in January and September, and in the Ambiente Fair 2016 in Frankfurt, where contacts were forged with current and potential customers. In both fairs, the number of visitors surpassed that of previous years and the turnover achieved in each fair increased. The company ended the year with an operating income of 437,000 euros, which represents an 8% growth over the previous year (406,000 euros in 2015), and an EBITDA of 1.1 million euros. Pre-tax income amounted to approximately 335,000 euros, an increase of 57% over the previous year. The company improved the gearing ratio, which stood at 33% in 2016, as well as total solvency ratio, which stood at 36%.

BORDALLO PINHEIRO

TURNOVER (million euros)



EBITDA (million euros)



Ambitermo

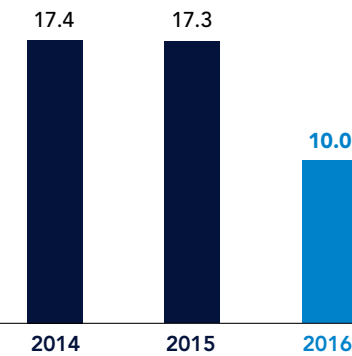
Ambitermo is a company focused on the development and design of boilers and energy recovery systems. The company has gained vast experience in the manufacture and installation of thermal power plants and power generation systems, tailored to the requirements of its customers. During 2016, the international scene became increasingly important for Ambitermo's expansion, especially in the United Kingdom, Angola, Germany, Cuba and Morocco. Ambitermo's turnover was 10 million euros in 2016.

EBITDA amounted to 826,000 euros and the operating income was 660,000 euros, showing a very positive performance.

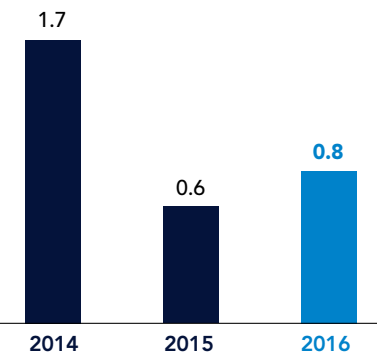
Regarding the maintenance of the key financial indicators, we highlight gearing ratio and solvency ratio, which increased from 32% to 42% and from 46% to 72%, respectively, proving the company's ability to generate resources. Therefore, Ambitermo will continue to pursue the strategy that has allowed it to be recognised and distinguished for its excellent work, securing the loyalty and trust of its customers and suppliers.

AMBITERMO

TURNOVER (million euros)



EBITDA (million euros)



Biofuels and Thermal Energy

Pinewells is a modern pellet production plant, based in the industrial area of Arganil and equipped with the latest technology, which stands out in its sector for providing a high-quality end product manufactured according to the most demanding specifications by international customers and the European ENPlus standard.

2016 was characterised by a general slowdown in demand for pellets in the main foreign markets, as a result of a short and mild 2015-2016 winter across Europe, a trend which continued in the early 2016-2017 winter. This, together with the emergence of new pellet plants, especially in the domestic sector, caused a situation of product oversupply and the subsequent drop in the sales price. The European industrial pellet market has also been virtually stagnant, with SPOT offers only at very low prices. This was due not only to the excess supply on the market but also to the

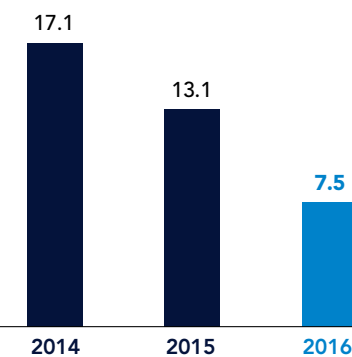
suspension of subsidies (e.g. in the United Kingdom) for consumption of this product because it was considered to be a renewable and zero carbon resource.

Another important factor that occurred during 2016 was the increase in the price of raw material, and only at the end of the year did it start to decrease due to a lower demand of this raw material by consumers in this sector. As a result of the difficulties experienced, in the context of the economic climate, Pinewells showed a decrease in its turnover, which amounted to approximately 7.5 million euros. The operating income had a negative balance of 910,000 euros.

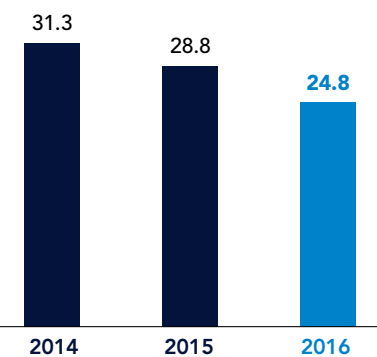
The company's equity is 5.5 million euros. The company continues to be financially sound. The main indicators show appreciable amounts, with gearing ratio at 25% and solvency ratio at 33%.

PINEWELLS

TURNOVER (million euros)



GEARING RATIO (AS A PERCENTAGE)





MOB
Modular
customisable kitchens.

Kitchens

Mob has been setting a standard in the kitchen furniture industry for several years. Over time, the company has been characterised by its huge evolution and adaptation capacity, both in terms of product and new processes. The focus on space, aesthetics and functionality are some of the distinguishing factors that make up the excellence of its kitchens. Its performance in 2016 allowed it to keep on growing. Mob understands that tailored service and appropriate customer responsiveness in customised products is a distinguishing feature in the market where it operates.

The year 2016 represented Mob's continuity of some policies already developed in previous years, with focus on strengthening the brand and the product in the markets where it is already present and on increasing the internationalisation of operations with a higher incidence in new markets such as Qatar, Algeria and Morocco. For Mob, the domestic market grew significantly in 2016 due to the increase in the supply of kitchens to real estate projects, the creation of partnerships with companies related to the real estate business and the development of the Mob agent network. Turnover generated in this sector has nearly doubled that of the previous year. In Lisbon, where Mob has also had its own store for several years, it was decided to open a new store in one of the main arteries of the capital, which represented a milestone in the brand's growth and positioning in this region.

Regarding the foreign market, we highlight the continued

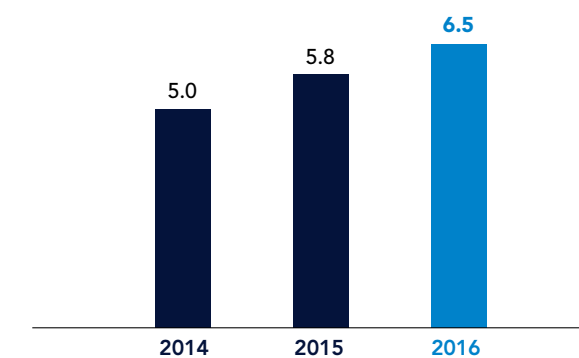
decrease in turnover generated by the Angolan market, where the economic situation and the difficulties in profit remittance caused the business activity to maintain a slow pace with negative impact on exports in this region. The Hidd Al Saadiyat project in the United Arab Emirates showed a slower pace than expected, despite the fact that the volume of exports has doubled compared to the previous year. As a result, part of the forecasts not materialised in 2016 will enter the order backlog estimated for 2017, when the project at hand is expected to be concluded. The Qatar market, through an ongoing real estate project for which proposals have already been made, has clear prospects for representing an important milestone in Mob's business activity for 2017.

In order to promote its products and strengthen its image with its customers, Mob maintained its presence at the Tektónica fair in Portugal and at Foire de Paris in France, and simultaneously focused on an increase in its media exposure by attending events such as SLEEP-IN Porto, INTERCASA and RTP's "Network Business" television programme. In this context, the company's turnover rose 11%, reaching an amount of 6.5 million euros. In line with the performance of the previous year, EBITDA increased by 80% and stood at 421,000 euros.

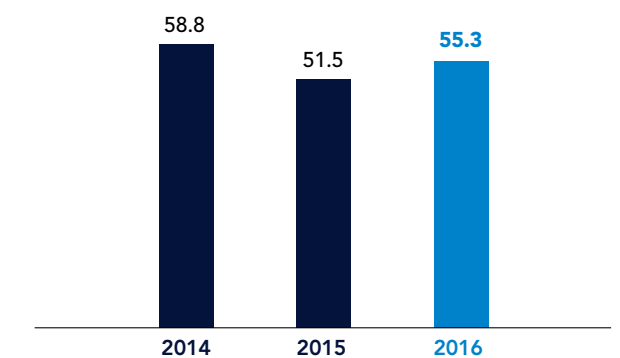
Financial indicators reflect the maintenance of the solvency of short-, medium- and long-term commitments, with a gearing ratio standing at 54.9% and a solvency ratio at 121.9%.

MOB

TURNOVER (million euros)



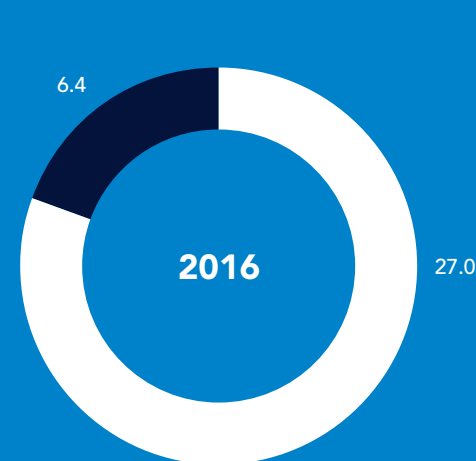
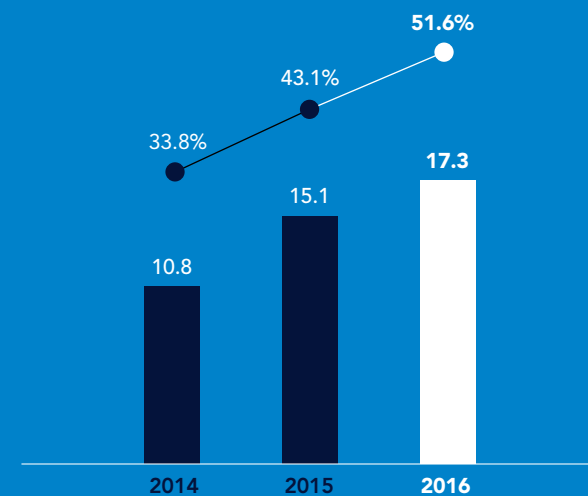
GEARING RATIO (as a percentage)




CONSOLIDATED INDICATORS (amounts expressed in million euros)

	2016	2015	Changes YoY
Turnover	33.4	37.2	-10%
EBITDA	17.3	15.1	15%
EBITDA Margin	51.6%	40.5%	11.1 pp
Recurring operating income*	12.2	10.7	14%
Operating margin	36.5%	28.9%	7.6 pp
Net income	6.9	0.9	630%
Net investment	-13.2	16.3	-181%
Debt	67.7	36.3	86%
Inventories	1.8	1.6	11%
Fixed assets (including goodwill)	124	142	-13%

*Adjusted operating income without Investment Property and without impairment

TURNOVER (million euros)

EBITDA (million euros) and **MARGIN (%)**


● PORTUGAL
● AFRICA

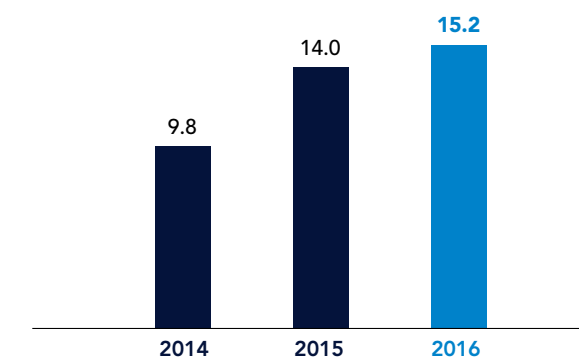
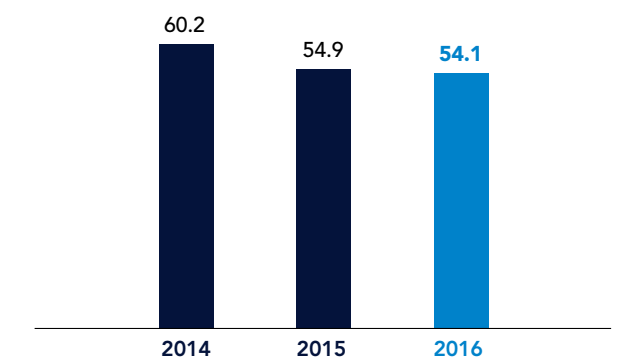
At Visabeira Turismo, the Montebelo Hotels & Resorts chain strengthened its position in the market, with particular attention to Montebelo Vista Alegre Ílhavo Hotel, which kept on strengthening the business it has developed, continuing a work recognised nationally and internationally, and implementing its brand as a vehicle for growth. As a highlight of this year, the Montebelo brand extended its scope to the operation in Mozambique. In 2016, the Tourism sector had a turnover of 33.4 million euros.

Hospitality – Portugal

The regional leadership that Empreendimentos Turísticos Montebelo maintains in the Tourism sector is supported by its growth strategy, based on three main guidelines: development and strengthening of the Montebelo chain, product portfolio diversification and integrated Hospitality, Golf, Entertainment, Sports/Adventure, Wellness and Restaurant offer. The renewed and essential focus on the foreign market is made through several initiatives, especially the presence in international trade shows, the reception of educational travel and other promotional initiatives, such as communication investments, e.g. Google Adwords and billboard campaigns in Spain. In this regard, Empreendimentos Turísticos Montebelo was present at some of the most important international trade shows in the sector in 2016, including FITUR (Madrid), ITB (Berlin), WTM (London) and BTL (Lisbon). The company also joined several trade missions and international workshops held by the management of ARPT - Centro de Portugal (Regional Agency for Tourism Promotion), an organisation that Visabeira Turismo has been part of since its inception. The year 2016 was the year of recognition for the latest five-star unit of the Montebelo Hotels & Resorts chain - the Montebelo Vista Alegre Ílhavo Hotel. Officially opened in May by the President of the Republic, the hotel's prestige combines the flagship brand, Vista Alegre, with the excellence of Montebelo Hotels & Resorts' services. The hotel was selected by several brands to host their events throughout the year. The strategic partnership with the Spanish chain Paradores through Casa da Ínsua - now called Parador Casa da Ínsua - was cemented during 2016, which allowed a significant boost in the flow of Spanish tourists to the

Central Region, making this joint venture a winning decision. Also noteworthy is the Montebello Agueira Lake Resort & Spa, which, in addition to continuing to attract many families for leisure, continued to be the choice of thousands of canoeing athletes, especially at the international level. The other hotels (Montebelo Viseu Congress Hotel, Hotel Príncipe Perfeito and Hotel Palácio dos Melos) continued to host a number of private and business events, such as medical conferences, political initiatives, pharmaceutical company meetings, soccer, handball and basketball teams and golfers. In 2016, a few awards and distinctions were bestowed upon the Montebelo Hotels & Resorts units. Of note was the 2016 SIL Real Estate Prize awarded to Montebelo Vista Alegre Ílhavo Hotel, in the "Urban Tourism Rehabilitation" category, and the reference made by Booking, the leading online hotel reservation website. Also with regard to awards, Casa da Ínsua wines were once again awarded gold and silver medals in Portugal and abroad. The events usually held within Visabeira Turismo should also be mentioned. The 20th annual "Os Melhores Anos" dinner dance (Expocenter), the "Queijo Serra da Estrela à Chef" initiative (Parador Casa da Ínsua) and the celebrations marking another anniversary of Palácio do Gelo Shopping, were once again a huge success. In 2016, Empreendimentos Turísticos Montebelo had a turnover of approximately 15.2 million euros, an 8% increase over 2015. Operating income stood at 954,000 euros, an increase of around 3% over 2015. EBITDA amounted to 2.1 million euros. The company continues to maintain excellent gearing and solvency ratios, which amounted to 54% and 117%, respectively.

MONTEBELO

TURNOVER (million euros)

GEARING RATIO (as a percentage)


Hospitality – Mozambique

Turvisa concentrates the Group's units in the restaurant and hospitality sector in Mozambique. In 2016, the main novelty is the extension of the Montebelo Hotels & Resorts brand to the six units in Maputo, Gorongosa, Lichinga, Nampula and Songo that operate in that country, in order to standardise the chain and integrate all units at the same level, both nationally and internationally.

The different units ended the year on a positive note, and some of them received international awards, thus bringing them greater prestige.

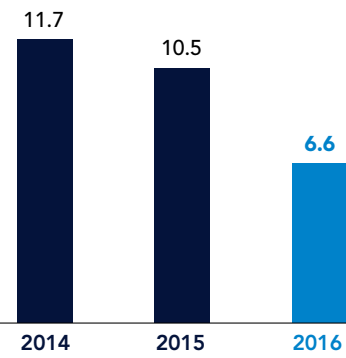
Montebelo Indy Maputo Congress Hotel was awarded "Diamond Arrow Award" and "Golden Arrow Award" in

Mozambique, awards given by the PRM Africa consulting agency. Montebelo Gorongosa Lodge & Safari has received the "Excellence 2016" certificate, awarded by Trip Advisor, one of the main tourism search engines worldwide.

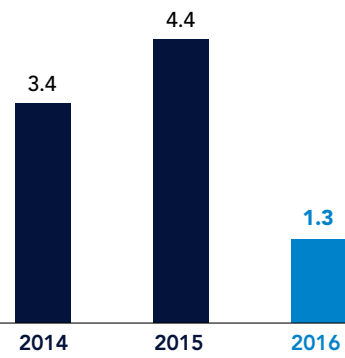
Turvisa's performance in 2016 translated into a turnover of 6.6 million euros (464 million meticals). Its operating income, which stood at 298,000 euros (20.7 million meticals) and an EBITDA of 1.3 million euros (89.3 million meticals), resulted in an EBITDA margin of 19%. Gross margin was 73.6% (2015: 77.35%); these figures prove the company's ability to keep on generating resources in the future.

TURVISA

TURNOVER (million euros)



EBITDA (million euros)



MONTEBELO GORONGOSA LODGE & SAFARI
Lodge integrated in the Gorongosa National Park, in the province of Sofala, in Mozambique.

ZAMBEZE RESTAURANT
A benchmark for local cuisine in the historic centre of Lisbon, with privileged views over the Baixa quarter and the Tagus River.



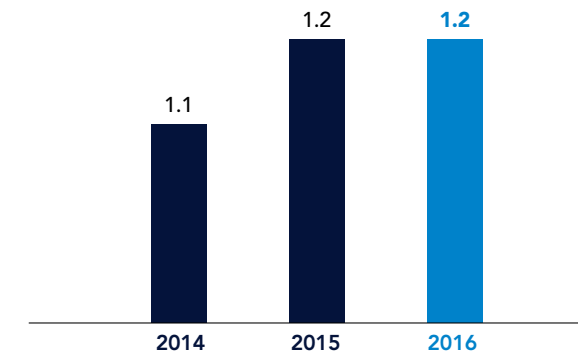
Restaurants

In 2016, Visabeira Turismo units underwent some adjustments in this sector and the economic situation of the year was positive for the restaurant business. Cervejaria Antártida was totally renovated and relocated. Where the Brewery was once operating, there now stands a restaurant, the Bar Americano restaurant, an innovative and original concept that bridges both sides of the Atlantic. Also in the restaurant sector, in Lisbon, the Zambeze restaurant has attracted the preference of countless customers from

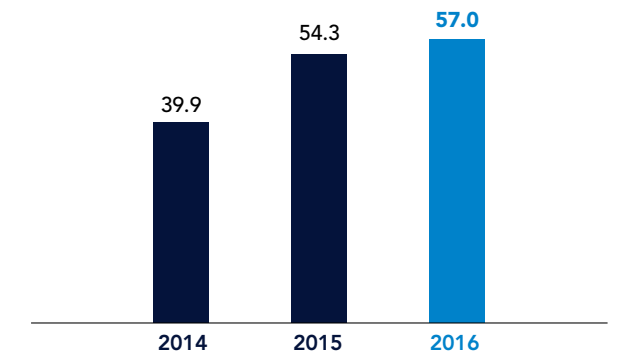
different sectors of public life, from politics to culture, including business or family gatherings. This unit has grown and has been recognised as a culinary ambassador of Beira and Mozambique's cuisine in the capital. Zambeze restaurant's turnover amounted to 1.2 million euros. The company had an operating income of 31,700 euros, an 11% increase over 2015. The cash flow reached 57,000 euros, an increase of about 5% compared to 2015, and the net income increased by 13% to 28,000 euros, proving the company's good performance.

ZAMBEZE

TURNOVER (million euros)



EBITDA (thousand euros)



Shopping

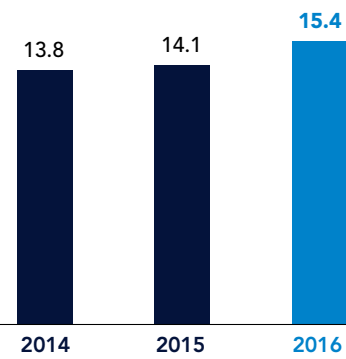
Palácio do Gelo Shopping has many distinctive features that offer one of the best shopping and leisure experiences in our country. With a unifying role in the region, as the main choice as a shopping and leisure destination, Palácio de Gelo has increased the number of visitors. During 2016, Palácio de Gelo had the best turnout since the opening year. Palácio de Gelo showed a recovery movement after the downturn in consumption felt in recent years, and there was an increase in sales of shopkeepers in the shopping centre. Noteworthy during 2016 was the opening of six new stores. Integrated in the same real estate complex, it is worth highlighting the opening of the Hospital CUF Viseu, which will contribute to the increase of traffic and strengthen the position of Palácio do Gelo in the region. On the sport side, the sports and wellness club ForLife strengthened its leadership position in the market.

The number of members increased again in 2016, which reflected in a 5% increase in turnover compared to the previous year. The offer comprises the traditional successful fitness activities, such as cycling and BTS activities, along with the innovations in the market, e.g. TRX, Functional Training and Piloxing.

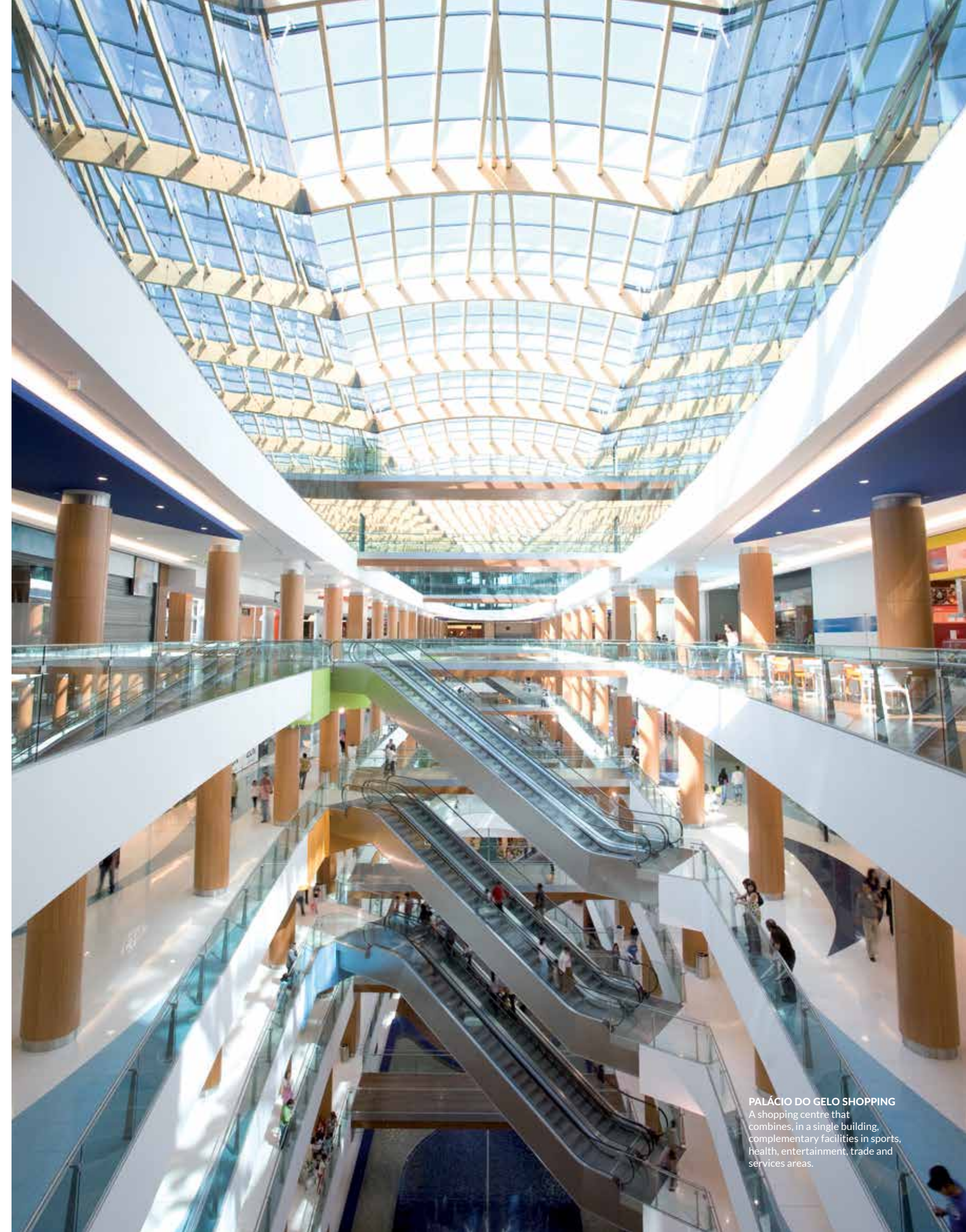
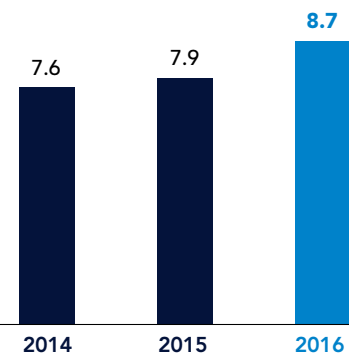
At Palácio do Gelo Shopping, the good performance of some shopkeepers contributed to a turnover of 15.4 million euros (14.1 million euros in 2015). The operating income for the period increased by 32% from 3.6 million euros in 2015 to 4.8 million euros in 2016. EBITDA amounted to 8.7 million euros, with a margin of 57%. In terms of financial structure, it is worth highlighting that the main short- and medium-term indicators were maintained, thereby showing the company's financial consolidation, with a gearing ratio of 39.7% and a solvency ratio of 65.8%.

MOVIDA

TURNOVER (million euros)



EBITDA (million euros)



PALÁCIO DO GELO SHOPPING
A shopping centre that combines, in a single building, complementary facilities in sports, health, entertainment, trade and services areas.

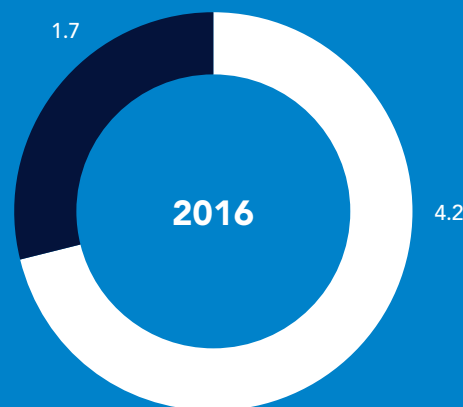


CONSOLIDATED INDICATORS (amounts expressed in million euros)

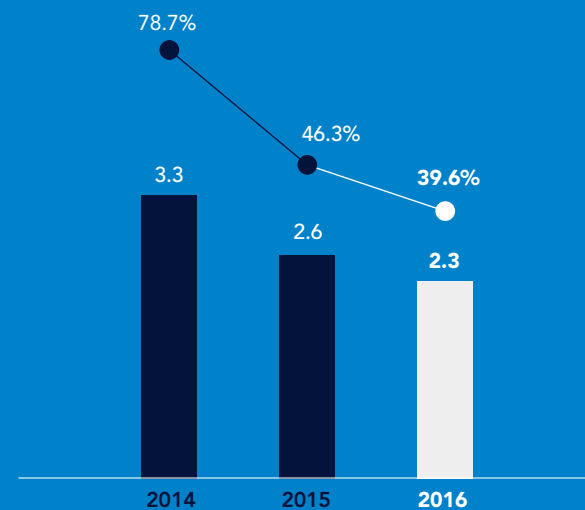
	2016	2015	Changes YoY
Turnover	5.9	5.6	5%
EBITDA	2.3	2.6	-10%
EBITDA Margin	39.6%	46.3%	-6.7 pp
Recurring operating income*	1.8	1.4	14%
Operating margin	31.1%	24.4%	6.7 pp
Net income	0.0	-1.2	-100%
Net investment	2.5	2.7	-7%
Debt	6.8	9.9	-31%
Inventories	53.8	57.0	-6%
Fixed assets (including goodwill)	16	6	146%

*Adjusted operating income without Investment Property and without impairment

TURNOVER (million euros)



EBITDA (million euros) and MARGIN (%)



● PORTUGAL
● AFRICA

2016 was a good year for the real estate sector in Portugal. Investments remained very dynamic. In 2016, there was an increase between 20% and 25% in family housing transactions and between 16% and 20% in all real estate transactions (urban, rural and mixed).

Visabeira Imobiliária, S.A.

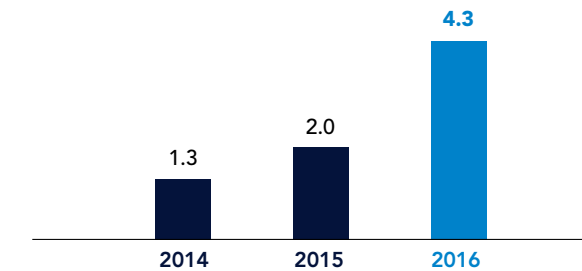
Visabeira Imobiliária, with a substantial real estate market share in the city of Viseu, ended 2016 with an amount of sales and services provided of 4.3 million euros (over 2.0 million euros in 2015), a 126% rise compared to the previous year. Therefore, we believe that 2016 was a turning point for the company, as sales dynamics resumed.

This dynamics is based on elements such as: the vision of the sector as strategic for the families in the application of savings, the resumption of access to bank credit and customer awareness that Visabeira offers a quality product with excellent service unparalleled in the region. In 2016, the company created safe and profitable investment

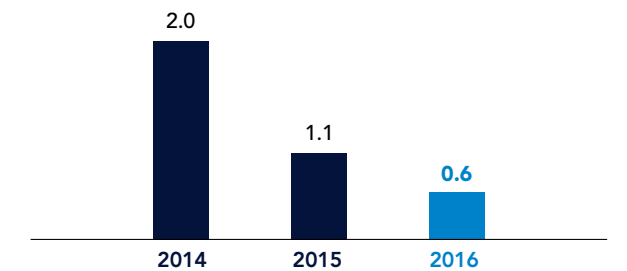
solutions for its customers, developing a business model that, in addition to the real estate transaction, takes their management into account. Visahouse (a real estate brokerage firm), already outlined in 2015, was put into operation in the second half of 2016. This strategy is expected to increase the company's turnover, with a more diversified and stratified offer, in order to have a product for a large swath of the population. 2016 was marked by the increase of sales team staff, in order to extend Visabeira's product to a greater number of potential customers. These salespeople will be allocated to Visahouse (a real estate brokerage firm).

VISABEIRA IMOBILIÁRIA, S.A.

TURNOVER (million euros)



EBITDA (million euros)



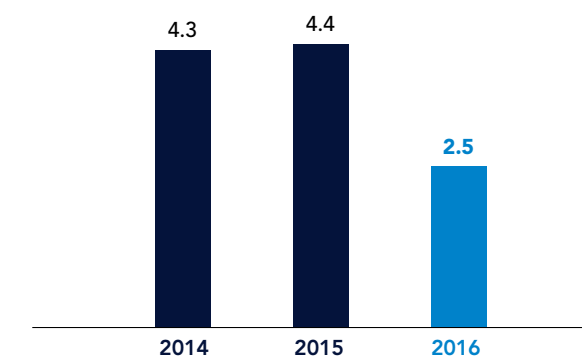
Imovisa

In 2016, the company continued to develop its business as usual in 3 sectors, namely: real estate management, facility hygiene and cleaning and also facility maintenance. IMOVISA's main customers include: Banco de Moçambique, Mozal, TDM, Mstar, Coca-Cola, Standard Bank, Visabeira Moçambique, Turvisa and TVCABO.

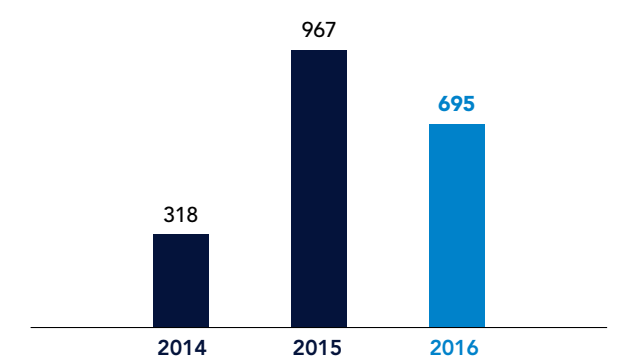
In 2016, sales of goods and services amounted to 2.5 million euros (177 million meticals). On the other hand, and as a result of the operational efficiency efforts, operating income had a positive result of 527,000 euros (36.8 million meticals), a 48% increase over the previous year. EBITDA stood at 695,000 euros (48.5 million meticals), which represents Imovisa's ability to generate cash flow.

IMOVISA

TURNOVER (million euros)



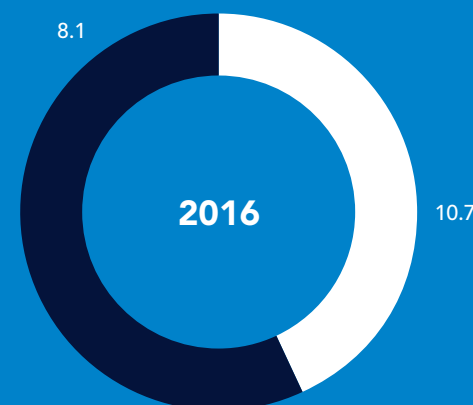
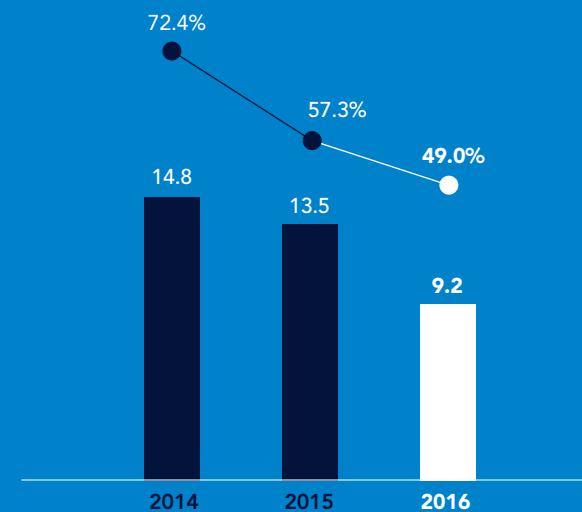
EBITDA (thousand euros)




CONSOLIDATED INDICATORS (amounts expressed in million euros)

	2016	2015	Changes YoY
Turnover	18.8	23.5	-20%
EBITDA	9.2	13.5	-32%
EBITDA Margin	49.0%	57.3%	-8.4 pp
Recurring operating income*	6.9	13.0	-47%
Operating margin	36.6%	55.4%	-18.8 pp
Net income	-4.5	5.8	178%
Net investment	5.3	2.0	174%
Debt	521	523	0%
Inventories	3.4	6.3	-45%
Fixed assets (including goodwill)	50.6	63.1	-20%

*Adjusted operating income without Investment Property and without impairment

TURNOVER (million euros)

EBITDA (million euros) and **MARGIN** (%)


● PORTUGAL
● AFRICA

Visabeira Participações is a sub-holding that holds the interests of the Group's companies related to trade and services, as well as the Group's investments in a portfolio of shares.

During 2016, this sub-holding maintained the plan to provide an excellent service to all its customers, both foreign and domestic.

Financial Investments

The subsidiaries operate in several areas, from the provision of shared services (Visabeira Pro) to the marketing of trucks and repair shops (Visauto and Autovisa), trading (Benetrónica, Mercury Angola and Mercury Mozambique), and also in the Health sector with 2 units, one of Assisted Living Residences (Porto Salus) and a Continuing Care Hospital (Hospital Nossa Senhora da Arrábida), both located in Azeitão, among others.

Through Visabeira Pro - Estudos e Investimentos, the company provides a series of shared services for all companies in the Group, such as Investment and Project Analysis, Advisory, Accounting, financial area, funding, Information Systems, Procurement and Purchase, Human Resources, Legal Services, Marketing and Communication, Management Control, Business Management and Monitoring, among others.

In 2016, this company continued its strategy of providing an excellent-quality service to all companies in Visabeira Group, for which it has high-quality specialised staff. Through the synergy of a shared services company

and customers (Group companies) located in different geographical areas, it is possible to create a more cohesive and flexible structure, as well as contribute to the creation of value for customers, shareholders, employees and all business partners.

Trading companies import and export products in different segments, namely in building materials, furniture, equipment, vehicles, technology, among others. These represent a turnover of 2.8 million euros.

Visauto, a company that markets trucks for the Angolan market, had a turnover of 7.6 million euros.

In the Health sector, we highlight the two health care units, an Assisted Living Residence and a continuing care unit, located in Azeitão, which had 1.6 million euros and 3.4 million euros, respectively.

In 2016, this sub-holding had a turnover of 18.8 million euros and an EBITDA of 9.2 million euros.

The net income as a result of the impairments generated in relation to the Group's financial investments was 4.5 million euros in the red.

Commitment to society

Environment, Quality and Safety

Global growth, combined with technological advances and increased human life expectancy, caused a change in the concept of sustainable industrial development.

This change has required companies to broaden their business management paradigm, not only focusing on the products and services provided, but also on the well-being of their employees, providing them with working conditions in a safe environment.

Therefore, Environment, Quality and Occupational Health and Safety are increasingly becoming some of the key management challenges and making up the main foundations of corporate sustainability. The evolution in the management of organisations has led to a new culture that includes not only the quality of products and/or services offered, but also the balance with environmental, occupational safety and health, social and ethical aspects, which today are crucial areas for the sustainable growth and development of organisations.

Visabeira Group, aware of its commitment, sets forth Environment, Quality and Safety as permanent and priority objectives, to ensure to its companies competitiveness, success and leadership in their business areas, so that they can strengthen their presence in the market and promote their products and services.

For Visabeira Group, the commitment towards continuous progress and growth is a priority that is in line with the Group's strategic orientations. Labour practices at Visabeira Group are in compliance with the Portuguese legislation and the legislation of the countries in which it operates. These practices are also based on the fundamental principles of the International Labour Organisation (ILO). As a large-size employer, the Group is aware that it contributes to one of the society's most widely accepted goals, namely the improvement of living standards through full employment, job security and decent work.

Therefore, we highlight some of the initiatives developed in 2016:

- In the industrial sector, the implementation of the Kaizen methodology at Cerutil has allowed greater employee engagement in the company's processes. In addition to productivity gains, this methodology enables improvement in employee well-being, since it allows improving their workplace;
- Pinewells implemented the Forest Stewardship Council (FSC) system whose main purpose is to improve forest management through the use of best social and

environmental practices. This system intends to protect biodiversity, Indigenous People's rights, labour rights, areas of significant environmental and cultural importance, occupational health and safety, and endangered species;

- Also at Pinewells, the implementation of the Sustainable Biomass Partnership (SBP) ensures that the biomass used in production is legal and sustainable. This system develops tools to prove that the biomass used in pellet production is economically, environmentally and socially sustainable and contributes to a low-carbon economy;

- Another strategic area for the Group is the constant optimisation of the fleet management system via GPS tracking that monitors consumption and mileage, allowing continuous improvement of the drivers' eco-driving procedures. This system has been installed in virtually the entire fleet of the main companies in the Group and has been reflected in a reduction in fuel consumption of around 12.5% per year;

- At Constructel, the Geolocation system implementation in the vehicles has allowed an optimisation of the technicians' movements in the different daily interventions, which allows to know in real time who is closer to the urgent interventions. This system represents an important step in the company's sustainability, since it allows obvious gains in the economic aspect, but especially in the environmental one;

- Strengthening of continuous monitoring of good practices in quality, environmental and safety areas, through visits and inspections in telecommunications and energy sectors;

- Continuous monitoring of the flora (phytoplankton) and water quality in the Agueira berth area, with the purpose of evaluating the impact of the anchorage activities on the reservoir's phytoplankton community;

- Continued focus on training, which involved a total of 3,460 employees; of note was the occupational safety and health topic, which represented 78% of the trainees;

- Continuous monitoring of good hygiene and food safety practices, with 280 microbiological analyses carried out in several Visabeira Turismo units.

In line with the strategic guidelines mentioned above, Visabeira Group, as an active member of the United Nations Global Compact, prepared its fourth Communication on Progress (COP) report, restating once again its commitment to further promoting the Global Compact and its principles as an important part of the company's strategy, culture and day-to-day operations.



The people

Visabeira Group has guided and focused its human resources policy on the continuous improvement of productivity by strengthening the qualifications of employees, the professional recognition and the development of their skills. Today, Visabeira Group sets a standard as an employer. The qualified human resources strategy, with specialised professional careers, as well

as the effort in professional qualification through appropriate training initiatives, has been a differentiating factor of the Group, attracting more and more candidates who seek to build successful careers, nationally and internationally. Visabeira Group's employees increased from 9,652 in 2015 to 9,674 on 31 December 2016, as shown below:

PEOPLE				
	2016	2015	2014	2013
Visabeira Global	4,945	4,932	4,826	3,881
Visabeira Indústria	2,444	2,442	2,504	2,327
Visabeira Turismo	889	883	845	847
Visabeira Imobiliária	593	594	616	632
Visabeira Participações Financeiras	803	801	762	603
TOTAL	9,674	9,652	9,553	8,290

Vocational Training

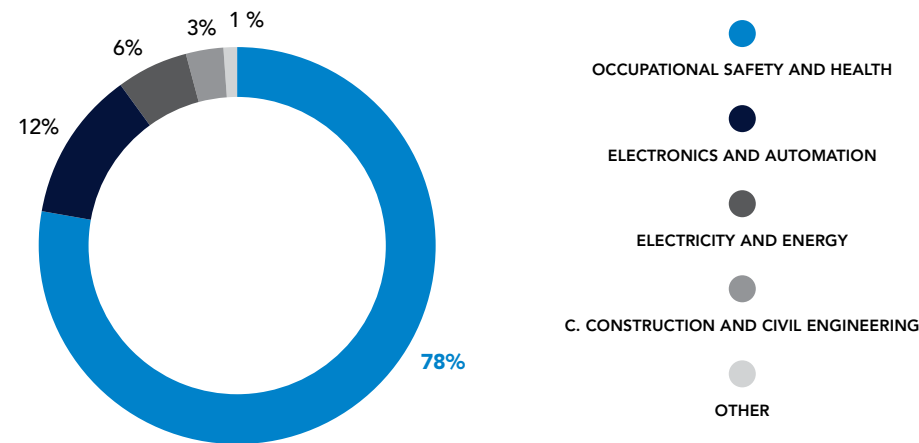
Visabeira Potencial Humano asserts as its main goal the promotion of innovative, high-quality and sustainable training projects that may efficiently contribute toward maximising and appropriately developing its human potential and to the growth of its companies.

With a view to the accomplishment of this mission and the unequivocal strategy to raise service standards and product quality, 2016 was another year to focus on the strengthening of training initiatives dedicated to the different areas of the companies in the Visabeira Group.

Thus, despite a reduction compared to 2015, which also results from the current situation of the reduction in activity

in some of Visabeira Group's business areas, especially the domestic telecommunications market, 407 training initiatives were carried out in 2016, which involved 3,466 trainees. These initiatives were carried out in different places in mainland and insular Portugal, most of them centred at the Training Centre in Viseu.

99.6% (approximately 3,450) were certified in the different training areas for which Visabeira Pro is certified by DGERT. A training volume of 43,546 hours was carried out. On average, there were 1.85 certified training initiatives, involving 16 trainees/day, and approximately 23 training hours/day.



Communication

In 2016, Visabeira Group, sub-holdings and their companies showed a high news flow, through which their business was shared with the general public. Communication had an impact on a wide variety of media, especially national and regional media, strengthening the Visabeira universe. The notoriety of brands such as Vista Alegre, Bordallo Pinheiro, the Montebelo Hotels & Resorts chain, Constructel, TVCABO Angola and TVCABO Mozambique have been decisive factors for Visabeira Group's rising media exposure. The highlight of the media flow on Visabeira Group was the beginning of a set of interventions carried out at the Vista Alegre Complex in Ílhavo, which was attended by the President of the Republic, Marcelo Rebelo de Sousa. During the official two-day visit, the Head of State praised the investment made by the Group in the construction of the hotel and in the interventions that include the expansion and recovery works of the Vista Alegre Museum, Capela Nossa Senhora da Penha de França, Vista Alegre Theater, the Manufacture and Paint Educational Service and the factory itself. The media impact was extraordinary, creating news and television reports, including several live broadcasts on the main channels, as well as many pages in national newspapers and magazines. The wide coverage has resulted in more than a hundred news items and pieces, materialising this historic moment as one of the most media-covered event in recent years in the life of Visabeira Group. Also with regard to this five-star hotel, it should be pointed out that the regular visits of journalists to the unit and the complex were featured in Up Magazine (TAP magazine), in the programme "Imagens de Marca" by SIC Notícias, in the publication Meios & Publicidade and in the guide of the Expresso newspaper "Boa Cama Boa Mesa," among others. Parador Casa da Ínsua stood out throughout 2016, not only in terms of infrastructure "not to be missed," but also by the activities promoted, either by hosting programmes associated with a wide range of initiatives, some of which are related to agricultural activities, such as grape harvests, or by the wines it produces. For example, we should mention the emphasis given by general and specialised media to the Gold Medal won by the Tinto Casa da Ínsua Colheita 2012 in the Challenge International du Vin in France, or by the Espumante Casa da Ínsua Colheita 2014, in the Crédito Agrícola Wine Competition. In media terms, the highlight was the event Queijo Serra da Estrela à Chef 2016, which brought together seven chefs, four of them with Michelin stars in their restaurants, and more than 200 guests. This event, which raised Queijo Serra da Estrela to a different level, was widely covered by the media such as TSF, Fugas, Visão, CMTV, Porto Canal, SAPO portal and by the regional media in the Parador Casa da Ínsua area of influence. The Montebello Agueira Lake Resort & Spa was also present on the national pages featuring the "Schwinn Cycling International Experience Ride," the largest national fitness event that brought together masters from all over the world. This unit debuted in the latest show of Visão 7 magazine, the "Se7e," a weekly lifestyle programme broadcast on SIC, Jornal da Noite, and SIC Notícias. The show, which results from a VISÃO/SIC partnership, developed an extensive piece on the resources of that five-star unit located in Mortágua.

The initiatives carried out at Palácio do Gelo Shopping also ensured a high news flow, with particular emphasis on the

celebration of the eighth anniversary of Palácio do Gelo Shopping, celebrated with a great fashion show that sparked the mobilisation of the general national press and social magazines. Presented by Catarina Furtado, with the presence of models and media figures and the performance of Amor Electro, the biggest fashion show in the Central Region was honoured in the main magazines and newspapers such as Flash, Luz, Nova Gente, Lux, JN and Correio da Manhã. The programme "Fama Show" by SIC, covered the fashion show, joined by CMTV, Porto Canal and Viseu Now. The announcement of the renewal and updating of the Palácio de Gelo Shopping marketing mix resulted in more than two dozen news items in the main regional media and specialised media.

The second half of 2016 was marked by the 20th annual "Os Melhores Anos," one of the most anticipated social events in the region. Flash, Nova Gente and Lux magazines publicised the party, as well as Correio da Manhã, CMTV and local and regional media.

Among the range of news published about the Group, we also highlight another award, through Constructel, this time awarded by Huawei. The latest distinction came as a result of the work carried out by Constructel in Denmark's Faeroe Islands for the Chinese brand, triggering a number of news items.

In this balance of 2016, it is also worth mentioning the opening of the Hospital Nossa Senhora da Arrábida convalescence unit, in Azeitão, Setúbal, which attracted media attention. The contract-programme signed between the Hospital Nossa Senhora da Arrábida and the Regional Health Administration of Lisbon and Vale do Tejo, contracted 23 beds for long-term care.

Vista Alegre was also responsible for an important information flow. A highlight was four German Design Awards garnered by the brand, a recognition that once again put it in a leading position in the world market and gave rise to some references in the specialised media. Reference was also made to the maintenance of the "Superbrand - Marca de Confiança" label, which proves that the century-old porcelain and crystal brand continues to be one of the favourites in Portugal. This story was highlighted by Jornal Económico, Jornal de Negócios and several online media. Partnerships between Vista Alegre and international designers, such as Marcel Wanders and Jaime Hayon, also created a considerable news flow, especially in newspapers and specialised magazines. The launch of the collection "Chá, Café e Etc" by Rui Reininho and Armando Teixeira also captured media attention, namely Diário de Viseu, Diário de Coimbra, Diário as Beiras, Lux and TV 7 Dias. After the opening of a store in Kuwait, the year ended with the news that Vista Alegre will open its first store in India in 2017, a fact reported in Jornal Público, Observador, Dinheiro Vivo portal, among others.

As for Bordallo Pinheiro, the launch of the "Sardinha by Bordallo Pinheiro" collection received news coverage, with pieces published in Portal Sapo, Vogue, Visão, Time Out, among others. This new collection features, as a great novelty, the collaboration with ten famous international creators, illustrators and cartoonists who collaborate with the most prestigious worldwide media. Also of note is the giant Christmas Crib made up of life-size figures created by Bordallo Pinheiro and offered to the city of Viseu. A story for dozens of news items published in the local and regional press, as well as

on the television stations RTP and SIC.

Visabeira Group's communication strategy in 2016 resulted in remarkable media impact, with the publication of 1,954 news items. About 45% of the news was transmitted through newspapers and magazines, only surpassed by the online media that broadcast close to a thousand news items and pieces about the Group's business. 2016 was one of the best years in terms of television exposure (171 pieces), with the opening events of the Vista Alegre Complex by the President of the Republic and the fashion show on the occasion of the 8th anniversary of Palácio do Gelo Shopping, taking centre stage on different television channels (RTP, SIC, TVI and CMTV). From the overall analysis, it is possible to conclude that the news rate and flow have been very positive for the Group, which strengthened notoriety and exposure rates, in and through the media.

Internal communication

NEWSLETTER

MyVisabeira newsletter has become an essential piece of communication in the Visabeira universe. With many years of existence, the newsletter is distributed through the email of employees, giving them access to news about the business of the Group and the companies that are part of it operating in different countries. MyVisabeira newsletter is a space for everyone that encourages participation with news, ideas and suggestions.

INTRANET

Visabeira Group's intranet is a key player in the interaction between companies and their employees, allowing them access to various sectors. It is a communication platform that shows the internal programmes, benefits for employees and protocols, and it is also possible to check the Group's clippings.

Social responsibility

Over the years, Visabeira Group has been incorporating the Social Responsibility aspect in all of its business activities, intervening directly and indirectly with the community. Its constant goal is to support and associate with hubs that foster culture, leisure, education, sports, health and wellness. In this regard, the Group and its sub-holdings maintained a proactive and consistent attitude in 2016, implementing this goal in several actions and initiatives.

In 2016, the Group continued to be a major supporter of Fundação Visabeira, a private charitable institution responsible for managing and operating nursery and pre-primary schools - the Infantinhos da Vilabeira and Infantinhos da Quinta do Bosque. These units also reveal a social purpose by supporting the families of Group company employees.

Internally, Visabeira Group promoted the traditional summer and Christmas gatherings, which allow hundreds of employees to get together each year. In the Christmas season dozens of dinners are held: in Viseu, where more than 2,000 employees of the Group, Vista Alegre and Bordallo Pinheiro are concentrated, as well as in several locations across the country where the Visabeira Global bases are located. The spirit of sharing is also promoted in Angola and Mozambique and in other countries where the company carries out its business.

Externally, the Group sought to create bonds with charitable causes and institutions, establishing partnership and support relationships. In this context, the Association of Parents and Friends of the Mentally Disabled Citizen of Viseu (APPACDM), the Volunteer Firefighters of Viseu, the Infantry Regiment 14, the Polytechnic Institute of Viseu and the Portuguese Catholic University, the Viseu Regional Business Association (AIRV), and other organisations have again given their contribution. The fourth "Viver a Vida" gala, promoted by the newspaper Correio da Manhã (CM) and CMTV, was sponsored by Visabeira Group, which was once again involved in organising the party. The Group contributed with the catering service and accommodation of artists and technical team of CM and CMTV.

Also very attentive to the field of special education, Montebelo Hípico increased its contribution to several institutions, an example of which is the protocol signed with the Equestrian and Psychomotor Association of Viseu. Under this agreement, this non-profit association will now use the facilities of the equestrian centre, allowing young people with disabilities to attend hippotherapy classes. Moreover, Montebelo Aguieira Lake Resort & Spa, in partnership with the National Republican Guard - Escola Segura de Santa Comba Dão and the Portuguese Association of Parents and Friends of the Mentally Disabled Citizen, provided a different day for 120 children and youngsters with physical disabilities and mental disorders. Based in the Marina da Aguieira, the programme included boat trips in the reservoir of the Aguieira dam, activities with inflatables and driving lessons with tricycles, vehicles provided by GNR.

Also in the social aspect, Visabeira Group once again contributed with the Bazar Diplomático de Natal, a charitable initiative held in Lisbon. Promoted by the Association of Families of Portuguese Diplomats, this bazaar had handcrafted pieces for sale and food products offered, with proceeds going to charitable institutions.

In the cultural area, Visabeira Group continued to contribute with activities, such as the Jardins Efémeros (Viseu) and the "Tons da Primavera" festival, and renewed the collaboration protocol with the Grão Vasco National Museum and Viriato Theater, which also has a gallery for temporary exhibitions on the 1st floor of Palácio do Gelo Shopping, an area where it promotes its activities through photography exhibitions, posters, videos, documentaries and shows.

In the field of health, Visabeira Group continued its annual support to Health4Moz, a non-profit association that aims to improve the quality of health in several conditions, both in terms of prevention and differential treatment. For the sixth time, the Portuguese medical organisation went to Maputo and Nampula to provide medical training to health professionals from those cities, mainly in the area of maternal and child health, especially in relation to pregnancy and childbirth. In Maputo, the Health4Moz mission promoted Basic Life Support training attended by 21 professionals of Visabeira Group connected to hospitality and restaurants, who joined the 18 medical students of Eduardo Mondlane University. During the 6th mission, Health4Moz was assisted by UniLúrio, Eduardo Mondlane University Medical School, Mozambique Medical Association, Mozambique Association of Gynecologists and Obstetricians and Central Hospitals of Nampula and Maputo. Also in 2016, Visabeira Group sponsored a new mission of this non-governmental organisation, which went to Mozambique in the framework of the 4th Dentistry Congress. In this mission, a conventional mechanised Endodontics course was given to 30 dentists from across the country. Also of note was the

"Art4Moz" initiative, which relied on the collaboration of 25 artists from Portugal and Mozambique. The exhibition brought together art, science and solidarity, as the works donated by artists and sculptors were sold, with proceeds going to the health support and training programme fostered and promoted by the association in Mozambique.

Also in Mozambique, the Human Development team of Gorongosa National Park promoted an initiative to benefit the region's population. It is about creating Girls' Clubs in 93 primary schools, with the purpose of providing students with the necessary conditions for reading in the study of natural sciences, participating in recreational activities, learning about personal safety, health, nutrition and family planning, through actions taking place in after-school hours. This initiative also includes short internships in health centres and in local companies to develop their self-confidence. Visabeira Mozambique sponsored the work "Do Vale do Rift ao Sonho da Liberdade," a memoir by John Kachamila, and supported the 6th International Solidarity Race Helpo (Portuguese non-governmental organisation for development).

In Angola, TVCABO promoted an initiative on nature, its importance and conservation. This initiative, in partnership with Juventude Ecológica Angolana, involved 60 students from a primary school, and the lecture highlighted the places of natural interest, animals and plants. The TVCABO initiative was completed by providing books on nature. During 2016, Palácio do Gelo Shopping, in Viseu, promoted a series of events and actions to support organisations and entities of social interest and cultural promotion, such as the New Year's Concert.

With regard to exhibitions, Palácio do Gelo Shopping hosted many associations and/or entities with various exhibitions throughout the year, such as the exhibition "Regimento de Infantaria 14 nos novos conflitos," included in the celebration of the 65th anniversary of RI 14, which proposed to visitors a trip through Timor, Bosnia and Herzegovina, Kosovo and Afghanistan. We should also mention the exhibitions on the history of the Harley-Davidson brand and the evolution of the bicycle, as well as various exhibitions by artists from Vienna, who had the opportunity to make their work public in several areas of the arts.

In the area of leisure and wellness, the ForLife gymnasium and the Príncipe Perfeito Sports Complex reopened doors, allowing dozens of people to participate in classes of different sports, free of charge. The so-called "open days" have produced positive effects, giving many people the

motivation to go to the gym and the subsequent benefits to good physical and mental health. In addition, the Príncipe Perfeito Sports Complex carried out a joint action, translated into a water gymnastics class open to all interested parties, with the purpose of helping the "Bora lá Viseu" institution. The participants contributed food, clothing and money to the non-profit association of volunteers who provide support to about 40 people, some of whom are homeless, and have no food or clothing.

In 2016, Visabeira Group continued its connection with sports. The Tondela Sports Club, of Portugal's top soccer league, continued to be supported by the Group through the Montebelo Hotels & Resorts chain, Bordallo Pinheiro and Palácio do Gelo Shopping. Publicity to the brands was evident in the João Cardoso Stadium and in the backdrop used as a background for press conferences and mixed area, with broad exposure in the newspapers and television channels that cover the main Portuguese soccer league. The Group also renewed the sponsorship to Académico de Viseu, a team from Portuguese soccer's Second League. The sponsorship retained the look of previous times, which has the Palácio do Gelo Shopping logo in front of the athletes' jerseys.

Vista Alegre, a brand that has its name associated with major sports events, once again supported and sponsored some initiatives, such as the Azores Ladies Open, a women's golf event held on São Miguel Island, as well as the "Experimenta Portugal" golf tournament, an event held in São Paulo, Brazil. Also noteworthy is the offer of several Vista Alegre trophies for some achievements, such as the 70-cm-high, spray-engraved and gold hand-painted trophy handed to the winner of the Supertaça Cândido de Oliveira (Portuguese soccer's Supercup). The porcelain company continued to focus on the ID Pool - International Design Pool programme, the Vista Alegre's creative lab, which has been operating since 2011 in the Ílhavo working district. This programme, which gives young foreign designers the opportunity to improve and develop their talent at the company's factory, also allows them to establish temporary residency in the factory complex. Some of the brand's award-winning pieces have emerged from ID Pool: the Orquestra service created by David Raffoul and Nicolas Moussallem, Diana Borges's Plissé boxes, which won a Red Dot Award in 2015, or the Transatlântica service, a best-seller developed by Brunno Jahara in 2013. Vista Alegre also supported Vista Alegre Sporting Club, providing the facilities for the club headquarters and renewing the sponsorship to this sports association that gives priority to the soccer training of youngsters.

Future outlook

Portugal's GDP should achieve a 1.2% growth in 2016 and is expected to increase to at least 1.4% by 2017, maintaining relative stability in the growth rate in 2018-2019 (1.5%). After a slowdown in 2016, foreign demand is expected to increase in 2016-2019, although at a slower pace compared to the period prior to the international financial crisis. Exports of goods and services should be more buoyant than foreign demand, as seen in recent years. Thus, exports will continue to be the component of global demand with the greatest contribution to business growth. Global GDP growth is expected to slow down to 3.1% in 2016 before recovering to 3.4% in 2017.

Visabeira Group faces with confidence the challenges of 2017, focusing on its growth and expanding its business to new locations, in order to become increasingly international thanks to a wide range of investments in its various sub-holdings.

Visabeira Global

Keeping on the path followed in the past by this sub-holding, Visabeira Global expects its business to grow with a planned investment of 28.8 million euros in TVCABO Mozambique, TVCABO Angola, Comatel, Constructel France and Germany, and also expects that part of this amount, about 10 million euros, will be invested in new businesses that are planned in this sub-holding, either by acquisitions or by the incorporation of new companies. This amount represents 70% of the total investment planned in Visabeira Group for the same year, which makes it an investment of great importance.

In the foreign market, we are committed to continuing a dynamic journey, building the future on the quality work that the Group has been developing. Therefore, the investments planned for TVCABO Angola, approximately 6.5 million euros, are mainly aimed at equipment procurement and network expansion in areas where the company is already present, especially the cities of Luanda, Benguela and Lubango. In addition, we highlight the implementation of the Hybris programme.

As for TVCABO Mozambique, the scenario is similar. A large part of the planned investment of 2.7 million euros is intended for network expansion in Maputo, with particular focus on improving the service provided.

Also in the foreign market, despite the increase in competition in the telecommunications sector, Comatel intends to maintain its privileged position as an important partner of the main companies in this market in Angola, which already contracted projects for the construction and maintenance of telecommunications systems and maintains good prospects for developing new ones.

During 2017, Comatel will stimulate old partnerships with Huawei and ZTE, which it intends to keep in the future. Associated with these projects, an investment of 1 million euros is estimated.

Regarding the European market, Constructel France will

continue its internationalisation efforts following its main strategic guidelines. In order to boost and strengthen its business, an investment of 3 million euros is planned for the purchase of new equipment and also for the remodelling and adaptation of its facilities. Thus, Constructel France remains a strategic partner of international telecommunications operators, and this attribute is an important leverage and added value that will allow us to continue to look to Europe with the same confidence and determination to garner new business. It should also be noted that Germany-based Constructel GmbH is expected to grow in sales due to the strengthening of its relationship with its main customers, namely Huawei Technologies Deutschland, Telekom Deutschland, Netze Bw and Soli Infratechnik.

Finally, we highlight the companies in Portugal, Viatel, PDT, Visabeira and Edivisa, committed to maintaining their position in the different sectors in which they operate and maintaining the quality of their services, as well as responding to the development needs of several projects. For this market, an investment of more than 2 million euros is estimated.

Visabeira Indústria

Vista Alegre Atlantis Group will keep focusing on innovation and research and technological development of its business, so as to improve its position in foreign markets, promoting greater product diversification, which retains a greater number of customers and allows achieving new opportunities.

Internationalisation and innovation will continue to be the Group's main guidelines.

For 2017, Vista Alegre Atlantis Group companies will develop several innovation projects, either by increasing capacity, diversifying production or making crucial changes to the production process. These projects show the company's ability to innovate in processes and products, especially in the Stoneware (table and oven) and Crystal segments.

Therefore, and in connection with the implementation of new projects, we anticipate an increase in international turnover as well as an improvement in productivity and operational efficiency, enabling them to achieve improved profitability and subsequently better results. To carry out these projects of high operational importance, an investment of around 5 million euros is planned.

In addition, the Group intends to expand and strengthen the Vista Alegre brand, focusing on the foreign market, with its presence in the main international trade shows in the sector, as well as the opening of new companies in France, Mexico and India.

Regarding Bordallo Pinheiro, an investment of around 2.2 million euros is planned, with a view to the overall restructuring of the factory, to be carried out in stages.

The purpose of this restructuring is to optimise productive resources and modernise production, and ensure increased

quality of products, without losing the brand's DNA.

Subsequently, the company expects to achieve significant growth in business, reach a greater number of foreign markets and make the brand more visible in the country and the world.

As the foreign market is important to strengthen the recognition of the various companies that make up this sub-holding, it is worth highlighting the presence of Mob in Angola, France and Dubai. In addition, in order to improve its competitiveness, Mob also plans to develop internal projects to improve the techniques used in the design and manufacture of high-quality kitchens.

Cerutil's outlook for 2017 comprises some optimism in the markets where it places its products, although with some prudence, trying to diversify them as much as possible in order to strengthen its brand for its quality. The main markets for Cerutil will be France, the United Kingdom, Italy and Germany.

Finally, it is important to emphasise the overall dynamics of business prospecting, which will lead to a more intense business regarding turnover and the brand's presence in foreign markets.

Visabeira Turismo

For 2017, the most significant investments in this sub-holding are earmarked for Turvisa and Movida, in the amount of 1.5 and 1 million euros, respectively.

Keeping the commitment to guaranteeing the total satisfaction of its customers and promoting highly qualified offers, Turvisa expects to increase its occupancy rates, with particular emphasis on Montebelo Girassol Maputo Hotel, favoured due to its location in a prime area of the city of Maputo.

Visabeira Imobiliária

In the real estate area, we highlight Visabeira Imobiliária, whose outlook for 2017 is to follow the course set in the previous year. This year was marked by sustained growth with effect on turnover, increased by the implementation of a more aggressive sales policy and the reinforcement of the sales team, in order to take advantage of the revitalisation of the real estate market.

Visabeira Participações

In the sub-holding Visabeira Participações, we highlight the Hospital Nossa Senhora da Arrábida, which in 2017 will ensure the strengthening of the activities and strategies implemented and developed in 2016. The Hospital aims to ensure the best medical practices with excellent quality, essential conditions for a company in this sector to be recognised in the market.

Annex to the report of the board of directors

Pursuant to and for the purposes of Articles 447 and 448 of the Commercial Companies Code, we disclose the shareholdings of the members of the management and supervisory bodies, and the operations carried out during 2016.

SHAREHOLDER/MEMBER OF CORPORATE BODIES

	Number of shares on 31 December 2016	%	Number of shares on 31 December 2015	%	Operations in 2016
Fernando Campos Nunes *	19,287,580	83.77%	18,791,265	81.61%	496,315
Caixa Capital	496,315	2.16%	992,630	4.31%	-496,315
Visabeira Group (own shares)	2,302,512	10.00%	2,302,512	10.00%	0
Portugal Capital Ventures	813,194	3.53%	813,194	3.53%	0
TOTAL	22,899,601	99.45%	22,899,601	99.45%	0

*Percentage held via NCFGEST, SGPS, S.A

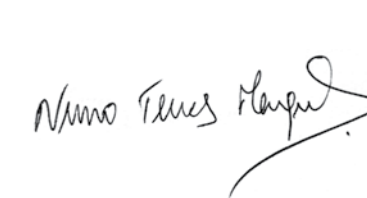
Viseu, 1 March 2017

The Chartered Accountant

The Board of Directors



Chartered Accountant member
No. 77089



Consolidated reporting documents



Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

Financial years ended 31 December 2016 and 31 December 2015

	Notes	2016	2015*
Ongoing operations			
Sales		143,939,231	158,462,767
Services rendered		457,317,637	519,313,670
Turnover	10	601,256,868	677,776,437
Cost of sales and services rendered		-122,196,174	-157,421,857
Gross margin		479,060,694	520,354,580
Own work capitalised	11	5,361,214	8,778,014
Other income	12	18,064,381	10,515,316
External supplies and services	13	-232,964,018	-273,983,452
Staff costs	14	-149,529,566	-151,220,735
Other expenses	12	-8,765,479	-10,528,196
Recurring operating income (net of depreciations and provisions)		111,227,226	103,915,528
Changes in the fair value of investment properties	23	2,535,283	3,272,211
Depreciations	15	-31,224,770	-32,436,782
Provisions and impairment losses	16	-887,759	-8,498,352
Operating income		81,649,981	66,252,604
Interest expense, net	17	-31,378,840	-33,806,113
Gains/(losses) on listed shares	18	-3,955,330	-15,603,291
Other financial expenses, net	19	-6,671,793	-8,982,747
Gains/(losses) from associates	6	-1,005,340	75,058
Financial income		-43,011,303	-58,317,093
Pre-tax income		38,638,678	7,935,511
Current income tax	20	-9,124,072	-6,659,132
Deferred income tax	20	2,526,788	19,364,318
Income tax for the financial year		-6,597,284	12,705,186
Net income before discontinued operations		32,041,394	20,640,697
Discontinued operations			
Income before taxes from discontinued operations		-3,751,043	-150,095
Net income		28,290,351	20,490,602
Attributable:			
Shareholders		24,383,960	15,609,734
Non-controlling interests	36	3,906,390	4,880,868
Earnings per share:			
Basic	34	1.06	0.68
Diluted	34	1.06	0.68

The notes are an integral part of this consolidated financial statement
* 2015 restated in accordance with IFRS 5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial years ended 31 December 2016 and 31 December 2015

	2016	2015
Consolidated net income for the period (a)	28,290,351	20,490,602
Other comprehensive income:		
Amounts that will be subsequently reclassified to profit or loss		
Currency translation adjustments		
Translation of transactions denominated in foreign currency	-28,628,539	-20,154,867
Derivatives and hedge accounting		
Changes in the market value	348,023	806,512
Tax effect	-78,305	-174,264
Impairments of assets		
Change in the fair value reserve of available-for-sale financial assets	-16,938,954	14,730,058
Tax effect	3,811,265	-7,038,921
Other adjustments recognised directly in equity, net		
Other adjustments	56,480	46,789
Amounts that will not be subsequently reclassified to profit or loss		
Retirement benefits		
Actuarial gains/(losses)	-163,193	9,623
Tax effect	36,718	-2,079
Other comprehensive income for the period (b):	-41,556,505	-11,777,148
Total comprehensive income for the period (a) + (b)	-13,266,154	8,713,454
Total comprehensive income attributable to:		
Non-controlling interests	-3,539,853	-230,676
Shareholders	-9,726,301	8,944,130

The notes are an integral part of this consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Financial years ended 31 December 2016 and 31 December 2015

	Notes	2016	2015
ASSETS			
Non-current assets			
Tangible assets	21	421,541,706	520,721,266
Goodwill	22	32,741,242	32,647,289
Investment properties	23	341,946,050	328,898,759
Intangible assets	24	83,234,343	80,741,185
Investments in associated companies	6	31,795,934	32,196,028
Available-for-sale financial assets	25	85,008,317	106,653,927
Other financial investments	7	59,357,748	64,271,803
Deferred tax assets	20	45,782,749	41,383,097
Total non-current assets		1,101,408,087	1,207,513,353
Current assets			
Inventories	26	138,856,046	150,170,229
Customers and other receivables	27	129,813,084	156,497,581
State and other public entities	28	3,376,622	2,481,755
Other current assets	29	146,115,132	110,015,050
Held-for-trading financial assets	30	203,980	579,956
Cash and cash equivalents	31	46,537,101	43,041,617
Total current assets		464,901,965	462,786,188
Total Assets		1,566,310,052	1,670,299,541
EQUITY			
Capital	32	115,125,630	115,125,630
Own shares	33	-33,468,381	-33,468,381
Share premiums		44,493,578	44,493,578
Other reserves	35	32,030,319	59,694,515
Retained earnings	35	129,736,087	112,135,345
Equity attributable to shareholders		287,917,233	297,980,687
Non-controlling interests	36	44,176,368	48,508,334
Total equity		332,093,602	346,489,021
LIABILITIES			
Non-current liabilities			
Medium- and long-term bank loans	37	498,704,788	605,298,727
Other non-current liabilities	39	75,021,755	99,839,594
Deferred tax liabilities	20	95,960,518	94,745,028
Provisions for other risks and expenses	43	6,834,189	6,211,821
Total non-current liabilities		676,521,250	806,095,170
Current liabilities			
Short-term bank loans	37	187,641,468	142,560,187
Suppliers and other payables	38	115,540,725	126,939,820
State and other public entities	28	13,580,920	7,622,692
Other current liabilities	39	240,932,088	240,592,652
Total current liabilities		557,695,200	517,715,351
Total liabilities		1,234,216,450	1,323,810,521
Total equity and liabilities		1,566,310,052	1,670,299,541

The notes are an integral part of this consolidated statement of financial position

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Financial years ended 31 December 2016 and 31 December 2015

	Capital	Own shares	Share pre- miums	Financial as- set fair value reserve (note 25)	Retained earnings and other reserves (note 35)	Subtotal	Non-control- ling interests	Total equity
On 1 January 2015	115,125,630	-33,468,381	44,493,578	29,625,599	133,260,132	289,036,557	48,863,465	337,900,021
Comprehensive income for the period	0	0	0	7,691,137	1,252,993	8,944,130	-230,676	8,713,454
Transactions with owners								
Dividends distributed	0	0	0	0	0	0	-622,895	-622,895
Acquisitions, disposals and share capital increases	0	0	0	0	0	0	498,440	498,440
On 31 December 2015	115,125,630	-33,468,381	44,493,578	37,316,736	134,513,124	297,980,687	48,508,334	346,489,021
On 1 January 2016	115,125,630	-33,468,381	44,493,578	37,316,736	134,513,124	297,980,687	48,508,334	346,489,021
Comprehensive income for the period	0	0	0	-13,127,689	3,401,389	-9,726,301	-3,539,853	-13,266,154
Transactions with owners								
Dividends distributed	0	0	0	0	0	0	-664,375	-664,375
Acquisitions, disposals and share capital increases	0	0	0	0	-337,153	-337,153	-127,738	-464,891
On 31 December 2016	115,125,630	-33,468,381	44,493,578	24,189,046	137,577,360	287,917,233	44,176,368	332,093,602

The notes are an integral part of this consolidated statement of changes in equity.

CONSOLIDATED STATEMENT OF CASH FLOWS
 Financial years ended 31 December 2016 and 31 December 2015

	2016	2015
OPERATING ACTIVITIES		
Received from customers	744,892,200	778,880,392
Payments to suppliers	-463,714,380	-494,594,381
Payments to staff	-146,066,156	-149,738,100
Operating cash flow	135,111,664	134,547,911
Income tax paid/received	-4,340,513	-5,844,338
Other operating payments/receipts	-8,366,488	-9,790,804
Cash flow generated before extraordinary items	122,404,663	118,912,769
CASH FLOW FROM OPERATING ACTIVITIES (1)	122,404,663	118,912,769
INVESTING ACTIVITIES		
Received from:		
Financial investments	3,022,657	4,646,925
Tangible fixed assets	24,086,728	0
Investment grants	1,291,010	2,670,974
Interest and similar income	615,484	1,212,463
Loans granted	813,922	1,573,949
Dividends	5,152,090	3,990,699
	34,981,891	14,095,010
Payments concerning:		
Financial investments	-416,000	-429,789
Tangible fixed assets	-56,766,543	-91,692,822
Loans granted	-12,140,686	-9,811,850
	-69,323,229	-101,934,460
CASH FLOW FROM INVESTING ACTIVITIES (2)	-34,341,338	-87,839,450
FINANCING ACTIVITIES		
Received from:		
Loans obtained	757,896,283	950,700,826
Supplementary payments from non-controlling interests	0	1,020,213
	757,896,283	951,721,039
Payments concerning:		
Loans obtained	-791,185,080	-928,408,918
Depreciations of finance lease contracts	-5,192,579	-5,167,544
Interest and similar costs	-46,494,460	-49,470,874
Dividends		-120,303
	-842,872,120	-983,167,638
CASH FLOW FROM FINANCING ACTIVITIES (3)	-84,975,837	-31,446,599
Changes in cash and cash equivalents (1) + (2) + (3)	3,087,488	-373,281
Cash and cash equivalents at the beginning of the period	39,540,502	39,418,600
Effects of changes in the scope of consolidation	-158,718	-495,183
Cash and cash equivalents at the end of the period	42,786,708	39,540,502

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
 Financial years ended 31 December 2016 and 31 December 2015

1. Acquisition or disposal of companies	Price	Receipt. / Paym.
a1) Disposals in the current financial year		
EDP	2,914,556	2,914,556
PHAROL	108,101	108,101
	3,022,657	3,022,657
2. Breakdown of cash and cash equivalents:	2016	2015
For the companies included in the scope of consolidation in 2015		
a) Cash		
- Cash	400,549	152,340
- Bank deposits	44,461,409	43,129,349
- Bank overdrafts	-4,113,091	-4,612,825
b) Cash equivalents		
c) Other cash and cash equivalents		
- Tradable securities	2,037,841	871,639
Cash and cash equivalents at the end of the period	42,786,708	39,540,502
- Bank overdrafts	4,113,091	4,612,825
From changes to the scope of consolidation during the year		
a) Cash		
- Bank deposits	-158,718	-495,183
Cash and cash equivalents in the balance sheet*	46,741,081	43,658,144

* includes tradable financial assets

Notes to the consolidated financial statements

On 31 December 2016 (amounts in euros)

1. Introductory note

Visabeira Group started its activity in 1980, in the telecommunications and electricity sectors. Headquartered in Viseu, the Group is a result of the combined commitment to human resources, an integrated information and logistics system, its own transport network and strategically located facilities, which rapidly extended its operations throughout Portugal and became the largest employer in the central region.

Its contribution to the modernisation and development of telecommunications by offering integrated and global solutions earned it the market leadership in the field of telecommunications network engineering, a position it has held for over 35 years.

Focusing on the diversification of its activities - Telecommunications, Construction, Industry, Real Estate, Tourism and Services, as well as maintaining a presence in several markets, the Group has adopted a strategy of structuring its operations in sectoral sub-holdings, in order to enhance each of its business lines and streamline the Group's ability to perform.

The engine of its development strategy relies on a management model based on global information systems, which connects all the business units and integrates all the Group's resources.

Based on the trust earned in the market, it has outlined and consolidated a bold internationalisation strategy that strengthened the Group's capabilities and dynamics into two parallel fronts.

On the one hand, it has expanded and strengthened its operating model into new countries as a natural extension of the markets and into emerging economies, through a policy of investment in partnerships or creation of local companies. Initially focusing on Portuguese-speaking countries, the Group has been exporting its model since the 1980s.

As a result of this strategy, it now has solid companies in Mozambique, Angola, France, Belgium, Germany, Brazil, Denmark, and is present in many other countries.

Through the internationalisation of its markets, the Group has promoted the placement of its products in more than sixty countries, on five continents, of which the most important are the EU markets, Scandinavian countries, North America, Africa, Australia and Japan.

Currently, through its investment policy, Visabeira Group continues to consider external growth to be the key pathway for development, leveraged by its multi-sectoral structure and by an attitude of constant technological updating.

Visabeira Group will continue to enhance its distinctive skills and entrepreneurial dynamism, to operate in increasingly global scenarios in an integrated way, to sustainably expand its markets, always envisaging leadership in its business strategies.

On 31 December 2016, its turnover amounted to

601,256,868 euros. Its equity amounted to 332,093,602 euros, of which 44,176,368 euros correspond to non-controlling interests.

In 2016, Visabeira Group employed an average of 9,754 employees (9,743 in 2015).

The financial statements were approved for issue by the meeting of the Board of Directors, held on 1 March 2017, pending approval by the General Meeting of Shareholders, pursuant to current Portuguese corporate law.

The Board of Directors believes that the financial statements will be approved without any changes.

2. Accounting policies

The most relevant accounting policies used in the calculation of profit or loss for the period and the presentation of the financial position are as follows:

2.1 BASES OF PRESENTATION

Pursuant to Decree No. 35/2005, dated 17 February, as subsequently amended by Decree-Law No. 98/2015 of 2 July, which transposed into Portuguese legislation the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, these consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC), adopted by the EU, effective as of 1 January 2016. In preparing the consolidated financial statements in accordance with IFRS, the Board of Directors of Grupo Visabeira SGPS uses estimates and assumptions that affect the application of policies and the amounts of assets and liabilities. Actual results may differ from these estimates. The estimates and judgements used in preparing the financial statements are presented in Note 3. The consolidated financial statements were prepared based on the accounting books and records of the companies included in the scope of consolidation (Notes 5 and 6), kept in accordance with accounting principles generally accepted in the respective jurisdictions and in Portugal, and adjusted in the consolidation process and when applicable, so that the consolidated financial statements are presented in accordance with IAS/IFRS.

The consolidated financial statements have been prepared on the assumption of continuity of operations, based on historical cost, except in the case of investment property, derivatives, held-for-trading and available-for-sale investments, which have been measured at fair value.

The consolidated financial statements include comparative

information related to previous financial years and it is important to highlight the restatement of the comparative figures, in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

Unless stated otherwise, the amounts are expressed in euros (EUR).

2.2 BASES OF CONSOLIDATION

The consolidated financial statements include, in reference to 31 December 2016, assets, liabilities, profit and loss of the companies in the Group, understood as the entirety of Visabeira Group and its subsidiaries, which are presented in Notes 5 and 6.

An entity is classified as a subsidiary when it is controlled by the Group. Control exists only where the Group has, cumulatively:

- (a) power over the investee;
- (b) exposure to or rights over variable results derived from its relationship with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the results for investors.

Generally, it is assumed that there is control when the Group holds the majority of voting rights. In order to support this assumption and in cases where the Group does not hold the majority of voting rights in the investee, all relevant facts and circumstances are taken into account when determining the existence of power and control, such as:

- (a) Any contractual agreements with other holders of voting rights;
- (b) Any rights arising from other contractual agreements;
- (c) Existing and potential voting rights.

The existence of control by the Group is re-evaluated whenever there is a change in any facts and circumstances that lead to changes in one of the three factors of control mentioned above.

Subsidiaries are included in the consolidation according to the full consolidation method, from the date when control is acquired until the date it effectively ends.

Intergroup balances and transactions, as well as any unrealised gains on transactions between companies in the Group, are eliminated. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset.

The accounting policies of subsidiaries are changed whenever necessary to ensure consistency with the policies adopted by the Group.

A change in the participating interest in a subsidiary that does not entail loss of control is recorded as a transaction between shareholders. If the Group loses control over the subsidiary, the corresponding assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognised and any gains or losses are recognised in the income statement. Investments retained are recognised at fair value at the time of the loss of control. In situations where the Group has substantial control of entities created for a specific purpose, even if it has no direct shareholdings in these entities, they shall be consolidated using the full consolidation method.

Net assets of subsidiaries consolidated through the full consolidation method attributable to the equity stake or shares held by any third parties are recorded in the consolidated statement of financial position, in the line item

Non-Controlling Interests.

Interests held by any third parties over the net income of subsidiaries are identified and adjusted by deduction from the equity attributable to the Group shareholders and recorded in the consolidated income statement, in the line item Non-Controlling Interests.

During 2016, the most significant change in the scope of consolidation (see note 8) was the exit of Fibroglobal.

2.3 BUSINESS COMBINATIONS AND GOODWILL

The acquisition method is the method used to recognise the entry of subsidiaries in the Group upon their acquisition.

Acquisitions made after 2010:

In the acquisition method, the difference between: (i) the consideration transferred along with the non-controlling interests and the fair value of the equity interests previously held, and (ii) the net amount of identifiable assets acquired and liabilities assumed, is recognised, on the date of acquisition, as goodwill, if positive, or as a gain, if negative.

The consideration transferred is measured at fair value, calculated as the aggregate amount of fair values, on the date of acquisition, of assets transferred, liabilities incurred and equity instruments issued by the Group. For the purpose of determining goodwill/gains resulting from the combination, the transferred consideration is removed from any part of the consideration that concerns another transaction (e.g. remuneration for the provision of future services or settlement of pre-existing relationships) whose margin is recognised separately in profit or loss.

The transferred consideration includes the fair value, on the date of acquisition, of any contingent consideration. Subsequent changes in this value are recognised: (i) as equity if the contingent consideration is classified as equity, (ii) as an expense or income in profit or loss or as other comprehensive income if the contingent consideration is classified as a financial asset or liability under IAS 39 and (iii) as expenses, pursuant to IAS 37 or other applicable standards, in remaining cases.

Expenses related to the acquisition are not part of the transferred consideration, so they do not affect the determination of goodwill/gains resulting from the acquisition and are recognised as expenses in the year they occur.

On the date of acquisition, the classification and designation of all assets acquired and liabilities transferred are reassessed in accordance with IFRS, with the exception of lease and insurance contracts, which are classified and designated based on the contractual terms and conditions, on the commencement date.

Assets arising from contractual indemnities paid by the seller concerning the outcome of contingencies related, in whole or in part, to a specific liability of the combined entity, shall be recognised and measured using the same principles and assumptions of the related liabilities.

The determination of the fair value of assets acquired and liabilities assumed takes into account the fair value of contingent liabilities arising from a present obligation caused by a past event (if the fair value can be reliably measured), regardless of whether an outflow is expected or not.

For each acquisition, the Group can choose to measure "non-controlling interests" at their fair value or by their

respective share in the assets and liabilities transferred from the acquiree. The choice of a method influences the determination of the amount of goodwill to be recognised. When the business combination is achieved in stages, the fair value on the date of acquisition of the interests held is remeasured to the fair value on the date when control is obtained, by contra entry of the income for the period in which control is achieved, affecting the determination of goodwill.

Whenever a combination is not completed on the reporting date, the provisional amounts recognised on the date of acquisition shall be adjusted retrospectively, for a maximum period of one year from the date of acquisition and any additional assets and liabilities shall be recognised if new information is obtained on facts and circumstances existing on the date of acquisition which would result in the recognition of such assets and liabilities, should it have been known on that date.

Goodwill is considered to have an indefinite useful life and thus is not amortisable, being subject to annual impairment tests, regardless of whether or not there is any indication of impairment.

For the purpose of impairment testing, goodwill is allocated, on the date of acquisition, to each of the cash-generating units expected to benefit from the business combination, regardless of the remaining assets and liabilities also associated with the cash-generating unit. When the operation, or part of it, associated with a cash-generating unit is disposed of, the allocated goodwill is also derecognised and included in the balance of gains/losses of the disposal, calculated as the base for its relative value. Goodwill related to investments in companies based abroad, acquired after 1 January 2005, is recorded in those companies' reporting currency and translated into Euro at the exchange rate in force on the balance sheet date..

Acquisitions made before 2010:

Compared to the treatment described above, applicable as of 1 January 2010, the main differences are the following:

- The cost of an acquisition would include costs directly attributable to such acquisition, affecting the determination of goodwill;

The acquiree's "non-controlling interests" (formerly designated "minority interests") were measured only by the acquiree's share in the identifiable net assets, but would not influence the determination of goodwill/gains resulting from the combination;

- When the business combination was achieved in stages, the fair value on the previous date of acquisition of the interests held was not remeasured on the date when control was obtained; therefore, the goodwill amount previously recognised remained unchanged;
- Any contingent acquisition value was only recognised if the Group had a present obligation, the outflow was probable and the estimate was reliably determinable; subsequent changes in this value were recognised as contra entry of goodwill;

2.4 FINANCIAL HOLDINGS IN ASSOCIATES AND JOINT VENTURES

Associates are companies over which Visabeira Group exercises significant influence, understood as the power to participate in the financial and operating policy-making

process, without, however, exercising control or joint control. Generally, it is assumed that there is a significant influence whenever the holding percentage exceeds 20%. The classification of financial investments in joint ventures is determined based on the existence of shareholders' agreements that demonstrate and regulate joint control, which is understood to exist when decisions on activities relevant to the venture require a unanimous agreement between the parties.

The Group owns no interest in joint ventures, as defined in IFRS 11.20.

The existence of significant influence or joint control is determined based on the same type of facts and circumstances applicable in the assessment of control over subsidiaries.

These holdings are consolidated by the equity method; i.e., the consolidated financial statements include the Group's interest in the total recognised gains and losses of the associate/joint venture, from the date on which significant influence/control begins until the date on which it effectively ends.

Dividends received from these companies are recorded as a reduction in the value of financial investments.

The Group's share of gains and losses in associates/joint ventures is recognised in the income statement, and its share of operations in Post-acquisition Reserves are recognised in Reserves. The cumulative post-acquisition operations are adjusted according to the cumulative operations in the financial investment. When the Group's share of losses in an associate/joint venture equals or exceeds its investment in that entity, including any unsecured receipt transaction, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate/joint venture.

Any excess of the cost of acquisition of a financial investment over the Group's share in the fair value of the assets, liabilities and contingent liabilities identified on the date of acquisition of the associate/joint venture is recognised as goodwill, which is included in the value of the financial holding and whose recovery is assessed annually as part of the financial investment. If the cost of acquisition is lower than the fair value of the net amount of the assets of the associate/joint venture, the difference is recorded directly in the consolidated income statement.

Unrealised gains from transactions between the Group and its associates/joint ventures are eliminated to the extent of the Group's share in the respective associates/joint ventures. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset.

The accounting policies of associates/joint ventures are changed whenever necessary to ensure consistency with the policies adopted by the Group.

Following the application of the equity method, the Group assesses the existence of impairment indicators; should they exist, the Group calculates the recoverable amount of the investment and recognises an impairment loss if the recoverable amount is lower than the carrying amount of the investment, in the line item "Gains/losses in associates and joint ventures" of the income statement.

After the loss of significant influence or joint control, the Group initially recognises the retained investment at fair value, and the difference between the carrying value and the fair value held plus the revenue from the sale, are recognised in the income statement.

2.5 RECOGNITION OF REVENUE

a) Sales and services rendered Income derived from sales is recognised in the income statement when risks and advantages inherent to the possession of the assets sold are transferred to the purchasing party. Income from services rendered are recognised in the income statement at the time they are rendered, taking into account the ratio between services rendered in the financial year and the total services contracted.

The costs of construction contracts are recognised when incurred. When revenue arising from the contract cannot be reliably measured, income is recognised to the extent of costs recovered. When revenue arising from the contract can be reliably measured and the contract is likely to be profitable, revenues are recognised throughout the period of construction. If the contract is not profitable, the expected loss is immediately recognised as an expense in the financial year.

The percentage of completion method is used to recognise revenue in each period. The percentage of completion is measured taking into account the weight of costs incurred in the total estimated costs. Costs incurred in the financial year, which are associated with the future activities of the contract, are excluded from the calculation of the percentage of completion and are classified as inventories, deferred costs or other.

Key money is recognised at the time of conclusion of the contract of reservation of ownership and subsequent receipt.

The Group presents as assets any amounts to be recovered from customers for contracts in progress whose costs incurred, plus recognised income (and subtracted from recognised losses), exceed the amounts billed. Unpaid invoices are presented in the line item customers. Income from sales and services rendered are not recognised if there are doubts as to the collectability of the proceeds from the sale or services rendered.

Income earned through rents are recorded in accordance with the straight-line method during the rental period and are presented as "services rendered," due to their operational nature. Key money is recognised at the time of conclusion of the contract of reservation of ownership and subsequent receipt.

b) Grants

State grants are only recognised when received or upon sufficient certainty that the Group can comply with the conditions required for their granting.

Investment grants are included in line item Other non-current liabilities, and the associated income is recognised on a straight-line basis over the estimated useful lives of the respective assets.

c) Net financial results

Net financial results essentially comprise interest from loans obtained, net of interest from financial investments and exchange rate gains and losses.

Financial costs and income are recognised in profit or loss on an accrual basis during the period to which they relate. Gains/(losses) from listed shares are broken down in the income statement, comprising dividends received and financial costs directly associated with funds received for the acquisitions of the listed shares.

d) Dividends

This income is recognised upon the establishment of the shareholder's right to receive it.

e) Own work capitalised

Internal expenses (e.g., labour, materials, transport) incurred in the production of tangible assets and inventories are capitalised only when the following conditions are met: (i) the assets are identifiable and reliably measurable; (ii) it is highly likely that they will generate future economic benefits.

No internally generated margins are recognised.

f) Accrual basis

In general, income and expenses are recorded on an accrual basis, whereby they are recognised as they are generated, regardless of the moment in which they are received or paid. The differences between the amounts received and paid, and the corresponding income and expenses, are recorded in the consolidated statement of financial position in line items "Other current assets" and "Other current liabilities," respectively.

2.6 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

All purchases and sales of these instruments are recognised on the date of the negotiation or when the respective contracts to buy or sell are signed, regardless of the date of the settlement.

2.6.1 Financial assets

Assets are initially recorded at their acquisition cost, which is the fair value of the price paid, including transaction costs, except for assets measured at fair value through profit or loss, in which transaction costs are immediately recognised in profit or loss.

These assets are not recognised when: (i) the contractual rights of the Group regarding the receipt of cash flows have expired, or (ii) the Group has substantially transferred the control over the assets or all the risks and benefits associated with its ownership.

Financial assets are classified as follows, depending on the intention of the Board of Directors at the time of their acquisition:

- Loans and accounts receivable;
- Held-to-maturity investments;
- Investments measured at fair value through profit or loss (held-for-trading);
- Available-for-sale financial assets.

a) Loans and accounts receivable

These consist of non-derivative financial assets with fixed or determinable payments for which there is no active market. Loans and accounts receivable are initially recorded at fair value and, subsequently, at amortised cost, based on the effective interest rate (where the effect of time is significant, in which case the financial effect is recognised as a financial gain), net of any impairment losses. Impairment losses are recorded based on the estimation and assessment of losses associated with doubtful debt loans, on the date of the balance sheet, so that they reflect their net realisable value, and are presented in the line item "Provisions and impairment losses," in the case of accounts receivable, and in the line item "Other financial expenses, net," in the case of loans. When the amounts receivable from customers or other debtors are past due and its terms are subject to renegotiation, they shall not be considered overdue and shall be treated as new loans.

b) Held-to-maturity investments

Held-to-maturity investments are classified as non-current investments, unless their maturity is within 12 months from the balance sheet date. Investments with a defined maturity date for which the Group has the intention and ability to hold them until such date are recorded in this item. Held-to-maturity investments are non-derivative financial assets and are recorded at their amortised cost, net of any impairment losses.

c) Investments measured at fair value through profit or loss

This category includes held-for-trading financial assets and assets recorded at fair value through profit or loss at the moment of their initial recognition; they are presented as current assets.

A financial asset is classified as held-for-trading if it is:

- Acquired or incurred chiefly for the purpose of selling or repurchasing it within a very short time;
- Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of an effective recent pattern of short-term profit-taking;
- A derivative (except for a derivative that is a designated and effective hedging instrument).

Gains and losses resulting from a change in the fair value of investments measured at fair value through profit or loss are recorded in the income statement for the period (financial results).

d) Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets, which the Group intends to hold indefinitely, that are classified as such at the time of acquisition or that do not fall within the remaining categories of financial assets. They are presented as non-current assets, unless they are intended to be disposed of within 12 months of the balance sheet date. After their initial recognition, available-for-sale investments are remeasured at their fair value by reference to their market value on the balance sheet date, without any deduction related to transaction costs that may be incurred upon their sale. Investments in respect of which the Group does not have a significant influence over their operations, which are not listed and whose fair value cannot be reliably estimated, are kept at their acquisition cost net of any impairment losses and are presented in the statement of financial position as "Other financial investments." Gains or losses from changes in the fair value of available-for-sale investments are recorded as equity in the line item reserves, until the investment is sold, collected or otherwise disposed of or until the fair value of the investment falls below the acquisition cost, corresponding to an impairment loss, at which time the accumulated gain or loss is recorded in the income statement. This decision requires judgement. To make this judgment, Visabeira Group assesses, among other factors, the changes in share prices and the time/duration for which the market value of the shares is lower than the acquisition cost.

2.6.2 Financial liabilities

Financial liabilities are classified according to the substance of their contractual arrangement, regardless of the legal form, and are classified as follows:

- Financial liabilities measured at fair value through profit or loss;
- Bank loans;
- Accounts payable.

Financial liabilities are initially recognised at fair value and, in the case of bank loans and accounts payable, net of any costs directly incurred in the transaction.

Financial liabilities are derecognised when the obligation specified in the contract is satisfied, or when it is cancelled or expired. When a financial liability is replaced with another of the same borrower with substantially different terms or the terms of an existing obligation are substantially modified, the exchange or modification shall be accounted for as extinction of the original financial liability and recognition of a new financial liability. The difference generated in the exchange or modification is recognised in the financial results of the financial year in which it occurs.

a) Financial liabilities measured at fair value through profit or loss

This category includes held-for-trading financial liabilities and derivatives that do not qualify as hedge accounting instruments and are initially classified as such.

Gains and losses resulting from a change in the fair value of financial liabilities measured at fair value through profit or loss are recorded in the income statement for the period.

b) Bank loans

Loans are initially recognised at their fair value, net of transaction costs incurred, and are subsequently measured at their amortised cost. Any differences between the face value (net of transaction costs incurred) and the nominal value is recognised in profit or loss during the term of the loans, according to the effective interest method.

Loans obtained are classified as current and non-current liabilities (in the latter case when their maturity exceeds 12 months after the balance sheet date).

c) Accounts payable

Outstanding balances to suppliers and other accounts payable are initially recorded at their nominal value, which is understood to be their fair value and subsequently at their amortised cost, in accordance with the effective interest method (whenever the effect of time is significant)

2.6.3 Equity instruments

Equity instruments are classified according to the substance of their contractual arrangement, regardless of its legal form. Equity instruments issued by companies in the Group are recorded at the value of proceeds received, net of any costs related to their issuance.

Own shares are recorded at their acquisition value as a deduction from equity. Gains or losses incurred in the disposal of own shares are recorded in the line item "Other reserves" and are not considered in the results for the period in which they occur.

2.6.4 Derivatives and hedge accounting

On 31 December 2016, a series of derivative financial instruments was contracted, primarily aiming at minimising the risk of exposure to changes in interest rates.

Such financial instruments were contracted after a careful analysis of the risks and benefits inherent to this type of operation and a survey of several institutions involved in the market. These operations are subject to prior approval by the Executive Committee and involve the continuous monitoring of the evolution of financial markets and positions held by the Group. The market value (fair value) of these instruments is determined at regular intervals throughout the year, in order to enable a continuous assessment of these instruments and their financial implications.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured at fair value on the balance sheet date.

The classification of a derivative as a hedging instrument complies with the provisions of IAS 39. A hedging relationship exists when:

- there is formal documentation of such relationship on the contract date;
- there is an expectation that the hedging will be highly effective;
- the effectiveness of the hedging can be reliably measured;
- the hedging is continually assessed and proves highly effective throughout the financial reporting period;
- concerning a planned transaction, it must be highly probable.

Changes in the fair value of derivative instruments classified as fair value hedges are recognised as financial result for the period.

Changes in the fair value of derivative instruments designated as cash flow hedges are recognised as equity, in its effective component, and as financial results in its non-effective component. Amounts recognised in equity are transferred to profit or loss when the hedged item also has effects on income.

When derivative financial instruments, although contracted for the purpose of hedging, according to the Group's risk management policies, do not comply with every requirement stipulated in IAS 39 to qualify for hedge accounting, they are classified as held-for-trading derivatives and the respective changes in fair value are recorded as results for the period.

When there are derivatives embedded in other financial instruments or other contracts, these are treated as separate derivatives in situations where the risks and characteristics are not closely related to contracts, and in situations where the contracts are not presented at fair value, with unrealised gains or losses being recorded in the income statement.

2.6.5 Cash and cash equivalents

The line item "Cash and cash equivalents" includes cash, demand deposits and treasury investments with short maturities and quickly mobilisable, without significant risk of changes in value.

For the purposes of the cash flow statement, the line item "Cash and cash equivalents" also includes bank overdrafts included in the balance sheet in the line item "Bank loans," and the held-for-trading financial assets.

2.6.6 Borrowing costs

The Group capitalises borrowing costs (interest and other costs incurred due to requests for loan funds) that are directly attributable to the acquisition, construction or production of an asset that qualifies as part of the cost of such asset, i.e. an asset that necessarily takes a substantial period of time to be ready for its intended use or its sale. All other borrowing costs shall be accounted for as an expense in the period in which they are incurred.

2.7 TANGIBLE ASSETS

Tangible fixed assets are recorded at their acquisition cost, net of any accumulated depreciations and impairment losses. Subsequent costs are included in the carrying amount of the asset or recognised as separate assets, when future economic benefits are likely to flow to the company, surpassing the originally assessed performance standard of

the existing asset, and the cost of the asset for the company can be reliably measured. All other subsequent expenditure is recognised as expenses in the period they are incurred. Financial charges related to the financing of the production/acquisition of assets that require a substantial period of time to be ready for use are added to the cost of those assets.

DEPRECIATIONS

Plots of land are not depreciated, except those used for mining activities. The depreciation of the remaining assets is calculated by applying the straight-line method, on a duodecimal basis, to the acquisition amount. The annual rates applied satisfactorily reflect the economic useful life of assets.

Residual values and useful lives of assets are reviewed and adjusted, if appropriate, on each balance sheet date. On average, depreciation rates applied correspond to the following estimated useful lives:

	2016	2015
Land and natural resources	2.50%	2.50%
Buildings	2% - 5%	2% - 5%
Other constructions	2% - 10%	2% - 10%
Basic equipment	6.67% - 33.33%	6.67% - 33.33%
Transportation equipment	16.66% - 25.00%	16.66% - 25.00%
Tools and utensils	4.00% - 25.00%	4.00% - 25.00%
Administrative equipment	4.00% - 10.00%	4.00% - 10.00%

2.8 INVESTMENT PROPERTIES

Investment properties include plots of land and buildings held to earn rental income or for capital appreciation, or both, and that are not used in the course of normal business.

Investment properties are initially measured at their acquisition cost, including transaction costs. After their initial recognition, investment properties are measured at their fair value, determined in reference to the balance sheet date, reflecting current market conditions. Fair value is determined by independent and duly accredited entities, following internationally recommended methodologies.

Investment properties also include the collection of porcelain pieces associated with the production of the Fábrica de Porcelana da Vista Alegre, which have been collected and classified since the foundation of this subsidiary. This collection, unparalleled in the country, reflects not only the nearly two centuries of the company, but also, and especially, the history of porcelain in Portugal and in the world. In addition to the pieces on display at the Vista Alegre Museum (around 2,000), the Group owns a reserve comprising a considerable number of objects, including porcelain and glass, but also other collections associated with the history of the company, which cover several areas, such as decorative arts, technology and techniques, social and local history and religious history. The collection has been formed through direct transfers from the factory, purchases and donations, spanning a wide

chronological period, which runs from the seventeenth to the twentieth century.

Taking into account IAS 8, paragraph 10, which provides that "in the absence of an IFRS that specifically applies to a transaction, other event or condition, the Board of Directors shall use its judgement in developing and applying an accounting policy that results in information that is: relevant to the economic decision-making by users; and reliable, so that the financial statements: i) faithfully represent the entity's financial position, financial performance and cash flows, ii) reflect the economic substance, and not merely the legal form, of transactions and other events and conditions, iii) are neutral, i.e., free from any bias, iv) are prudent, and v) are complete in all material aspects."

The Board of Directors believes that an accounting treatment equivalent to that of investment properties is the most appropriate for the collection of pieces, which is also measured at fair value (see note 23). Gains or losses arising from changes in the fair value of investment properties are recorded in the income statement in the year in which they are generated.

Investment properties are derecognised when they are disposed of or when they are decommissioned with no expectations of future economic benefits resulting from their decommissioning. Any gains or losses arising from the derecognition of investment properties are recognised in the income statement of that year.

Costs incurred with investment properties in use, such as

maintenance, repairs, insurance and property taxes, are recognised in the consolidated income statement for the period to which they relate.

The transfer to, or from, investment property shall be made when, and only when, there is a change in its use. In the transfer of an investment property carried at fair value to an owner-occupied property, the cost considered for subsequent accounting shall be its fair value on the date of the change in use. If an owner-occupied property becomes an investment property carried at fair value, the Group must use the same accounting principles applied to tangible fixed assets until the date of the change in use. If an asset initially recognised in inventories is subsequently considered as an investment property after its change in use has been determined, any difference between the fair value of the property on that date and its previous carrying value is recognised in profit or loss for that financial year. If the Group begins the development or construction of a building with the intention of selling it, it must be transferred to inventories. If this property is measured at fair value, this transfer must be measured at fair value on the date of the transfer and that shall be the cost considered for the recognition of the property in inventories.

2.9 LEASES

The classification of whether an agreement is (or contains) a lease is based on the substance and not the form of the agreement on the commencement date, which is the earliest between the date of the agreement and the date of the commitment by the parties with respect to its main terms. The agreement is (or contains) a lease if its fulfilment is contingent on the use of a specific asset or assets and the arrangement conveys a right to use such asset, even if this is not explicitly stated in the agreement.

The lease by reference to the commencement date of the agreement is classified as finance or operating. Lease contracts for which the Group substantially assumes all the risks and rewards inherent to their ownership are classified as finance leases.

Finance lease contracts are recorded on the contract commencement date as assets and liabilities at either the fair value of the leased property or the present value of future lease payments, whichever is lower. Rents are calculated as their financial cost plus the financial repayment of the capital, in order to determine a constant interest rate on the remaining liability. Financial costs are recognised as financial expenses in the income statement. In the case of operating leases, rents owed are recognised as an expense in the income statement on a straight-line basis over the lease period.

2.10 INTANGIBLE ASSETS

All intangible assets are recorded at their acquisition cost, net of accumulated amortisations and impairment losses. Amortisations are calculated on the acquisition value, by the straight-line method on a duodecimal basis for its useful life (generally three years).

Costs related to internally generated intangible assets and own brands are recorded in profit or loss for the period as they are incurred.

Costs of research carried out in the quest for new technical or scientific knowledge or in the quest for alternative solutions are recognised in profit or loss when incurred. Development costs are capitalised when the technical feasibility of the product or process under development can be proven, and when the Group has the intention and ability to complete its development and begin its marketing or use.

2.11 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

Assets that have an indefinite useful life are not subject to amortisation or depreciation, but are subject to annual impairment tests. Impairment tests are also performed for assets that, having a finite useful life, are subject to amortisation or depreciation, whenever circumstances change and their carrying amount may not be recoverable. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price (fair value, net of selling costs) and its value-in-use, which results from future cash flows updated based on pre-tax discount rates that reflect the present value of the capital and the risk specific to the asset(s) concerned.

To determine the recoverable amount, the assets are analysed individually or grouped at the lowest level for which they are identified separately as cash-flow generating units. A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Whenever the carrying amount of the asset is higher than its recoverable amount, an impairment loss is recognised in the income statement for the period to which it relates. If this loss is subsequently reversed, the carrying amount of the asset is increased accordingly, but it can never be higher than the amount that would be recognised if the impairment loss had not been recorded. The impairment reversal is also recognised in the income statement for the period to which it relates.

2.12 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

This category includes assets or groups of assets whose value is realisable through a sale transaction or, jointly as a group in a single transaction, and any liabilities directly associated with these assets that are transferred in the same transaction. Assets and liabilities in this situation are measured at either the respective carrying value or the fair value, whichever is lower, net of selling costs.

For this situation to take place, the sale needs to be highly probable (expected to be realised within 12 months) and the asset has to be available for immediate sale in its present condition, in addition to the Group's commitment in effecting the sale. The amortisation or depreciation of assets under these conditions ceases from the moment in which they are classified as held for sale and are recognised as current in the asset, liability or equity line items.

A discontinued operation is a component (operational units and cash flows that can be clearly distinguished, in terms of operation and for purposes of financial reporting, from the rest of the entity) of an entity that has been sold or is classified as held for sale, and:

- a) represents a major line of business or separate geographical area of operations;
 - b) is an integral part of a single coordinated plan to dispose of a major line of business or separate geographical area of operations; or
 - c) is a subsidiary acquired exclusively with a view to resale.
- The results of the discontinued operations are presented as a single amount in the income statement, which includes profit or loss after tax of the discontinued operations, plus the gains or losses after tax recognised in the measurement at fair value minus costs of sale or disposal of assets or group(s) for disposal comprised in the discontinued operation. Balances and transactions between continuing operations and discontinued operations are eliminated to the extent that they represent the operations that will no longer be carried out by the Group.

During 2016, the discontinuation of operations led, in accordance with IFRS 5, paragraph 34, to the figures presented in the financial statements for the previous period to be restated so that disclosures related to the operations discontinued in the current financial year are comparable. On 31 December 2015 and 2016, there were assets held for sale.

2.13 INVENTORIES

Inventories are valued at either their cost or their net realisable value, whichever is lower. The net realisable value is the selling price, net of the costs estimated for completing production of the asset and corresponding selling costs. Raw materials and consumables - Include lands for future real estate projects which are valued at purchase price plus the cost of purchase, which is lower than its market price. The remaining raw materials and consumables are valued at purchase price plus the cost of purchase, including storage. Finished goods and work in progress - when corresponding to fractions of buildings for sale in completed developments and products in progress, these are valued at production cost, which is lower than their market value. Production cost includes the cost of raw materials used, direct and indirect labour, subcontracts, other fixed and variable costs and finance charges. The finance charges considered correspond

to the actual borrowing costs incurred on financing agreements that explicitly refer to the development, to the extent it is reasonable in terms of the application.

Other finished goods and work in progress are valued at production cost, which includes all direct costs and manufacturing overheads.

Goods are valued at their average purchase price, including shipping and storage costs.

2.14 PROVISIONS

Provisions are recorded in the balance sheet whenever the Group has a present (legal or implicit) obligation resulting from a past event and whenever a decrease in resources, which can be reasonably estimated, incorporating economic benefits is likely to be required in order to settle the obligation.

- Restructuring: A provision for restructuring is recognised after formal approval of a restructuring operation and it has been initiated or made public. Operating expenses shall not be included in the value of such provision.
- Onerous contracts: A provision for onerous contracts is recognised when the benefits expected from the fulfilment of the contract are lower than the costs arising from the obligations arising from it.

Provisions for the costs involved in the dismantling, removing of goods and restoration of the site are recognised when the goods are first used and if the respective obligation can be reliably estimated. The amount of the provision recognised is the present value of the obligation, and the financial update is recorded in profit or loss as a financial cost in the line item "net interest."

A contingent liability recognised in connection with a business combination is initially recognised at fair value. After the initial recognition and until the liability is settled, cancelled or expired, a contingent liability is recognised in a business combination at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised, minus, where appropriate, the cumulative amortisation recognised in accordance with IAS 18 - Revenue. Provisions are reviewed and updated on the balance sheet date, so as to reflect the best estimate of the obligation in question at that time.

2.15 CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities (when not in connection with a business combination) are not recognised in the consolidated financial statements; they are presented in the Notes, unless the possibility of a cash outflow is remote, in which case they are not subject to disclosure.

Contingent assets are not recognised, and are only disclosed when there is a likelihood of a future economic benefit.

2.16 INCOME TAX

Income tax is calculated based on the taxable results of the companies included in the scope of consolidation and includes deferred taxation. Visabeira Group is covered by the special tax scheme for groups of companies, which includes all companies in which the Group directly or indirectly holds at least 75% of the share capital and which are based in Portugal and subject to Corporate Income Tax (IRC).

Since 2014, the subsidiaries of Grupo VAA are included in the scope of consolidation of Visabeira Group.

The remaining subsidiary companies, not covered by the special tax scheme for groups of companies, are taxed individually, based on their respective taxable results and applicable tax rates.

Deferred tax is calculated based on the balance sheet liability method, from temporary differences between the carrying value of the assets and liabilities and the respective tax base.

Deferred tax assets are recognised whenever it is reasonably certain that future profits will be generated against which the reversion of existing deductible temporary differences, tax losses and tax credits can be used. Active deferred taxes are reviewed on a yearly basis and are reduced whenever they are not likely to be used. No deferred tax is calculated on consolidation differences or on temporary differences in the initial recognition of an asset or liability when it does not affect the accounting or tax results. Likewise, no deferred taxes relating to temporary differences associated with investments in associates and interests in joint ventures are recognised because the following conditions are considered to be cumulatively satisfied:

- The Group is able to control the timing of the reversal of the temporary difference; and
- The temporary difference is unlikely to be reversed in the foreseeable future.

The tax base of assets and liabilities shall reflect the tax consequences arising from the way the Group expects, on the reporting date, to recover or settle the carrying amount of assets and liabilities, based on decisions that, from the tax point of view, are substantially implemented on the date of the consolidated income statement.

The amount of tax to be included either in the current or deferred taxes resulting from the transactions or events recognised in reserves is recorded directly in these line items and does not affect profit or loss for the period. Deferred taxes are determined by tax (and legal) rates enacted or substantially enacted on the balance sheet date, which are expected to apply in the period in which the deferred tax asset is realised or the deferred tax liabilities are settled. According to the legislation in force, the income tax rate considered is 21% and, in situations not related to tax losses, a 1.5% surcharge is added to the value of temporary differences that originated deferred tax assets or liabilities.

2.17 EMPLOYEE BENEFITS

2.17.1 Provisions for retirement pensions - defined benefit plan

Some of the companies in the Group have assigned pension schemes to former employees, in the form of a defined benefit plan, which is a pension plan that defines the amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and remuneration. The Group has in place various retirement benefit plans, some managed by the Group and others by Futuro Grupo Montepio.

The liability amount recognised in the balance sheet which concerns defined benefit plans is the present value of the defined benefit obligation on the balance sheet date. The defined benefit obligation is calculated annually by

independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approaching the terms of the related pension liability.

All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in equity and presented in other comprehensive income in the period in which they occur, and are not subsequently reclassified in profit or loss. Net financial costs and income derived from the plan's assets are recognised in profit or loss.

Financial costs are calculated by applying the discount rate to the liability of a defined benefit or asset. The Group recognises the costs of current or past services, the gains and losses in curtailments and/or settlements, as well as the net financial costs in the line item "Staff costs."

Past-service costs are immediately recognised in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, past-service costs are amortised on a straight-line basis over the vesting period.

Gains or losses resulting from the curtailment or settlement of a defined benefit plan are recognised in profit or loss for the period in which the curtailment or settlement takes place. A curtailment occurs when there is a material reduction in the number of employees or the plan is changed so that the defined benefits are reduced, with material effects, causing a reduction in the plan's liability.

2.17.2 Termination of employment

Termination benefits are due when there is termination of employment before the normal retirement date or when an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises these benefits when it can prove to be forced to eliminate current positions, according to a detailed formal plan for termination and there is no realistic alternative or these benefits are granted to encourage voluntary termination. Where termination benefits fall due more than 12 months after the balance sheet date, they shall be discounted to their current value. Termination benefits must be recognised at the moment immediately before: (i) a commitment to their assignment cannot be revoked, and (ii) the provision for restructuring is formed in accordance with IAS 37.

2.17.3 Holiday, holiday pay and bonuses

According to Portuguese labour law, employees are entitled to 22 annual leave days, as well as one month of holiday allowance, vested in the year prior to their payment. These liabilities are recorded when incurred, regardless of when they are paid, and are reflected in the line item "Accounts payable and other."

2.17.4 Labour Compensation Fund (LCF) and Labour Compensation Guarantee Fund (LCGF) - Portugal

With the publication of Law No. 70/2013 and subsequent regulation through Order No. 294-A/2013, the Labour Compensation Fund (LCF) and Labour Compensation Guarantee Fund (LCGF) entered into force on 1 October 2013. In this context, companies that hire a new employee are required to deduct a percentage of their salary for

these two new funds (0.925% for LCF and 0.075% for LCGF), in order to ensure the future partial payment of the corresponding compensation in case of dismissal.

Taking into account the characteristics of each Fund, the following was considered:

- Monthly payments made by the employer to LCGF are recognised as expenses for the period when they occur.
- The monthly payments made by the employer to LCF are recognised as a financial asset of that entity, measured at fair value and with the respective changes recognised in profit or loss.

2.18 MEASUREMENT AT FAIR VALUE

The Group measures some of its financial assets, such as available-for-sale and held-for-trading financial assets, and some of its non-financial assets, such as investment properties, at fair value on the reference date of the financial statements.

The fair value measurement assumes that the asset or liability is exchanged in a transaction between market participants to sell the asset or transfer the liability, on the measurement date, under the current market conditions. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability can take place:

- In the main market of the assets and liabilities; or
- In the absence of a main market, the transaction is assumed to occur in the most advantageous market.

The most advantageous market is that which maximises the amount that would be received upon the sale of the asset or that minimises the amount that would be paid to transfer the liability, after considering transaction and transportation costs.

Because different entities and different businesses within a single entity can have access to different markets, the main or most advantageous market for the asset or liability can vary from one entity to another, or even between businesses within the same entity, but they are assumed to be accessible to the Group.

Fair value measurement relies on assumptions that market participants would use in pricing the asset or liability, assuming that market participants would use the asset to maximise its value and use.

The Group uses valuation techniques that are appropriate

to the circumstances and for which there is sufficient data to measure the fair value, maximising the use of relevant observable data, and minimising the use of non-verifiable inputs.

All assets and liabilities measured at fair value or for which disclosure is mandatory are classified according to a fair value hierarchy, which classifies the data to be used in the fair value measurement into three levels, as detailed below: Level 1 - Quoted market prices, unadjusted, in active markets for identical assets or liabilities, accessible to the entity on the measurement date;

Level 2 - Valuation techniques using inputs that, although not quoted, are directly or indirectly observable for assets and liabilities.

Level 3 - Valuation techniques using inputs not based on observable market data, i.e., based on unobservable data regarding assets and liabilities. Unobservable data must be used to measure at fair value whenever there is no relevant observable data, allowing to provide for situations in which there is little or no market activity with regard to the asset or liability on the measurement date. However, the purpose of fair value measurement remains the same, i.e., an exit price on the measurement date from the perspective of the market participant that holds the asset or owes the liability. Thus, unobservable data must reflect the assumptions that market participants would consider when pricing the asset or liability, including any assumptions on risk.

The fair value measurement is classified entirely at the lowest level (unobservable data) of the fair value hierarchy, corresponding to the input that is the most significant for the measurement as a whole.

2.19 INFORMATION BY SEGMENT

BUSINESS SEGMENT

A business segment is a distinguishable component of the Group, engaged in providing an individual product or service, and subject to different risks and rewards in relation to other business segments. Their internal organisation and management structure, as well as their reporting system, are geared towards the analysis of business performance by activity.

GEOGRAPHICAL SEGMENT

A geographical segment is an individual area of the Group committed to providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other areas operating in other economic environments. The Group has subsidiaries in Angola, Mozambique, France, Spain, Belgium, Brazil, the United Kingdom, Germany, Denmark, Sweden and Russia, so these countries are identified as geographical segments.

2.20 TRANSACTIONS DENOMINATED IN A CURRENCY OTHER THAN EURO

The Group's functional and presentation currency is the euro. Companies based in Angola and Mozambique have different functional currencies, so their financial statements are translated into U.S. dollars applying kwanza and metical cross rates and then from dollars to euro. Monetary assets and liabilities denominated in foreign currencies for which there are no rate-fixing agreements are translated into euro using the exchange rates in effect on the date of the balance sheet. Favourable and unfavourable exchange differences resulting from the comparison between the exchange rates in force on the date of the transactions and those in force on the date of collections, payments or on the date of the balance sheet, are recorded as income or expenses in the income statement, except for exchange differences arising from the translation of loan balances which, in practice, are an extension of financial investments abroad and whose repayment is not expected in a near future, which are recorded in equity until the disposal of the investment, at which time they are transferred to profit or loss for the period.

Non-monetary assets and liabilities denominated in foreign currency and recorded at cost are converted into the functional currency of each subsidiary, using the exchange rate in effect on the date when they were acquired. Non-monetary assets and liabilities denominated in foreign currency and recorded at fair value are converted into the functional currency of each subsidiary, using the exchange rate in effect on the date when the fair value was determined.

The financial statements of subsidiary and associated companies expressed in foreign currency are translated using the following exchange rates:

- The exchange rate in effect on the date of the balance sheet for the translation of assets and liabilities;
- The average exchange rate for the period used to translate the income statement line items;
- The average exchange rate for the period used to translate cash flows (where such exchange rate is close to the actual rate; the remaining cash flows are translated using the exchange rate in effect on the date of the transactions);

Goodwill related to investments in companies based abroad, acquired after 1 January 2005, is recorded in those companies' reporting currency and translated into Euro at the exchange rate in force on the balance sheet date.

Exchange rate differences arising from the translation into euros in the financial statements of subsidiary and associated companies expressed in foreign currencies are included in equity in the line item "Foreign currency translation reserves."

On 31 December 2016 and 2015, assets and liabilities denominated in foreign currencies were translated into euros using the following exchange rates:

Closing exchange rate

	2016	2015	Code	Name
	185.38	147.11	AOA	Angolan Kwanza
	74.54	49.29	MZN	Mozambican Metical
	3.42	4.26	BRL	Brazilian Real

In the financial years 2016 and 2015, the financial statements of subsidiaries expressed in foreign currency were translated using the following exchange rates:

Average exchange rate

	2016	2015	Code	Name
	183.49	133.30	AOA	Angolan Kwanza
	69.79	42.70	MZN	Mozambican Metical
	3.88	3.74	BRL	Brazilian Real

2.21 SUBSEQUENT EVENTS

Any events occurring after the balance sheet date, which provide additional information on the existing conditions on the balance sheet date, shall be reflected

in the consolidated financial statements. Any events after the balance sheet date, which provide information on the conditions occurring after the balance sheet date, are disclosed in the notes to the consolidated financial statements.

3. Judgments and estimates

In preparing the consolidated financial statements in accordance with IFRS, the Board of Directors of Grupo Visabeira SGPS uses estimates and assumptions that affect the application of policies and amounts reported. Estimates and judgements are continually assessed and are based on experience of past events and other factors, including expectations concerning future events considered likely to take place under the circumstances on which the estimates are based or the result of acquired information or experience. The most significant accounting estimates reflected in the consolidated financial statements are as follows:

a) Analysis of goodwill impairment

The Group annually tests goodwill to check for impairment. The recoverable amounts of cash-generating units were determined based on the value-in-use method. The use of this method requires the estimation of future cash flows arising from the operations of each cash-generating unit and the choice of a suitable discount rate.

b) Valuation and useful life of intangible assets

The Group has made assumptions in the estimation of future cash flows arising from the intangible assets acquired as part of company acquisition processes, including the estimated future revenues, discount rates and useful lives of said assets.

c) Recognition of provisions and adjustments The Group is a party in various ongoing legal proceedings for which, based on the opinion of its legal advisers, it makes a judgement to determine whether a provision should be recorded for such contingencies (note 43). Adjustments for accounts receivable are calculated mainly based on the ageing of the accounts receivable, on the risk profile of customers and on their financial situation. Estimates related to adjustments for accounts receivable differ from business to business.

The Group's policy regarding the imposing of ceilings on loans granted, either domestically or internationally, relies on companies specialised in credit risk hedging. Excluding state-run agencies and customers with higher domestic and international credit ratings, it is noted that the average internal risk exposure is 20%. However, a detailed analysis of the changes in annual provisions clearly evidences that there is almost no risk of non-collection. Furthermore, the Group has access to major market databases, which, together with its technical analysis team, allows for a clear assessment and minimised credit risk.

d) Fair value of investment properties

The Group relies on external entities to calculate the fair value of investment properties. Note 23 describes the assumptions used, as well as the respective sensitivity analysis. An appraisal is an estimate of the market value but it is not a guarantee of the value that would be obtained in a transaction. In addition, other appraisers can legitimately calculate a different market value.

Despite showing signs of recovery, market transactions have been rare and market prices have proven unstable, so the method used to determine the fair value of investment properties was discounted cash flows. This valuation is too dependent on the value of future rents and on the long-term occupancy rate.

e) Calculation of the market value of financial instruments

The Group chooses the method of assessment it deems appropriate for financial instruments not listed in an active market based on its best knowledge of the market and of the assets, applying the valuation techniques commonly used in the market and using assumptions based on market rates.

f) Analysis of impairment of available-for-sale financial assets

The Group considers that there is an impairment of available-for-sale financial assets when there is a prolonged or significant devaluation of their fair value. This determination requires judgement. In decision-making, the Group's Executive Committee evaluates, among other variables, the normal volatility in share prices. In the specific case of shares held at NOS Multimédia, EDP and PHAROL, impairment losses have already been recognised.

g) Taxes

Deferred tax assets are recognised for all recoverable losses to the extent to which it is probable that there will be taxable profits against which the losses can be used. Taking into account the context of the crisis and the impact it may have on future results, a judgement is required from the Board of Directors to determine the amount of deferred tax assets that can be recognised, considering:

- The date and amount of probable future taxable income, and
- Future tax optimisation strategies.

h) Post-employment benefits

The assessment of liabilities associated with retirement and health benefits attributed to the Group's employees under defined benefit plans is performed annually using actuarial studies prepared by independent experts, based on actuarial assumptions related to economic and demographic indicators. All the indicators used are specific to the countries where the employee benefits are attributed and include, but are not limited to:

- Discount rates based on the rates of corporate bonds of the respective country with an AAA or AA rating;
- Mortality tables available for the population of the respective country;
- Future increases in salaries and pensions based on future inflation rates expected for the respective country.

Estimates were based on the best information available on the date of preparation of the consolidated financial statements. However, situations may occur in subsequent periods, which, not being foreseeable at the time, were not considered in these estimates. Changes to these estimates, which occur after the date of the consolidated financial statements, are corrected in profit or loss on a prospective basis, in accordance with IAS 8.

i) Companies included in the scope of consolidation

For the purpose of determining the entities included in the scope of consolidation, the Group assesses the extent to which it is exposed, or entitled to, the variability of the returns related to its involvement with the entity in question and its ability to take them over through the power it has over that entity (de facto control).

The Group's decision to consolidate a given entity is based

on the use of judgement, assumptions and estimates to determine the extent to which the Group is exposed to the variability of its returns and its ability to take them over through its power.

Other assumptions and estimates could result in a different scope of consolidation, with a direct impact on the Group's consolidated financial statements.

4. Changes to accounting policies

These separate financial statements were prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC), adopted by the EU and in force for financial years started on 1 January 2016. The most important accounting policies used in preparing these financial statements are described below. These policies were consistently applied during the comparative periods, except where stated otherwise.

Unless stated otherwise, the amounts are expressed in euros (EUR). The financial statements of Visabeira Group were prepared in accordance with the historical cost convention. The financial statements were prepared based on the assumptions of continuity of operations, accrual basis, consistency of the presentation, materiality and aggregation, no compensation and comparative information. During the financial year, there were no voluntary changes in accounting policies in relation to those considered in the preparation of the financial information of the previous financial year presented in the comparative statements. With regard to new standards and interpretations, the following issues, revisions, amendments and improvements were introduced to the standards and interpretations used:

4.1 Revisions, amendments and improvements to the standards and interpretations endorsed by the EU with effects on the accounting policies and disclosures adopted by the Group as of 1 January 2016:

- **IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception**
The amendments to IFRS 10 clarify that an investment entity does not need to prepare consolidated financial statements if and only if its parent is also an investment entity that prepares financial statements in which the subsidiaries are measured at fair value. In addition, it clarifies that only a subsidiary of an investment entity that is not itself an investment entity providing investment support services is consolidated - all other subsidiaries are measured at fair value. The amendments to IAS 28 clarify that an entity that is not an investment entity and which applies the equity method of valuing associates or joint ventures that are investment entities may keep the fair value of these entities in their subsidiaries.
- **IAS 27: Equity Method in Separate Financial Statements**
The purpose of these amendments is allowing the option of using the equity method for measuring subsidiaries and associates in separate accounts. The measurement options provided by IAS 27 for recognising investments

in subsidiaries, joint ventures and associates are now: (i) cost, (ii) in accordance with IFRS 9 (or IAS 39), or (iii) equity method, with the application of the same accounting to each investment category. Subsequently, there was also an amendment to IFRS 1 - First-time Adoption of International Financial Reporting Standards, in order to allow those who adopt IFRS for the first time and use the equity method in the separate financial statements to also be able to benefit from exemptions regarding past business combinations in the initial measurement of the investment.

- **IAS 1: Clarification of Disclosures in Financial Reporting**
The amendments to IFRS include changes in the concepts of Materiality, Information to be presented in the financial statements, Structure of the Notes and Disclosures.
- **IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation**
The amendments clarify that the principle set forth in the standards states that revenues reflect a pattern of generation of economic benefits that arise from the operation of a business (of which an asset is part) rather than the pattern of consumption of expected future economic benefits of an asset. Thus, the proportion of the revenues that are generated in relation to the overall revenues that are expected to be generated cannot be used to depreciate fixed assets and can only be used, in very specific circumstances, to amortise intangible assets.
- **IFRS 11: Accounting for Acquisitions of Interests in Joint Operations**
The amendments set forth that the acquirer of an interest in a joint operation in which the activity constitutes a business is required to apply, for an amount pro rata to its share, all the principles regarding business combinations set forth in IFRS 3 - Business Combinations and other IFRSs that are not in conflict with IFRS 11, and also to proceed with the corresponding disclosures, as required by the standards related to business combinations. These amendments also apply if the entity contributes with a business for creating the joint operation. In the case of an acquisition of an additional interest in a joint operation whose activity constitutes a business, the interest that was previously held should not be remeasured when the operator retains joint control.
- **IAS 16 and IAS 41: Bearer Plants**
Amendments to IAS 16 - Tangible fixed assets and IAS 41 - Agriculture change the scope of IAS 16 to include biological assets that meet the definition of plants that generate agricultural produce (e.g., fruit trees). As a result of these amendments, plants that generate agricultural produce are now subject to all the recognition and measurement requirements of IAS 16, including the choice between the cost model and the revaluation model, and the government grants related to these plants are now accounted for in accordance with IAS 20, and not in accordance with IAS 41. An agricultural production that grows on plants that generate agricultural produce (e.g. fruit that grows on trees) will remain part of IAS 41.

- **Annual improvements in relation to the 2012-2014 cycle**
In terms of annual improvements in relation to the 2012-2014 cycle, IASB has introduced five improvements in four standards, whose summaries are presented below:
- **IFRS 5: Non-current Assets Held for Sale and Discontinued Operations**
This improvement clarifies that the reclassification of non-current assets from held for distribution to held for sale and vice versa does not imply an amendment to the plan and should be considered as a continuation of the asset's original plan; therefore, there is no discontinuation of the requirements set forth in IFRS 5. The interpretation has a prospective application.
- **IFRS 7: Financial Instruments - Disclosures**
Eliminates some disclosure requirements in interim financial statements. Additionally, it clarifies that, when an entity transfers a financial asset, it may retain the right to provide services related to the financial asset in exchange for a specific predetermined amount, for example, a maintenance contract, and that, under these circumstances, for the purpose of determining the disclosures to be made, the continued involvement arising from that contract should be reviewed. It is not necessary to apply the amendments to any presented period preceding the year in which the amendments are first applied. This exemption is also applicable to entities first applying the IFRS. The interpretation has a retrospective application.
- **IAS 19: Employee Benefits**
This improvement clarifies that the discount rate should be determined considering the high-quality bonds available in a regional market that shares the same currency of the benefits to be paid (e.g.: the Eurozone) and not in the markets where the bonds were issued. When there is no active market for high-quality bonds available in a regional market that shares the same currency of the benefits to be paid, bonds issued by the Government can be used. This improvement is applicable from the beginning of the first comparison period presented in the first financial statements to which the entity applies the amendment. Any initial adjustment resulting from the application of the amendment should be recognised in retained earnings at the beginning of the period.
- **IAS 34: Interim Financial Reporting**
Disclosures regarding significant events and transactions can now be made either directly via the interim financial statements or via a cross-reference to other reporting documents (e.g.: Management report or risk report). However, the interim financial statements are incomplete if their users are not allowed access, under the same terms and at the same time, to the information included via cross-reference. The interpretation has a retrospective application.

There were no significant impacts on the financial statements of Visabeira Group arising from the application of these standards and interpretations, except that the use of the equity method for measuring subsidiaries and associates in separate accounts was adopted, in accordance with IAS 27.

4.2 The standards and interpretations recently issued by IASB, whose application is mandatory only for financial years beginning after 1 January 2017 or later, and which were not adopted in advance by Visabeira Group, are the following:

- **IFRS 9: Financial instruments - Classification and measurement of financial assets**
It includes new rules on the classification and measurement of financial assets, which provides for the existence of two measurement categories: amortised cost and fair value. All financial assets are measured at fair value on the date of their initial recognition, adjusted for transaction costs in the event that the instruments are not recorded at fair value through profit and loss. A financial instrument is measured at amortised cost only when the company holds it to receive contractual cash flows that represent nominal cash flows and interest. Otherwise, financial instruments are valued at fair value through profit and loss.
This standard is applicable for financial years beginning on 1 January 2018 or later. Early application is permitted, provided it is properly disclosed.
- **IFRS 15: Revenue from contracts with customers.**
This standard is applicable to all income from contracts with customers, replacing the following existing standards and interpretations: IAS 11 - Construction Contracts, IAS 18 - Revenue, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers, and SIC 31 - Revenues - Barter Transactions Involving Advertising Services. This standard highlights the principles that an entity must apply when it measures and recognises the revenue. The basic principle is that an entity should recognise the revenue for an amount that reflects the consideration it expects to be entitled to in exchange for the goods and services promised under the contract. The standard should be applied in financial years beginning on 1 January 2018 or later. Early application is permitted, provided it is properly disclosed.

No material impacts are expected from the application of IFRS 9 on the financial statements of Visabeira Group, although the impacts of the implementation of IFRS 10 are still under review.

4.3 Standards and interpretations issued by IASB, but not yet endorsed by the European Union:

- **IFRS 14: Regulatory deferral accounts related to regulated activities;**
- **IFRS 16: Leases**
- **IFRS 10 and IAS 28: Sales or contributions of assets between an investor to its associate or joint venture;**
- **IAS 12: Recognition of deferred tax assets for unrealised losses (amendment);**
- **IAS 7: Statement of Cash Flows (amendment);**
- **IFRS 15: Revenue from contracts with customers (clarifications);**

- **IFRS 2: Share-based payment (clarifications);**
- **IFRS 4: Insurance contracts (amendment);**
- **IFRIC 22: Foreign currency transactions and advance consideration;**
- **IAS 40: Transfers of investment property (amendment).**
- **Annual improvements in relation to the 2014-2016 cycle.**
In terms of annual improvements in relation to the 2014-2016 cycle, IASB introduced five improvements in three standards, whose summaries are presented below:
- **IFRS 1: First-time adoption of IFRS**
Improvement aimed at eliminating the short-term exemption provided for first-time adopters in paragraphs E3-E7 of IFRS 1, because it has already served its purpose;
- **IAS 28: Clarification that the measurement of subsidiaries at fair value through profit and loss is a choice that is made on an investment-by-investment basis;**
- **IFRS 12: Disclosures of interests in other entities.**

5. Group companies included in the consolidation

	Conditions for inclusion	Registered office	% of capital owned	
			2016	2015
GRUPO VISABEIRA, SGPS, SA		Viseu	Parent	Parent
Visabeira Global				
Aeroprotechnik – Aerial Engineering, Lda		Viseu	51.00%	51.00%
Cass Constructel, Ltd	a)	London	50.00%	50.00%
Comatel Infraestruturas, Lda		Luanda	100.00%	100.00%
Constructel – Contructions et Telecommunications Belgique		Mons	99.98%	99.98%
Constructel – Contructions et Telecommunications, SARL		Valence	99.96%	99.96%
Constructel África, SA		Maputo	100.00%	100.00%
Constructel BAU GmbH		Berlin	100.00%	-
Constructel Denmark, ApS		Copenhagen	99.82%	99.82%
Constructel Energie, SA		Clermont-Ferrant	95.00%	70.00%
Constructel Infra-Structures, SAS		Santo Domingo	51.00%	51.00%
Constructel GmbH		Berlin	99.98%	99.98%
Constructel LLC		Moscow	100.00%	100.00%
Constructel Sweden AB		Stockholm	99.99%	99.99%
Constructel UK, Ltd		London	99.82%	99.82%
Edivisa – Empresa de Construção Lda		Luanda	100.00%	100.00%
Edivisa – Empresa de Construções, SA		Viseu	100.00%	100.00%
Electrovisa, Lda.		Luanda	100.00%	100.00%
Fibroglob – Comunicações Electrónicas SA	c)	Viseu	-	94.98%
Gatel, SAS		Domessin	100.00%	100.00%
Hidroáfrica – Comércio e Indústria, SARL		Maputo	85.52%	85.52%
Intelvisa, Gestão de Participações, SA	a)	Maputo	50.00%	50.00%
Naturenergia – Agro-Energias, SA		Viseu	100.00%	100.00%
PDT – Projectos e Telecomunicações, SA		Lisbon	99.29%	99.29%
PTC – Serviços de Telecomunicações, SA		Lisbon	100.00%	100.00%
Real Life – Tecnologias de Informação, SA		Algés	65.00%	65.00%
Real Life Advanced Technologies Academy MZ, SA		Maputo	65.70%	65.70%
Real Life Technologies MZ, SA		Maputo	65.70%	65.70%
SCI Constructel		Valence	100.00%	100.00%
Selfenergy Moçambique, SA		Maputo	60.00%	-
Sogitel – Sociedade de Gestão Imobiliária, Lda		Maputo	90.00%	90.00%
Televisa – Sociedade Técnica de Obras e Projectos, Lda	a)	Maputo	50.00%	50.00%
Televisa Marrocos, SA		Casablanca	100.00%	100.00%
TVCABO – Comunicações Multimédia, Lda	a)	Maputo	50.00%	50.00%
TVCABO Angola, Lda	a)	Luanda	50.00%	50.00%
Viatel – Tecnologia de Comunicações, SA		Viseu	99.29%	99.29%
Visabeira – Sociedade Técnica de Obras e Projectos, Lda		Viseu	60.00%	60.00%
Visabeira Global, SGPS, SA		Viseu	100.00%	100.00%
Visacasa – Serviços de Assistência e Manutenção Global, SA		Cacém	100.00%	100.00%
Visagreen, SA		Viseu	100.00%	100.00%
Visaqua – Gestão de Infra-estruturas e Serviços, Ambientais, SA	b)	Maputo	25.50%	25.50%

% of capital owned

	Conditions for inclusion	Registered office	2016	2015
Visabeira Indústria				
Agrovisa – Agricultura e Pecuária, Lda		Maputo	100.00%	100.00%
Álamo – Indústria e Desenvolvimento Florestal, Lda		Luanda	100.00%	100.00%
Ambitermo – Engenharia e Equipamentos Térmicos, SA		Cantanhede	51.00%	51.00%
Ambitermo Maroc Chaudières Industrielles, SARL		Casablanca	51.00%	51.00%
Bordalgest, SA		Lisbon	56.00%	56.00%
Celmoque – Cabos de Energia e Telec. de Moçambique, SARL		Maputo	70.38%	70.38%
Cerexport – Cerâmica de Exportação, SA*		Aveiro	81.79%	81.71%
Cerutil – Cerâmicas Utilitárias, SA		Sátão	100.00%	100.00%
Faianças Artísticas Bordalo Pinheiro, Lda	a), b)	Caldas da Rainha	47.04%	47.04%
Faianças da Capôa – Indústria de Cerâmica, SA*		Aveiro	81.79%	81.71%
Granbeira – Soc. de Exploração e Com. de Granitos, SA		Viseu	98.75%	98.75%
Granbeira II – Rochas Ornamentais, SA		Vouzela	100.00%	100.00%
Marmonte – Mármore de Moçambique, SARL		Maputo	80.00%	80.00%
Mob – Indústria de Mobiliário, SA		Viseu	97.77%	97.77%
Mob Cuisines, SASU		Paris	97.77%	97.77%
Pinewells, SA		Arganil	63.53%	63.53%
Ria Stone – Fábrica de Louça de Mesa em Grés, SA*		Ílhavo	81.79%	81.71%
Shree Sharda Vista Alegre Private Limited*	b)	New Delhi	40.90%	-
Tubangol – Tubos de Angola, Lda		Luanda	100.00%	100.00%
Visabeira Indústria, SGPS, SA		Viseu	100.00%	100.00%
Visaconstro – Construção e Gestão Imobiliária, Lda		Luanda	100.00%	100.00%
Vista Alegre Atlantis, SA*		Lisbon	81.79%	81.71%
Vista Alegre Atlantis Brasil – Comércio, Importação e Exportação, SA*		Vitória	72.52%	72.45%
Vista Alegre Atlantis Imobiliária e Investimento, SA*		Ílhavo	81.79%	81.71%
Vista Alegre Atlantis Moçambique, Lda*		Maputo	81.79%	81.71%
Vista Alegre Atlantis, SGPS SA		Ílhavo	81.79%	81.71%
Vista Alegre Atlantis UK LTD*		London	81.79%	81.71%
Vista Alegre Atlantis USA*		New York	81.79%	81.71%
Vista Alegre Espanha, SA*		Madrid	81.79%	81.71%
Vista Alegre Group – Vista Alegre Participações, SA*		Lisbon	81.22%	81.14%
Vista Alegre Renting, Lda*	c)	Ílhavo	-	81.71%
Visabeira Turismo				
Empreendimentos Tur. Montebelo – Soc. Tur. e Recreio, SA		Viseu	99.83%	99.83%
Imobiliária Panorama, Lda		Maputo	70.00%	70.00%
Inhambane Empreendimentos, Lda		Maputo	80.00%	80.00%
Milibangalala, SA		Maputo	70.00%	70.00%
Movida – Empreendimentos Turísticos, SA		Viseu	99.96%	99.96%
Mundicor – Viagens e Turismo, SA		Viseu	100.00%	100.00%
Soginveste Empreendimentos, Lda		Maputo	70.00%	70.00%
Turvisa – Empreendimentos Turísticos, Lda		Maputo	100.00%	100.00%
VAA – Empreendimentos Turísticos, SA		Ílhavo	98.12%	98.12%
Visabeira Turismo, SGPS, SA		Viseu	100.00%	100.00%
Zambeze – Restauração, SA	a)	Lisbon	50.00%	50.00%
Zambeze Village, Lda		Maputo	63.00%	63.00%

	Conditions for inclusion	Registered office	% of capital owned	
			2016	2015
Visabeira Imobiliária				
Ifervisa – Sociedade de Promoção e Desenvolvimento Imobiliário, SA		Lisbon	100.00%	100.00%
Imovisa – Imobiliária de Moçambique, Lda	a)	Maputo	49.00%	49.00%
Visabeira Imobiliária, SA		Viseu	100.00%	100.00%
Visabeira Imobiliária, SGPS, SA		Viseu	100.00%	100.00%
Visabeira Participações Financeiras				
2 Logical -Serviços de Consultoria Farmacêutica, SA		Lisbon	51.00%	51.00%
Agrovisa – Agricultura e Pecuária, Lda		Luanda	100.00%	100.00%
Ambitermo Angola, Lda (ex Visarocha – Rochas de Angola, Lda)		Luanda	100.00%	100.00%
Angovisa, Lda		Luanda	70.00%	70.00%
Autovisa – Serviços Auto, SARL		Maputo	80.00%	80.00%
Benetrónica – International Commerce, Imp. e Exportação, SA		Lisbon	100.00%	100.00%
Catari Angola, Lda	a)	Luanda	50.00%	50.00%
Combustíveis do Songo, SA		Songo	100.00%	100.00%
Convisa Engenharia, Lda	a)	Luanda	50.00%	50.00%
Convisa Turismo, Lda	a)	Luanda	50.00%	50.00%
lutel – Infocomunicações, SA	a)	Viseu	50.00%	50.00%
Hospital Nossa Senhora da Arrábida, SA		Azeitão	79.50%	79.50%
Mercury Comercial, Lda		Maputo	100.00%	100.00%
Mercury Comercial, Lda		Luanda	100.00%	100.00%
Mercury South Africa, Lda		Johannesburg	100.00%	100.00%
PDA – Parque Desportivo de Aveiro, SA		Aveiro	54.57%	54.57%
Porto Salus		Azeitão	79.50%	79.50%
Rentingvisa, Unipessoal Lda		Viseu	100.00%	100.00%
Telesp Telecomunicaciones, Electricidad y Gas de España, SA		Madrid	100.00%	100.00%
Vibeiras, Sociedade Comercial de Plantas SA		Maputo	64.43%	64.43%
Visabeira Angola – Investimento e Participações, Lda		Luanda	100.00%	100.00%
Visabeira Espanha, SA		Madrid	100.00%	100.00%
Visabeira Pro-Estudos e Investimentos, SA		Viseu	100.00%	100.00%
Visabeira Knowledge and Research, SA		Viseu	100.00%	90.00%
Visabeira Moçambique, Lda		Maputo	100.00%	100.00%
Visabeira Participações Financeiras, SGPS, SA		Viseu	100.00%	100.00%
Visabeira Saúde, SA		Viseu	100.00%	100.00%
Visasecil – Prestação de Serviços, Lda		Luanda	100.00%	100.00%
Visatur – Empreendimentos Turísticos, Lda		Luanda	100.00%	100.00%
Visauto – Reparações Auto, Lda		Luanda	100.00%	100.00%
Visa House, SA		Viseu	100.00%	100.00%

* Consolidated by VAA, SGPS, SA, listed company

a) The above companies are considered subsidiaries and are consolidated in accordance with the full consolidation method, since Visabeira Group has the power to control subsidiaries and, as such, is exposed to variable results. In the assessment of the existence of actual control, particular aspects were taken into account, such as the holding of a majority of voting rights, management agreements, and representation in corporate bodies.

In the specific case of TVCABO Angola, of which 50% is held by Visabeira Group and 50% by Angola Telecom, and which benefits from the know-how and technical expertise that the Visabeira brand guarantees with its 36 years of activity in the field of Telecommunications, the Group controls all relevant activities: construction, financing (depending on the maintenance of the Management and Technical Assistance Agreement (MTAA) concluded between TVCABO and Visabeira); contents; technological support and selection of human resources, including the General Manager.

In the specific case of TVCABO Mozambique and Televisa, of which 50% is held by Visabeira Group and 50% by TDM, the situation is the same as that of TVCABO Angola.

The data for these companies are the following:

Amounts in euros	TVCABO Angola	TVCABO Mozambique	Televisa
Net assets			
Tangible and intangible fixed assets	75,062,650	21,324,284	2,086,753
Other assets	12,733,033	2,309,989	20,128,615
Cash and cash equivalents	21,991,955	799,641	-416,365
Bank loans	-2,670,205	-8,741,834	-4,376,767
Other liabilities	-63,206,552	-10,228,018	-14,307,907
Total net assets	43,910,882	5,464,063	3,114,330

b) Companies controlled by a subsidiary of the Group – the percentage of interest indicated is the direct percentage

c) Company sold/dissolved

6. Investments in associated companies

	Registered office	Holding		Equity	Net result	Carrying value		Effect of the EM on the result	
		2016	2015	2016	2016	2016	2015	2016	2015
Visabeira Global									
Aceec, ACE	Viseu	50.00%	50.00%	52,111	0	20,000	19,916	0	0
Beiragás, SA	Viseu	23.55%	23.52%	43,662,392	3,213,985	10,614,826	11,067,790	756,949	852,294
Beiragás, SA – Empréstimos				-	-	-	447,622	-	-
Birla Visabeira Private Limited	New Delhi	49.00%	49.00%	1,425,411	1,249	812,659	702,872	612	-
Domingos da Silva Teixeira/Visabeira, ACE	Lisbon	50.00%	50.00%	-9,271	0	0	0	0	0
Electrotec – Projecto, Execução e Gestão de Redes de Energia, Lda	Maputo	49.00%	49.00%	-116,936	-622,405	260,728	0	-304,979	-129,258
Electrotec Engenharia, SA	Maputo	39.20%	39.20%	0	0	0	0	0	0
Selfenergy Moçambique, SA	Maputo	-	34.60%			0	0	-	-10,510
Ventos de Inhambane	Inhambane	32.50%	32.50%	150,000	0	48,751	48,750	0	0
Vista Power, Lda	Luanda	50.00%	50.00%	382,000	0	191,000	191,000	0	0
Yetech, SA	Cancún	30.00%	30.00%	105,000	0	52,500	52,500	0	0
Visabeira Turismo									
Doutibelo, Lda	Viseu	19.97%	19.97%	1,801,109	221,468	3,010,621	2,999,820	44,227	44,754
Doutibelo, Lda – empréstimos						2,864,147	2,448,147	-	-
Lipilichi Holdings, Lda	Port-Louis	15.00%	15.00%	-2,943,293	0	0	0	0	0
Mtdendele Holdings, Lda	Port-Louis	25.00%	25.00%	1,518	0	0	0	0	0
Sem Amarras, SA	Viseu	19.97%	19.97%	1,895,000	88,564	2,260,189	1,758,808	17,686	22,318
Sem Amarras, SA – empréstimos				-	-	5,186,575	6,052,875	-	-
Visabeira Participações Financeiras									
Build Down & Build Up Moçambique, Lda	Maputo	50.00%	50.00%	-223,475	-56,391	0	-124,502	-28,196	0
Gevisar, SA	Stª Mª da Feira	30.00%	30.00%	17,625,867	-3,476,595	5,266,274	4,851,350	-1,042,979	-557,233
Imensis – Soc. Gestão Empreem. Imobiliários, Lda	Maputo	49.00%	49.00%	297,628	0	66,629	105,151	0	0
Martifer Amal, SA	Maputo	35.00%	35.00%	607,196	-1,287,033	-574,040	-45,269	-450,462	-147,307
Martifer Amal, SA – empréstimos				-	-	1,181,705	1,087,627	-	-
Payshop, Lda	Maputo	35.00%	35.00%	-1,263,820	0	0	0	0	0
Predibeira – Compra e Venda de Propriedades, Lda	Viseu	50.00%	50.00%	216,936	3,600	108,468	106,668	1,800	0
Turvisa, Lda	Lubango	30.00%	30.00%	42,355	0	41,109	41,109	0	0
Twin City Maputo, Lda	Maputo	39.00%	39.00%	28,770	0	383,794	383,794	0	0
TOTAL						31,795,934	32,196,028	-1,005,340	75,058

The following table shows the Group's proportional share in the balance sheets and income statements of the companies listed above:

	Year	Assets	Liabilities	Income	Costs
Visabeira Global					
Aceec, ACE	2015	42,130	16,075	0	0
	2016	42,130	16,075	0	0
Beiragás, SA	2015	20,464,942	10,466,212	4,382,522	3,490,619
	2016	19,289,705	9,006,458	4,000,979	3,244,030
Birla Visabeira Private Limited	2015	702,901	0	0	0
	2016	702,901	0	0	0
Domingos da Silva Teixeira/Visabeira, ACE	2015	-9,271	0	0	0
	2016	-9,271	0	0	0
Electrotec – Projecto, Execução e Gestão de Redes de Energia, Lda	2015	8,097,489	8,497,737	3,480,318	4,610,844
	2016	4,425,067	4,482,366	1,689,129	1,994,107
Selfenergy Moçambique, SA	2015	395,993	564,022	317,919	550,264
	2016	-	-	-	-
Ventos de Inhambane	2015	48,750	0	0	0
	2016	48,750	0	0	0
Vista Power, Lda	2015	191,000	0	0	0
	2016	191,000	0	0	0
Yetech, SA	2015	31,500	0	0	0
	2016	31,500	0	0	0
Visabeira Turismo					
Doutibelo, Lda	2015	1,592,802	1,243,922	165,928	121,242
	2016	1,529,452	1,169,771	165,042	120,815
Lipilichi Holdings, Lda	2015	268,223	709,717	98,679	274,931
	2016	197,352	633,582	50,365	247,239
Mtdendele Holdings, Lda	2015	3,867	3,487	0	67
	2016	2,275	2,557	0	532
Sem Amarras, SA	2015	1,948,195	1,670,994	91,911	69,627
	2016	1,870,207	1,491,775	93,627	75,940
Visabeira Participações Financeiras					
Build Down & Build Up Moçambique, Lda	2015	163,674	312,647	208,044	351,704
	2016	81,736	193,474	128,473	197,322
Gevisar, SA	2015	9,575,744	3,245,006	71,659	622,796
	2016	8,906,072	3,618,312	211,934	1,254,913
Imensis – Soc. Gestão Empreem. Imobiliários, Lda	2015	6,048,821	5,880,476	169,618	179,264
	2016	3,465,048	3,368,612	0	0
Martifer Amal, SA	2015	6,176,987	5,321,292	3,261,614	3,450,386
	2016	3,569,693	3,357,174	1,700,786	2,199,890
Payshop, Lda	2015	26,342	468,679	67	139,297
	2016	8,124	407,446	73	155,937
Predibeira – Compra e Venda de Propriedades, Lda	2015	129,377	22,709	675	830
	2016	126,160	17,692	3,709	1,909
Turvisa, Lda	2015	16,879	4,173	0	225
	2016	12,270	3,033	0	0
Twin City Maputo, Lda	2015	319,021	307,801	0	0
	2016	182,748	176,448	0	136
TOTAL 2015		56,235,366	38,734,948	12,248,956	13,862,096
TOTAL 2016		44,672,919	28,044,774	8,044,117	9,492,771

7. Other financial investments

Capital holdings	Registered office	%	Book Value 2016	%	Book Value 2015
Narrownet	Lisbon	10.00%	750,000	-	-
Parque de Ciência e Inovação (PCI)	Ílhavo	5.00%	375,000	5.00%	375,000
Fundação Visabeira, ISS	Viseu	85.09%	360,000	85.09%	360,000
Caetano Fórmula	Maputo	21.00%	332,436	21.00%	332,436
Transcom – S. F. C. Auditoria T. Comunicações, SARL	Maputo	22.00%	193,174	22.00%	193,174
TF Turismo Fundos – SGFII, SA	Lisbon	2.50%	137,574	2.50%	137,574
Moçambique Companhia de Seguros, SARL	Maputo	5.00%	97,382	5.00%	97,382
Duofil, Lda	Pedrógão Grande	3.17%	75,000	3.17%	75,000
Açor Pensões	Ponta Delgada	5.00%	49,880	5.00%	49,880
Imersys Ceramic	Maputo	n.a.	44,000	n.a.	44,000
Lusitânia Gás – Companhia de Gás do Centro, SA	Aveiro	0.04%	30,155	0.04%	30,155
Centro Venture – Soc. Capital de Risco, SA	Coimbra	3.33%	25,000	3.33%	25,000
Associação Inov Paredes	Paredes	10.00%	25,000	10.00%	25,000
Caixa Crédito Agrícola Mútuo Costa Azul		n.a.	15,000	n.a.	15,000
Lisgarante		n.a.	11,263	n.a.	11,263
Garval		n.a.	11,263	n.a.	11,263
Itexample, ACE	Santarém	1.54%	10,000	1.54%	10,000
Oeirasepo, SA	Oeiras	12.75%	8,500	12.75%	8,500
Norgarante		n.a.	7,350	n.a.	7,350
Fundo de Compensação do Trabalho	Viseu	n.a.	3,989	n.a.	3,989
Base Force, Lda	Viseu	20.00%	1,000	20.00%	1,000
Other capital holdings			489,851		522,088
			3,052,817		2,335,054
Loans to shareholders			56,304,931		61,936,750
TOTAL			59,357,748		64,271,803

At the end of 2016, the Group has a balance of 56.3 million euros related to loans granted to the majority shareholder. These loans are remunerated at a market rate adjusted according to subsequent market changes or changes in the Group's financing cost.

8. Changes in the scope of consolidation

Acquisitions / Incorporations		% Held	Date	Amount
Visa House Moçambique	Incorporation	40.00%	25/04/16	107
Constructel Bau	Incorporation	100.00%	26/04/16	200,000
Narrownet	Acquisition	10.00%	01/09/16	750,000
Constructel Energie	Acquisition	25.00%	31/12/16	500,000
Selfenergy	Acquisition	30.00%	31/03/16	1
Shree Sharda Vista Alegre Private Limited	Incorporation	50.00%	06/06/16	67,766
TOTAL				1,517,874
Dissolutions / Disposals		% Sold	Date	Amount
Vista Alegre Renting, Lda*	Dissolved	81.60%	25/11/16	50,000
Fibroglobal	Sold	94.98%	30/06/16	200,000
TOTAL				250,000

The most significant changes in the scope of consolidation with an impact on the consolidated accounts occurred during 2016 were as follows:

Company	Registered Office	Change in the scope of consolidation	Date	Percentage of equity held	
				Before the acquisition	After the acquisition
Constructel BAU GmbH	Berlin	Entry	02/04/16		100.00%
Selfenergy Moçambique, SA	Maputo	Entry	31/03/16	40.00%	60.00%
Shree Sharda Vista Alegre Private Limited*	New Delhi	Entry	31/12/16		40.89%

Company	Registered Office	Change in the scope of consolidation	Date	Percentage of equity held on the date of change	
				Direct	Total
Fibroglobal – Comunicações Electrónicas SA	Viseu	Exit	30/06/16	94.98%	94.98%
Vista Alegre Renting, Lda*	Ílhavo	Exit	25/11/16	81.60%	81.60%

* Consolidated by VAA, SGPS, SA, listed company

Visabeira Group incorporated and acquired a series of companies in 2016, with an emphasis on the incorporation of companies located in foreign markets. In Mozambique, the Group formed the company Visa House - Sociedade de Mediação Imobiliária, SA, in order to develop activities related to real estate.

In order to continue operating in the Indian market, Vista Alegre Group also incorporated Shree Sharda Vista Alegre in India, with a 50% equity stake.

In Germany, Constructel Bau GmbH, a wholly owned subsidiary, was incorporated.

In the area of Technology, the Group acquired 10% of Narrownet, a company that emerged as an operator of the international SIGFOX Network and aims to install in Portugal the first network exclusively designed for the Internet of Things. In the field of divestitures, we should emphasise the disposal of Fibroglobal, whose effect can be analysed as follows:

Amounts in euros 01/01/16	Fibroglobal
Net assets	
Tangible and intangible fixed assets	52,574,831
Other assets	4,235,353
Cash and cash equivalents	158,718
Other liabilities	-49,140,985
Total net assets	7,827,917
Non-controlling interests (note 36)	182,647

9. Discontinued operations

At the beginning of June 2016, Visabeira Group sold the company Fibroglobal. The results recognised for discontinued operations up to the time of disposal are 3.8 million euros in the red and are broken down as follows:

Fibroglobal	2016	2015
Operating income	2,242,274	5,085,512
Operating expenses	-2,233,050	-4,059,878
Operating income	9,224	1,025,635
Financial losses and costs	-419,799	-756,736
Pre-tax income	-410,575	268,899
Income taxes	0	-418,994
Net income	-410,575	-150,095
Gain/(Loss) of the disposal, discontinued activity	-3,340,469	0
Income from discontinued operations, net of taxes	-3,751,043	-150,095

The net cash flows corresponding to discontinued operations are as follows:

	2016	2015
Operating	4,596,625	10,723,753
Investment	0	-465,307
Financing	-430,291	-942,243
Net cash flow	4,166,334	9,316,203

From 31 December 2016 to the present date, there are no decisions to discontinue operating activities.

10. Main indicators by segment

a) By area of activity	Years	Global	Indústria	Turismo	Imobiliária	Participações Financeiras	Total
Turnover	2015	486,431,658	125,035,328	37,171,586	5,625,440	23,512,425	677,776,437
	2016	430,239,147	112,868,253	33,431,330	5,913,891	18,804,247	601,256,868
EBITDA	2015	59,767,591	13,003,320	15,058,632	2,603,582	13,482,404	103,915,528
	2016	67,550,359	14,857,867	17,266,181	2,341,021	9,211,799	111,227,226
Recurring operating income*	2015	43,556,475	2,783,668	10,729,592	1,375,026	13,033,985	71,478,746
	2016	52,663,263	6,406,313	12,212,133	1,837,235	6,883,513	80,002,456
Net income	2015	18,382,071	-3,453,496	944,150	-1,161,842	5,779,720	20,490,602
	2016	25,922,769	13,505	6,893,291	-4,990	-4,534,225	28,290,351
Tangible/intangible assets	2015	203,970,068	202,477,451	132,707,282	13,919,609	48,388,039	601,462,450
	2016	128,993,719	196,510,848	119,830,096	14,266,854	45,174,532	504,776,048
Inventories	2015	40,524,636	44,742,786	1,643,580	56,960,188	6,299,039	150,170,229
	2016	36,248,045	43,552,280	1,824,683	53,782,789	3,448,248	138,856,046

b) By country	Years	Portugal	Mozambique	Angola	France	Belgium	Spain	Other	Total
Turnover	2015	354,393,021	75,306,774	109,160,175	112,577,376	8,170,580	6,524,582	11,643,929	677,776,437
	2016	316,486,001	38,934,806	76,244,378	143,382,382	7,855,042	6,710,952	11,643,306	601,256,868
EBITDA	2015	53,907,334	18,028,157	30,467,849	2,293,641	586,018	-832,167	-535,304	103,915,528
	2016	67,103,659	9,627,554	26,251,357	6,521,138	602,670	430,990	689,858	111,227,226
Recurring operating income*	2015	33,777,273	14,848,832	23,499,208	822,046	440,280	-1,021,755	-887,140	71,478,746
	2016	49,061,206	6,097,220	19,351,569	4,617,592	396,905	232,109	245,855	80,002,456
Net income	2015	12,153,955	-697,421	9,979,110	862,101	227,100	-1,039,463	-994,781	20,490,602
	2016	15,519,785	532,963	9,039,466	2,679,225	185,038	146,821	187,054	28,290,351
Tangible/intangible assets	2015	438,686,361	65,482,405	88,268,013	4,726,208	1,018,926	1,431,757	1,848,781	601,462,450
	2016	361,152,895	55,179,841	79,432,698	4,847,594	1,202,519	1,244,790	1,715,712	504,776,048
Inventories	2015	125,050,893	6,460,733	14,420,935	382,557	106,346	797,358	2,951,407	150,170,229
	2016	118,029,101	4,565,637	7,742,286	445,531	107,021	763,947	7,202,523	138,856,046

* Excluding the effect of changes in the fair value of investment properties, provisions and impairment losses and gains from business combinations.

11. Own work capitalised

	2016	2015
Construction of new TVCABO cells in Mozambique	1,487,342	3,263,547
Remodelling of Turvisa Hotels	1,265,825	2,434,631
Remodelling and expansion works of VA plants	950,611	
Construction of new TVCABO cells in Angola	489,687	823,046
Remodelling of the Pinewells plant and optimisation of the production system	340,304	1,623,925
Expansion works of Hotel Girassol in Maputo	241,428	
Rehabilitation works of Palácio VA (Hotel Montebelo VA Ilhavo)	225,908	
Remodelling and rehabilitation works in Agueira	107,470	
Remodelling work of the Cerutil plant	85,012	205,380
Exhibition furniture	67,406	53,280
Remodelling works of Constructel Belgium facilities	53,999	
Remodelling of the Girassol Nampula building	46,221	
Works at Parque Desportivo de Aveiro		207,889
Remodelling works of outdoors areas in the Palácio do Gelo Shopping		98,870
Recovery, restoration and creation of new moulds and dies		67,446
TOTAL	5,361,214	8,778,014

12. Other operating income and expenses

	2016	2015
Other Income		
Supplementary income	16,009,277	8,184,538
Corrections regarding previous financial years	8,369	124,913
Investment grants	2,046,735	2,205,865
TOTAL	18,064,381	10,515,316
Other Expenses		
Taxes	5,032,418	5,674,662
Corrections regarding previous financial years	0	160,401
Losses on tangible fixed assets	283,196	78,963
Bad debts	273,261	320,394
Other	3,176,604	4,293,775
TOTAL	8,765,479	10,528,196

The line item "Supplementary income" includes insurance compensations and other non-financial income, such as rents and earnings from disposal of assets.

13. External supplies and services

	2016	%	2015	%
Subcontracting	142,988,317	61%	159,579,050	58%
Rents and leases	18,651,968	8%	21,751,660	8%
Specialised work	15,588,471	7%	23,574,265	9%
Fuel	9,396,225	4%	11,509,692	4%
Electricity	7,577,371	3%	8,038,434	3%
Maintenance and repair	4,705,766	2%	8,905,931	3%
Insurance	4,466,049	2%	4,739,186	2%
Advertising	3,684,035	2%	4,832,995	2%
Communication	3,580,024	2%	3,881,268	1%
Transport of goods	3,553,030	2%	4,341,446	2%
Travels and stays	3,537,922	2%	4,811,454	2%
Commissions	3,284,761	1%	3,068,272	1%
Cleaning, hygiene and comfort	2,219,457	1%	2,206,706	1%
Surveillance and security	2,147,628	1%	2,788,493	1%
Fast wear tools and utensils	1,898,120	1%	1,925,616	1%
Fees	1,174,810	1%	1,215,491	0%
Office supplies	491,768	0%	739,480	0%
Representation expenses	311,243	0%	400,795	0%
Other	3,707,053	2%	5,673,217	2%
TOTAL	232,964,018	100%	273,983,452	100%

In 2016, external supplies and services decreased compared to the previous year, mainly due to the depreciation of the metical and kwanza against the euro.

Subcontracts had a reduction of 16.6 million euros, mainly in Angola and Mozambique.

On the other hand, in France, there was an increase in this item in response to the growth of turnover.

14. Staff costs

	2016	2015
Staff remunerations	119,840,637	121,993,732
Social Security contributions	24,847,480	22,458,951
Remuneration premiums	1,163,489	1,609,292
Corporate bodies	1,217,091	1,321,325
Insurance	1,130,167	1,254,952
Social initiatives expenses	864,666	741,229
Occasional staff and staff on retainer	256,975	695,466
Other	209,061	1,145,789
TOTAL	149,529,566	151,220,735

During 2016, the average number of employees working for the Group was 9,754 (9,743 in 2015), distributed by sector and country as follows:

Average number of employees by business area	2016	2015
Global	5,032	5,026
Indústria	2,467	2,468
Turismo	866	862
Imobiliária	607	610
Participações Financeiras	782	777
TOTAL	9,754	9,743

Average number of employees by country	2016	2015
Portugal	4,418	4,346
Mozambique	2,320	2,867
France	1,394	1,083
Angola	1,286	1,164
Belgium	110	109
Germany	106	104
Spain	57	51
Denmark	49	5
Brazil	14	14
TOTAL	9,754	9,743

The remuneration of the key management staff (under the terms of IAS 24) has an essentially fixed nature and does not include post-employment benefits or termination of employment benefits. In 2016, it amounted to 1.2 million euros (1.3 million euros in 2015).

15. Depreciations

	2016	2015
Depreciation of intangible assets		
Development projects	225,311	114,875
Computer programmes	371,554	416,253
Industrial property and other rights	209	288
Other	587,421	194,429
Total depreciation of intangible assets	1,184,495	725,844
Depreciation of tangible assets		
Land and natural resources	253,405	235,765
Buildings and other constructions	12,004,524	11,616,174
Basic equipment	9,184,707	9,931,054
Transportation equipment	2,993,741	3,724,400
Administrative equipment	1,619,215	1,643,356
Other	3,984,684	4,560,189
Total depreciation of tangible assets	30,040,275	31,710,937
TOTAL	31,224,770	32,436,782

The reduction in depreciations in 2016 is largely due to changes in the scope of consolidations (-1.7 million euros) and the depreciation of the metical and kwanza against the euro in the transposition of the financial statements of companies in those countries (-4.6 million euros).

16. Provisions and impairment losses

	2016	2015
Increases in provisions and adjustments	3,797,338	10,934,145
Decreases in provisions and adjustments	-2,909,579	-2,435,793
TOTAL	887,759	8,498,352

In 2016, regarding "increases in provisions and adjustments," we highlight the provisions set up mainly to cover risks related to collections from customers and reinforce provisions to cover other estimated losses.

17. Interest expense, net

	2016	2015
Interest paid		
Loans obtained	-34,979,366	-37,210,365
	-34,979,366	-37,210,365
Interest earned		
Loans granted	3,600,526	3,404,252
	3,600,526	3,404,252
TOTAL	-31,378,840	-33,806,113

18. Gains/(losses) on listed shares

	2016	2015
Held-for-trading financial assets (see note 30)	-383,215	-176,598
Available-for-sale financial assets - impairment (see note 25)	-1,304,825	-12,573,310
Gains/(losses) on disposal	-377,667	-37,235
Dividends	4,681,754	3,990,699
Interest from loans related to financial assets	-6,571,378	-6,806,847
TOTAL	-3,955,330	-15,603,291

In 2016, as occurred in the previous year, impairments of available-for-sale financial assets are related to the depreciation of Pharol's shares.

The renegotiation of the maturities of commercial paper (see note 37.1) and early debt repayments caused a downward effect on interest expenses related to listed shares of around 235 million euros.

The dividends received are detailed as follows:

	2016	2015
EDP	3,010,960	3,010,960
NOS	1,034,707	979,739
PHAROL	636,087	0
TOTAL	4,681,754	3,990,699

19. Other financial expenses, net

	2016	2015
Unfavourable exchange differences	-13,614,200	-13,372,472
Other expenses	-4,291,414	-3,281,934
Cash payment discounts granted	-147,933	-125,937
Favourable exchange rate differences	11,229,935	7,740,006
Cash payment discounts obtained	13,104	41,648
Other income	138,714	15,942
TOTAL	-6,671,793	-8,982,747

Operations in Mozambique resulted in a positive contribution of 733,000 euros (negative contribution of 5 million euros in 2015) to the net balance of exchange rate differences, while operations in Angola resulted in a negative contribution of 2.5 million euros (negative contribution of 1.3 million euros in 2015).

20. Income tax

	2016	2015
Current tax	-9,124,072	-6,659,132
Deferred tax	2,526,788	19,364,318
Income tax for the financial year	-6,597,284	12,705,186
Deferred tax asset		
Adjustment and provisions not accepted for tax purposes	35,917,840	32,292,251
Tax losses	5,301,788	4,365,468
Changes in exchange rates not accepted for tax purposes	2,120,887	2,056,902
Tax credit	1,161,862	1,376,086
Results not realised in intra-group operations	677,846	679,947
Fiscal adjustment in transition	602,526	612,443
Total deferred tax assets	45,782,749	41,383,097
Deferred tax liabilities		
Difference from the fair value of investment properties	51,062,302	50,317,007
Difference from the fair value of intangible assets	16,292,640	16,292,640
Free revaluation reserves (formerly National Accounting Plan)	14,474,385	14,560,947
Results not realised in intra-group operations	11,591,826	11,590,881
Changes in exchange rates not accepted for tax purposes	1,383,972	828,161
Fiscal adjustment in transition	1,155,393	1,155,393
Total deferred tax liabilities	95,960,518	94,745,028
Income statement		
Consolidated income before taxes	38,638,678	7,935,511
Income tax on profit or loss for the period	-9,124,072	-6,659,132
Deferred tax		
Adjustment and provisions not accepted for tax purposes	2,153,948	33,058,890
Tax losses	936,320	-2,351,195
Changes in exchange rates not accepted for tax purposes	322,441	1,238,052
Free revaluation reserves (formerly National Accounting Plan)	86,562	142,363
Results not realised in intra-group operations	-3,047	-11,034,979
Fiscal adjustment in transition	-9,917	2,060
Tax credit	-214,223	-2,631
Difference from the fair value of investment properties	-745,294	-1,688,242
Deferred tax	2,526,788	19,364,318
Income tax for the financial year	-6,597,284	12,705,186

21. Tangible assets

	Land	Buildings and other constructions	Basic equipment	Transportation equipment	Administrative equipment
Opening Balance on 1 January 2015	27,504,848	265,981,482	113,238,641	24,009,601	6,401,795
Increases	135,571	15,275,231	8,084,542	3,911,539	474,508
Disposals/Transfers	2,563,536	49,841,162	3,755,711	-1,158,570	208,994
Changes in the scope of consolidation	1,315,328	9,267,301	-451,698	-889,120	-64,299
Exchange rate effect	-129,214	-14,297,107	-8,073,153	-1,709,957	-459,131
Impairment	0	-176,141	0	0	0
Depreciations in the financial year	-235,765	-15,509,332	-9,931,054	-3,724,400	-1,643,356
Closing balance on 31 December 2015	31,154,304	310,382,596	106,622,990	20,439,093	4,918,511
On 31 December 2015					
Acquisition cost	32,862,573	426,322,977	231,894,178	45,493,869	23,063,177
Accumulated depreciation	1,658,750	115,726,136	125,263,701	25,054,776	18,144,667
Impairment losses	49,519	214,246	7,487	0	0
Tangible assets	31,154,304	310,382,596	106,622,990	20,439,093	4,918,511
Opening Balance on 1 January 2016					
Increases	331,409	10,017,432	4,619,263	1,104,601	715,450
Disposals/Transfers	-1,488,450	-6,158,035	-6,989,237	-3,223,575	9,362,727
Changes in the scope of consolidation	0	-52,209,626	0	0	-570
Exchange rate effect	-155,244	-20,901,192	-10,108,605	-1,879,733	-628,770
Impairment	0	193,884	-1,387	-13,976	-74
Depreciations in the financial year	-253,405	-12,004,524	-9,184,707	-2,993,741	-1,619,215
Closing balance on 31 December 2016	29,588,613	229,320,535	84,958,317	13,432,670	12,748,059
On 31 December 2016					
Acquisition cost	31,349,083	335,659,458	221,118,402	40,926,006	31,311,167
Accumulated depreciation	1,710,950	106,318,561	136,151,211	27,479,360	18,563,034
Impairment losses	49,519	20,362	8,874	13,976	74
Tangible assets	29,588,613	229,320,535	84,958,317	13,432,670	12,748,059

	Other tangible fixed assets	Tangible assets in progress	Advances on account of tangible assets	TOTAL
Opening Balance on 1 January 2015	6,415,660	45,577,367	198,213	489,327,607
Increases	393,392	38,980,068	-171,213	67,083,639
Disposals/Transfers	1,971,905	-31,693,727	198,213	25,687,223
Changes in the scope of consolidation	-42,634	-3,977,199	0	5,157,678
Exchange rate effect	-3,210,414	-2,875,668	0	-30,754,644
Impairment	0	0	0	-176,141
Depreciations in the financial year	-4,560,189	0	0	-35,604,096
Closing balance on 31 December 2015	967,719	46,010,840	225,213	520,721,265
On 31 December 2015				
Acquisition cost	38,618,306	46,010,840	225,213	844,491,134
Accumulated depreciation	37,650,139	0	0	323,498,168
Impairment losses	448	0	0	271,701
Tangible assets	967,719	46,010,840	225,213	520,721,265
Opening Balance on 1 January 2016	967,719	46,010,840	225,213	520,721,265
Increases	1,053,028	29,033,990	0	46,875,172
Disposals/Transfers	13,757,475	-26,202,847	-27,000	-20,968,942
Changes in the scope of consolidation	0	-552,331	0	-52,762,527
Exchange rate effect	-3,593,858	-5,194,033	0	-42,461,436
Impairment	0	0	0	178,447
Depreciations in the financial year	-3,984,684	0	0	-30,040,275
Closing balance on 31 December 2016	8,199,680	43,095,619	198,213	421,541,706
On 31 December 2016				
Acquisition cost	38,814,607	43,095,619	198,213	742,472,554
Accumulated depreciation	30,614,478	0	0	320,837,595
Impairment losses	448	0	0	93,253
Tangible assets	8,199,680	43,095,619	198,213	421,541,706

In 2016, regarding tangible assets in progress, we highlight the following works: expansion of network coverage by TVCABO Angola (16.2 million euros) and TVCABO Mozambique (3.3 million euros) and also the remodelling of Indy Hotel and Bahia Hotel, and the construction works in Girassol Gorongosa (6.2 million euros).

The line item "disposals/transfers" includes the amounts of 15.9 million euros related to the disposal of the asset Hotel Montebelo and 4.5 million euros related to the disposal of network infrastructure in Angola.

22. Goodwill

	Year of acquisition	Goodwill amount 2016	Goodwill amount 2015
Viatel – Tecnologia de Comunicações, SA	1997, 2002	14,997,178	14,997,178
Visabeira Moçambique, SARL	2001, 2002	3,390,676	3,390,676
Granbeira – Soc. Expl. Com. Granitos, SA	1992, 1998, 2002	3,116,383	3,116,383
Empreendimentos Turíst. Montebelo, SA	1998, 2002	2,768,845	2,768,845
Granbeira II – Rochas Ornamentais, SA	1992, 1998, 2001, 2002	2,105,101	2,105,101
Mob – Indústria de Mobiliário, SA	1998, 2002	1,320,221	1,320,221
PDA – Parque Desportivo de Aveiro, SA	2008	894,659	894,659
Edivisa – Empresa de Construções, SA	1993, 2002	888,354	888,354
Gatel, SAS	2008	869,778	869,778
Hospital Nossa Senhora da Arrábida, SA	2015	456,740	456,740
Cerutil – Cerâmicas Utilitárias, SA	1993, 2002	401,130	401,130
Other		1,532,175	1,438,221
TOTAL		32,741,242	32,647,289

For the purpose of impairment tests, the goodwill amount was distributed among the cash-generating units that correspond to the reportable business segments. The Board of Directors, based on the estimated cash flows from those segments, discounted at the rates applicable to each business line, concluded that, on 31 December 2016, the carrying amount of financial investments, including goodwill, did not exceed its recoverable amount. Regarding the highest goodwill amount allocated to the business developed by Viatel, we should emphasise that the company's EBITDA stood at 8.9 million euros in 2016 (5.7 million euros in 2015).

The change in goodwill is due to the acquisition of 20% equity stake in Selfenergy, SA (93,000 euros). The Group now owns 60% of this company.

23. Investment properties

	2016	2015
	Level 3*	Level 3*
Opening balance	328,898,759	335,629,703
Transfer to tangible fixed asset	-2,300,000	-14,500,000
Acquisitions	14,145,858	2,873,904
Foreign currency translation reserves	286,149	1,622,940
Disposal	-1,620,000	0
Change in fair value	2,535,284	3,272,210
TOTAL	341,946,050	328,898,759

* Classified according to the fair value hierarchy defined in IFRS 13 (not applicable to investment properties measured at acquisition cost)

Palácio do Gelo Shopping	146,600,000	146,579,000
Golfe Montebelo Resort Project	64,484,614	64,304,614
Urbeira Project	33,500,000	32,850,000
Hospital building	26,810,187	13,059,597
Vista Alegre Atlantis Buildings	24,585,908	24,802,109
Santa Luzia Project	12,900,000	12,650,000
Condomínio de Belo Horizonte development (Mozambique)	10,267,147	9,974,006
Land held for capital appreciation	6,337,244	6,337,244
Alagoa II Project	5,310,000	4,950,000
Espaço comercial Quinta do Bosque	5,648,701	5,548,701
Vista Alegre collection	5,457,886	5,457,886
Agrovisa (Xinavane land)	44,363	85,602
MOB 2 building	0	2,300,000
TOTAL	341,946,050	328,898,759

Investment properties in use are measured at fair value, calculated using the discounted cash flow (DCF) and properties under development or intended for valuation are measured at fair value, calculated using the DCF method, the comparative method or the cost method. In cases where fair value cannot be reliably determined, investment properties are kept at cost. According to the DCF method, the fair value of the property is estimated based on the current amount of cash flows that the property is expected to generate in the future, based on financial projections concerning the business under development or to be developed (rental). Cash flows are discounted at a discount rate that reflects the time value of money, as well as the risks associated with cash flows.

The comparative method refers to the values of similar properties and intends to estimate the presumed value of sale.

The cost method considers that the value of the asset is the sum of the cost of acquisition of the land, construction, projects, licensing, financial charges, marketing fees and estimated profit of the project.

In the case of investment properties that are not generating income, the estimated costs for the construction and development of the project were discounted.

The appraisals were carried out by accredited independent appraisers (PricewaterhouseCoopers Assessoria de Gestão, Lda, Figueira Center Imobiliária, J. Curvelo and J.F. Lda) with the necessary qualification and experience in property valuations.

The appraisal models used are consistent with the principles set out in IFRS 13.

In 2016, no changes were made to the investment property valuation methods. Investment properties include a set of land acquired several years ago for development in relation to the Group's real estate business, but, in the current financial context, they are held for future appreciation.

The MOB 2 Building has been transferred to tangible fixed assets since it is being used by the Group.

In the determination of the fair value of investment property, the highest and best use is considered.

PALÁCIO DO GELO SHOPPING

The appraisal of Palácio do Gelo Shopping was based on the following assumptions:

	2016	2015
Discount rate	7.04% to 7.03%	7.08% to 7.06%
Perpetuity discount rate	7.03%	7.1%
Occupancy rate	98%	98%
Sales growth rate	0% to 7%	0% to 8%

A decrease of 4 p.p. in the occupancy rate of stores would reduce the appraisal value to 142 million euros. These changes in occupancy rates, combined with the changes shown in the sensitivity analysis conducted on the discount rate, result in a minimum value of 131 million euros (-4 p.p. in occupancy rate and plus 0.5 p.p. in the discount rate) and a maximum value of 161 million euros (same occupancy rate and minus 0.5 p.p. in the discount rate).

The growth of variable rents associated only with 80% of the tenants' sales, provided in the baseline scenario, would result in an amount of 144 million euros and an increase in the growth rate of variable rents associated with 105% of the tenants' sales, would result in an amount of 147 million euros; if combined with a 0.5 p.p. increase in the discount rate, it would be 133 million euros. The growth in variable rents associated with 105% of the tenants' sales combined with a decrease in the discount rate of 0.5 pp would increase the appraisal value to 162 million euros.

During 2016, the amount of the rents paid for the commercial spaces of Palácio do Gelo reached nearly 10.6 million euros (10 million euros in 2015). The number of visitors increased again in 2016. This was the best year since the opening of the Shopping. From April 2008 to date, the number of visitors to Palácio do Gelo already surpassed 74 million people. The occupancy rate also increased and reached 85.6% on 31 December (84.4% in 2015).

GOLFE MONTEBELO RESORT PROJECT

Golfe Montebelo Resort project aims at addressing deficiencies and enhancing the features of the 27-hole Golf Course, in operation for many years. Besides enhancing and revitalising the Golf Course, it will enable its promotion and the recognition of the area as an urban location, connected to the city, creating a prestigious sport-tourism hub in one single unit.

There are about 168,421 m² of construction, comprising houses (68,913 m²), apartments (70,506 m²) and a five-star hotel (29,003 m²). The intervention will target 3 different areas: the first addresses the real estate network, which is small and does not clash with the second area, the Resort. The project also includes a common area for services, equipment and commerce.

The appraisal values were the following:

	Area	2016	2015
Land for houses	68,913 m ²	45,500,000	45,440,000
Land for apartment buildings	70,506 m ²	16,220,000	16,170,000
Land for hotel	29,003 m ²	1,880,000	1,810,000
Additions by construction of infrastructures		884,613	884,613
TOTAL	168,421 m²	64,484,613	64,304,614

URBEIRA PROJECT

A real estate project was approved, with feasibility for a built-up area of 137,421 m², comprising housing, commerce and services for the plot of land called "Urbeira," a property with a size of approximately 279,860 m², located south-west of the city of Viseu, only 3 km away from the city centre.

Its fair value was determined using the comparative method, with an average price of 119 euros per m².

HOSPITAL BUILDING

In December 2014, the Group concluded a contract with Grupo José de Mello Saúde for the construction and subsequent leasing of the hospital CUF - Viseu. The property is leased to José de Mello Saúde for an initial period of 25 years, extendible for another 10 years. This property with a built-up area of 20,234 m² opened in June 2016, and was officially opened on 29 November 2016.

Its fair value was determined using the DCF method, based on the negotiated lease amounts.

VISTA ALEGRE ATLANTIS BUILDINGS

These are properties (land and buildings) that are not used in the Group's normal course of business, but are intended for sale, in their current state or after a capital appreciation process.

The fair value of investment properties was determined based on market evidence.

With regard to leased investment properties, lease contracts of limited duration are in force, typically with a duration of five years and automatically renewable for periods of one year unless they are terminated.

The fair value was determined by J. Curvelo as follows:

Vista Alegre Atlantis Buildings	Fair value (in euros)	Appraisal method	Appraiser	Location	Assumptions	Intervals (average in euros)
Angolana "Factory"	485,000	Comparative method	J. Curvelo	Marinha Grande	price per m ²	€23.59
Pinhais	980,000	Cost method	J. Curvelo	Alcobaça	price per m ²	€26.44
Quinta Nova "Factory"	6,010,500	DCF	J. Curvelo	Ílhavo	price per m ²	€77.35
L. Barão Quintela	4,720,000	Comparative method	J. Curvelo	Lisbon	price per m ²	€1,251.11
Other properties	2,605,000	Cost method	J. Curvelo	Ílhavo	price per m ²	€183.62
Rural plots of land	20,000	Comparative method	J. Curvelo	Ílhavo	price per m ²	€1.97
Vale do Ílhavo Plots of Land	127,000	Cost method	J. Curvelo	Ílhavo	price per m ²	€63.50
R. Neves Ferreira	369,000	Comparative method	J. Curvelo	Lisbon	price per m ²	€12.50
RAN Plots of Land	130,000	Comparative method	J. Curvelo	Ílhavo	price per m ²	€2.45
Housing estate I	1,573,600	Cost method	J. Curvelo	Ílhavo	price per m ²	€248.40
Housing estate II:						
Borough Subdivision and annex plots	4,931,000	Cost method	J. Curvelo	Ílhavo	price per m ²	€76.21
Murteira Subdivision	1,107,000	Cost method	J. Curvelo	Ílhavo	price per m ²	€34.57
Rua Fáb. VA Subdivision	1,476,000	Cost method	J. Curvelo	Ílhavo	price per m ²	€85.80
Other	51,808	Cost method	J. Curvelo	Ílhavo		
TOTAL	24,585,908					

In 2016, Vista Alegre Group sold the investment property Fábrica Nova Ivima in the amount of 1.6 million euros and reported a loss of 20,000 euros.

SANTA LUZIA PROJECT

The property called "Terreno Santa Luzia," with an implementation area of 27,978 m² and a built-up area of 38,519 m², is unquestionably, considering its excellent location, one of the best real estate offers in the city, mainly due to its proximity to the city's urban structuring roads and to the large commercial and service hub that includes the Palácio do Gelo Shopping, the new CUF Hospital and the Viseu Estrela School Centre.

Its fair value was determined using the comparative method, with an average price of 461 euros per m².

CONDOMÍNIO DE BELO HORIZONTE DEVELOPMENT (MOZAMBIQUE)

The land of the Condomínio de Belo Horizonte, located in Matola, is in a residential area, which mostly comprises medium-/high-quality houses.

The land of the Condomínio Belo Horizonte is in a well-established residential area, comprising medium-/high-quality houses, and is subdivided into 69 plots with a total area of 67,667 m². Its fair value, as calculated by an independent specialised company, after obtaining a building permit on 16 December 2013, is 10.3 million euros, a slight increase over the previous year.

LAND HELD FOR CAPITAL APPRECIATION

On 31 December 2016, some properties for capital appreciation were maintained at acquisition cost, due to the fact that their fair value could not be reliably measured as a result, for example, of the absence of any projects approved by official bodies. Among the assets in these conditions, we should highlight the plot of land Quinta dos Areais.

ALAGOA II PROJECT

This plot of land, owned by Movida, has a total area of about 6,769 m² and a built-up area of 13,929 m². Its location is between Palácio do Gelo and the new CUF Viseu Hospital.

Its fair value was determined using the comparative method, with an average price of 784 euros per m².

ESPAÇO COMERCIAL QUINTA DO BOSQUE

The property called "Espaço comercial Quinta do Bosque," with a built-up area of 14,787 m² is located in the city, near the Montebelo Hotel, within a predominantly residential area. It is intended to be used for the construction of a trade and services building to increase the offer in the central region.

Its fair value was determined using the comparative method, with an average price of 2,790 euros per m², which is apparently high, but justified by the fact that the area of the plot in question is very small compared to the planned built-up area.

VISTA ALEGRE COLLECTION

Vista Alegre collection has been formed through direct transfers from the factory, purchases or donations, spanning a wide chronological period, which runs from the seventeenth to the twentieth century.

In 2014, after a lengthy process, which began in 2009, and included the painstaking work of cataloguing, studying, recovering and organising this rich heritage, conditions were in place for its inventory and subsequent valuation by an independent entity.

INVESTMENT PROPERTIES PROVIDED AS COLLATERAL AND CONTRACTUAL RESPONSIBILITIES

On 31 December 2016 and 31 December 2015, only Palácio do Gelo was pledged as collateral for bank loans.

On 31 December 2016 and 31 December 2015, there are no contractual obligations to purchase, build or develop investment properties.

24. Intangible assets

	Development projects and computer programmes	Other intangible assets	Intangible assets in progress	TOTAL
Opening Balance on 1 January 2015	1,141,031	79,694,045	98,023	80,933,099
Increases	405,973	135,918	-1,878	540,014
Disposals/Transfers	148,959	-85,519	0	63,439
Changes in the scope of consolidation	25,586	0	0	25,586
Exchange rate effect	27,252	-101,310	-21,050	-95,108
Depreciations in the financial year	-531,128	-194,716	0	-725,844
Closing balance on 31 December 2015	1,217,673	79,448,418	75,094	80,741,185
On 31 December 2015				
Acquisition cost	4,296,011	82,021,800	75,094	86,392,906
Accumulated depreciations	3,078,338	2,573,382	0	5,651,721
Intangible assets	1,217,673	79,448,418	75,094	80,741,185
Opening Balance on 1 January 2016	1,217,673	79,448,418	75,094	80,741,185
Increases	348,049	2,623,539	423,389	3,394,978
Disposals/Transfers	-29,828	647,798	-153,003	464,967
Changes in the scope of consolidation	0	0	0	0
Exchange rate effect	-100,532	-56,323	-25,438	-182,292
Depreciations in the financial year	-596,865	-587,630	0	-1,184,495
Closing balance on 31 December 2016	838,497	82,075,803	320,043	83,234,343
On 31 December 2016				
Acquisition cost	4,507,340	84,483,565	320,043	89,310,947
Accumulated depreciations	3,668,843	2,407,761	0	6,076,604
Intangible assets	838,497	82,075,803	320,043	83,234,343

In the line item "Other intangible assets," we should highlight the value of the Vista Alegre brand name (around 80 million euros), as attributed by an independent specialised entity at the time of the acquisition of Vista Alegre Atlantis Group. For the purpose of impairment testing, the brand's value was attributed to the relevant cash-generating units (Vista Alegre porcelain and crystal segments), with a discount rate of 7% (6% in 2014). The value of the brand is also regularly validated through an assessment carried out by Brand Practice, whose latest assessment, with reference to 31 December 2016, confirms the brand's book value.

25. Available-for-sale financial assets.

	Fair value reserve 2015	Book value 2015	Fair value reserve 2016	Book value 2016
Capital holdings				
PHAROL, SGPS, SA	0	5,745,982	0	4,220,292
EDP - Energias de Portugal, SA	13,004,501	54,050,809	7,935,515	44,329,215
NOS, SGPS, SA	24,312,234	46,857,136	16,253,531	36,458,809
TOTAL	37,316,736	106,653,927	24,189,046	85,008,317

Noteworthy is a drop in the price of Pharol's shares, with an impairment loss of 1.3 million euros in the financial year.

Since the acquisition date, the accumulated depreciation of these shares has amounted to 205.7 million euros.

Regarding EDP's shares in 2016, the fair value of the shares held at the end of the year decreased by 6.5 million euros (increased by 1.7 million euros in 2015), which is recognised in equity. The accumulated depreciation, since the date of acquisition, of EDP's shares held on the date of the balance sheet is 20.4 million euros.

NOS's shares held at the end of the year showed a figure of 10.4 million euros in the red (9.8 million euros in the black, in 2015), recognised in equity. The accumulated depreciation of these shares since the date of the initial recognition is 37.6 million euros.

The amounts presented as "fair value reserves" are net of the respective tax effect.

26. Inventories

	Raw Material	Goods	Finished products	Products and work in progress	TOTAL
31 December, 2015					
Cost	31,612,764	26,444,392	115,678,652	18,393,335	192,129,143
Reclassification as tangible fixed asset	0	0	-9,125,363	0	-9,125,363
Adjustments	-3,236,956	-4,105,067	-24,657,391	-834,137	-32,833,551
Inventories valued at either the acquisition cost or realisation value, whichever is lower	28,375,808	22,339,325	81,895,898	17,559,198	150,170,229
31 December 2016					
Cost	23,565,768	22,222,529	98,612,810	21,158,457	165,559,564
Adjustments	-3,189,030	-3,128,813	-18,839,278	-1,546,397	-26,703,518
Inventories valued at either the acquisition cost or realisation value, whichever is lower	20,376,738	19,093,716	79,773,533	19,612,059	138,856,046

We should highlight the contribution of the sub-holding Visabeira Imobiliária for this item (note 10.a).

27. Customers and other receivables

	2016	2015
Customers - current account	129,376,456	152,368,298
Customers - doubtful debts	14,810,197	16,976,924
Outstanding balances from suppliers	1,036,052	4,266,110
Customers - securities receivable	0	240,316
	145,222,705	173,851,648
Debtor allowances	-15,409,621	-17,354,067
TOTAL	129,813,084	156,497,581

The amounts presented in the balance sheet are net of accumulated impairment losses for doubtful debts, which were estimated by the Group in accordance with its experience and based on its assessment of the economic environment. The Board of Directors believes that the carrying value of accounts receivable is close to its fair value. The companies in Visabeira Group that operate as infrastructures and telecommunications service providers sell to entities of recognised financial probity. This group includes entities such as local telecommunications operators, generally directly held by the Government of each country, replacing credit risk with political risk. Some examples of this are TDM – Telecomunicações de Moçambique, EDM – Electricidade de Moçambique, Angola Telecom, France Telecom, Belgacom, PT, NOS, EDP and natural gas concessionaires.

The maturity of the amounts receivable in the line item "Customers - current account" is detailed as follows:

Customers - current account	Months after the maturity date				TOTAL
	0 - 6	6 - 12	12 - 18	> 18	
2016	91,906,288	10,590,140	4,947,630	21,932,398	129,376,456
2015	108,622,153	13,039,959	5,273,788	25,432,398	152,368,298

The Board of Directors finds the debt adjustment appropriate.

28. State and other public entities

	Assets		Liabilities	
	2016	2015	2016	2015
Income tax	1,563,441	366,181	2,474,982	2,610,402
Third-party income tax withholding	0	0	14,715	10,841
Value-added tax	1,813,181	2,115,575	9,281,529	3,105,051
Social Security contributions	0	0	1,809,693	1,896,397
TOTAL	3,376,622	2,481,756	13,580,920	7,622,692

29. Other current assets

	2016	2015
Shareholders - loans	46,258,784	25,589,434
Margin accrual	74,597,714	62,522,224
Other accruals	9,039,366	8,991,011
Other debtors	10,625,098	6,696,120
Advances to suppliers	4,871,997	5,320,571
Subsidiary companies - loans	722,173	895,690
TOTAL	146,115,132	110,015,050

The amount in "margin accrual" refers to income incurred in 2016 but to be billed only in 2017, and is mainly related to the telecommunications business.

30. Held-for-trading financial assets

	No. of shares		Book value	
	2016	2015	2016	2015
Capital holdings				
BCP	147,164	11,037,369	157,613	540,831
Other capital holdings in listed companies		-	46,367	39,124
TOTAL			203,980	579,956

In 2016, the merger of BCP's shares occurred in the proportion of 75 to 1, with effect on the reduction of the number of shares held by Visabeira Group.

31. Cash and cash equivalents

	2016	2015
Demand deposits	41,302,379	39,649,352
Term deposits	3,000,312	2,948,243
Cash	400,549	152,340
Treasury investments	1,833,862	291,683
TOTAL	46,537,101	43,041,617

32. Share capital

The authorised Share Capital is represented by 23,025,126 bearer shares, with a nominal value of five euros and the amount paid up is 115,125,630 euros.

On 31 December 2016, the majority shareholder Fernando Campos Nunes held, directly and indirectly, 83.768% of Visabeira Group (81.612% in 2015), with 19,287,580 shares. During the financial year under review, the majority shareholder acquired 496,315 shares from Caixa Capital.

33. Own shares

Following a resolution by the General Meeting of 25 November 2010, Visabeira Group purchased 1,200,804 of its own shares, which represents 5.22% of the share capital, in the amount of 16,290,767 euros.

On 23 July 2013, Visabeira Group approved the acquisition of own shares representing 4.78% of its share capital, corresponding to an amount of 16,433,716 euros (1,101,708 shares), fully paid up. On 31 December 2016, own shares corresponded to 10% of the share capital.

34. Earnings per share

	2016	2015
Basic		
Net income of the year for the purpose of calculation	24,383,960	15,609,734
Weighted average number of shares for the purpose of calculation	23,025,126	23,025,126
Basic earnings per share	1.059	0.678
Diluted		
Net income of the year for the purpose of calculation	24,383,960	15,609,734
Weighted average number of shares for the purpose of calculation	23,025,126	23,025,126
Diluted earnings per share	1.059	0.678

35. Retained earnings and other reserves

	2016	2015
Retained earnings	129,736,087	112,135,345
Financial investments - Swaps	102,830	-245,192
Reserves	59,032,944	52,461,418
Fair value reserve of available-for-sale financial assets	24,189,046	37,316,735
Foreign currency translation reserves	-51,294,501	-29,838,446
TOTAL	161,766,406	171,829,860

Portuguese commercial law establishes that 5% of net profits must be transferred to a legal reserve until it represents at least 20% of the share capital. This reserve is not distributable and can only be integrated into the share capital or used to absorb losses after all other reserves are exhausted. A reserve was established in an amount equivalent to the balance of own shares. The balance of retained earnings is not fully available for distribution, as it included gains resulting from increases in the fair value of investment properties.

36. Non-controlling interests

	% of non-controlling interests		Book value		Attributed results	
	2016	2015	2016	2015	2016	2015
Visabeira Global						
TV Cabo Angola, Lda	50.00	50.00	20,893,139	23,715,038	2,768,307	4,425,614
Visabeira, Lda	40.00	40.00	3,447,219	3,184,193	151,354	-6,435
TVCABO Moçambique, Lda	50.00	50.00	1,013,883	2,334,112	56,025	-398,121
Televisa, Lda	50.00	50.00	1,565,617	1,481,828	869,038	795,709
Visabeira Indústria						
Vista Alegre, SA	18.40	18.40	8,437,587	8,043,324	325,692	-152,331
Pinewells, SA	44.00	44.00	2,021,598	2,493,877	-472,279	4,018
Ambitermo, SA	49.00	49.00	2,689,187	2,502,178	277,406	301,323
Bordallo Pinheiro, Lda	16.01	16.01	627,663	582,447	45,216	34,497
Bordalgest, SA	44.00	44.00	597,765	582,260	15,505	29,881
Visabeira Participações Financeiras						
PDA, SA	45.00	45.00	1,804,206	1,795,998	8,208	4,094
Other			1,078,503	1,793,079	-138,082	-157,380
TOTAL			44,176,368	48,508,334	3,906,390	4,880,868

37. Debt

	2016		2015	
	Current	Non-current	Current	Non-current
Commercial paper	109,675,000	168,900,000	59,200,000	259,725,000
Bank loans	73,446,457	103,745,710	78,963,854	114,462,910
Bond loans		212,195,301	1,020,000	214,895,132
Reimbursable grants	4,520,010	13,863,777	3,376,333	16,215,685
Finance lease	5,172,852	50,901,137	4,628,037	53,232,375
TOTAL	192,814,320	549,605,925	147,188,224	658,531,102

37.1 COMMERCIAL PAPER

For the purpose of acquiring shares at EDP, PHAROL and NOS, Visabeira Group contracted the following Commercial Papers, for a period of six months, renewable for the same period up to 5 years, indexed to the 6-month Euribor, with firm underwriting commitment:

2016	Amount	Current	Non-current	Settlement Date
Grupo Visabeira, SGPS, SA	113,050,000	49,950,000	63,100,000	20/12/19
Grupo Visabeira, SGPS, SA	98,400,000	22,400,000	76,000,000	22/02/23
TOTAL	211,450,000	72,350,000	139,100,000	

The following programmes to issue commercial papers were also contracted with a firm underwriting commitment:

2016	Amount	Current	Non-current	Settlement Date
Grupo Visabeira, SA	9,900,000	9,900,000	0	20/12/17
Grupo Visabeira, SA	9,900,000	9,900,000	0	20/12/17
Grupo Visabeira, SA	8,350,000	0	8,350,000	29/09/19
Grupo Visabeira, SA	4,400,000	4,400,000	0	20/12/17
Grupo Visabeira, SA	2,250,000	1,000,000	1,250,000	09/01/19
Grupo Visabeira, SA	1,300,000	500,000	800,000	26/06/19
Grupo Visabeira, SA	725,000	725,000	0	20/04/17
Viatel, SA	3,500,000	0	3,500,000	21/10/18
Viatel, SA	2,500,000	1,000,000	1,500,000	19/06/19
Visabeira Global, SGPS, SA	19,500,000	7,500,000	12,000,000	30/12/19
Visabeira Global, SGPS, SA	4,800,000	2,400,000	2,400,000	19/06/19
TOTAL	67,125,000	37,325,000	29,800,000	

2015	Amount	Current	Non-current	Settlement Date
Grupo Visabeira, SGPS, SA	119,600,000	3,200,000	116,400,000	20/12/19
Grupo Visabeira, SGPS, SA	104,800,000	14,400,000	90,400,000	22/02/23
TOTAL	224,400,000	17,600,000	206,800,000	

The following programmes to issue commercial papers were also contracted with a firm underwriting commitment:

2015	Amount	Current	Non-current	Settlement Date
Grupo Visabeira, SGPS, SA	8,550,000	0	8,550,000	29/09/19
Grupo Visabeira, SGPS, SA	11,250,000	11,250,000	0	20/12/16
Grupo Visabeira, SGPS, SA	11,250,000	11,250,000	0	20/12/16
Grupo Visabeira, SGPS, SA	5,000,000	5,000,000	0	20/12/16
Grupo Visabeira, SGPS, SA	3,250,000	1,000,000	2,250,000	09/01/19
Grupo Visabeira, SGPS, SA	9,200,000	1,600,000	7,600,000	30/04/21
Grupo Visabeira, SGPS, SA	1,800,000	500,000	1,300,000	26/06/19
Grupo Visabeira, SGPS, SA	3,125,000	2,400,000	725,000	20/04/17
Viatel, SA	3,500,000	1,000,000	2,500,000	19/06/19
Viatel, SA	3,500,000	0	3,500,000	21/10/18
Visabeira Global, SGPS, SA	4,000,000	4,000,000	0	30/09/16
Visabeira Global, SGPS, SA	5,600,000	1,600,000	4,000,000	19/06/19
Visabeira Global, SGPS, SA	20,000,000	2,000,000	18,000,000	30/12/19
PDT – Proj. Telecomunicações, SA	4,500,000	0	4,500,000	15/06/19
TOTAL	94,525,000	41,600,000	52,925,000	

37.2 BANK LOANS

	2016		2015	
	Current	Non-current	Current	Non-current
Authorised bank overdrafts	4,113,091	0	4,612,825	0
Portugal	2,724,951	0	2,626,727	0
Mozambique	1,033,321	0	1,495,806	0
France	354,819	0	490,292	0
Loans obtained	69,333,367	103,745,710	74,351,028	114,462,910
Portugal	56,779,390	85,692,610	50,399,748	89,517,032
Mozambique	7,943,735	12,638,434	16,585,843	16,366,551
Angola	2,862,488	2,746,262	5,602,389	4,990,223
France	871,598	1,257,998	1,018,228	1,737,252
Other	876,156	1,410,405	744,821	1,851,852
TOTAL	73,446,457	103,745,710	78,963,853	114,462,910

37.3 BOND LOANS

2016	Amount	Settlement Date
Non-current		
Grupo Visabeira, SGPS, SA	100,000,000	22/07/21
Grupo Visabeira, SGPS, SA	70,000,000	14/07/19
Grupo Visabeira, SGPS, SA	20,000,000	30/09/18
Grupo Visabeira, SGPS, SA	10,000,000	31/10/18
Visabeira Moçambique, SA	3,353,904	23/03/20
Visabeira Global, SGPS, SA	2,775,000	29/10/19
Grupo Visabeira, SGPS, SA	2,570,000	05/07/20
Grupo Visabeira, SGPS, SA	2,400,000	29/11/20
Grupo Visabeira, SGPS, SA	2,300,000	30/10/20
Total non-current	213,398,904	
Amortised cost	-1,203,602	
TOTAL	212,195,301	

The amount of the bond loans includes a syndicated issue of 100 million euros beginning on 22/07/2015 and maturing on 22/07/2021.

In general, these issues include the covenants that are common in this type of funding, namely *pari passu*, cross default, negative pledge and ownership.

37.4 FINANCE LEASE

	2016		2015	
	Current	Non-current	Current	Non-current
Portugal	5,001,206	50,783,114	4,185,875	52,896,801
Mozambique	57,397	27,963	240,270	126,254
Angola	20,429	0	60,189	25,545
Belgium	56,280	90,060	91,587	146,194
Germany	37,540	0	50,115	37,582
TOTAL	5,172,852	50,901,137	4,628,037	53,232,375

The balances are presented in the Statement of Financial Position in the line item Other liabilities (Note 39).

37.5 MEDIUM- AND LONG-TERM DEBT - MATURITY

	Portugal	Mozambique	Angola	Belgium	France	Other	TOTAL
2018	163,050,785	4,310,989	1,415,737	151,909	529,911	304,669	169,764,000
2019	168,135,774	4,066,459	1,267,816	105,129	237,343	232,538	174,045,059
2020	68,003,407	5,299,314	37,626	52,267	170,752	139,998	73,703,364
2021	62,843,386	1,585,047	25,084	52,267	178,318	0	64,684,101
2022 and subsequent years	66,047,547	758,492	0	461,689	141,674	0	67,409,402
TOTAL	528,080,898	16,020,301	2,746,262	823,260	1,257,998	677,205	549,605,925

The loans contracted, namely commercial paper programmes, bond loans and mutual funds generally include, in addition to the usual terms and conditions, cross default, pari passu and negative pledge clauses on ownership by the Group or the majority shareholder.

38. Suppliers and other creditors

	2016	2015
Suppliers - current account	109,908,576	124,880,533
Suppliers - securities payable	35,246	73,214
Other	5,596,902	1,986,073
TOTAL	115,540,725	126,939,820

39. Other current and non-current liabilities

	2016	2015
Non-current		
Finance lease (see note 37)	50,901,137	53,232,375
Investment grants	0	30,219,630
Shareholders	24,120,618	16,387,589
	75,021,755	99,839,594
Current		
Margin accrual	50,162,357	50,889,742
Factoring	52,056,470	48,873,421
Incurring costs billable in subsequent years	22,367,670	27,703,336
Advances from customers	8,205,774	14,479,359
Investment suppliers	10,297,336	12,207,612
Remunerations payable	11,492,131	11,344,890
Investment grants	8,629,874	11,108,226
Finance lease (see note 37)	5,172,852	4,628,037
Derivative financial investments	49,914	496,502
Advances on account of sales	365,657	166,724
Associated and subsidiary companies	13,672	125,125
Other	72,118,380	58,569,677
	240,932,088	240,592,652
TOTAL	315,953,842	340,432,245

The amount of margin accrual in 2016 is mainly related to the telecommunications business.

40. Operating leases

During 2016, the amount of 5.3 million euros (5.1 million in 2015) related to rents paid under operating lease contracts was recognised as an expense in the financial year.

41. Financial risks

Visabeira Group is always exposed to a diverse set of risks arising from its different business areas; therefore, it remains fully aware of the importance of managing credit risk and protecting its investments, recognising, in this context, the importance of credit insurance as an essential instrument, both in foreign and domestic markets.

Aware of the importance of actively managing the different financial risks in order to minimise their potential negative impacts on cash flow, results and value of the company, Visabeira Group promotes careful management of these risks by devising the most appropriate hedging strategies for each situation.

The success of operations critically depends on mitigation and control of risks that can significantly affect all of its assets (equipment, quality of service, information, facilities) and jeopardise its strategic objectives.

INTEREST RATE RISK

The Group's exposure to interest rate risk arises mainly from loans obtained, since financial investments are usually short-term investments and loans granted to its subsidiaries are mostly remunerated at a fixed rate.

The balance of the consolidated financial debt of Visabeira Group by the end of December 2016 was contracted, for the most part, at the indexed interest rate, and the main indexing factor was the Euribor rate at the different maturities for domestic financing, and the Libor rate for loans in dollars, mostly granted to foreign companies. In order to reduce the risk of interest rate fluctuation, greater relevance was given to financing by the various subsidiaries, particularly in Angola and Mozambique in the local currency.

On the balance sheet date, Grupo Visabeira SGPS, SA shows open positions classified as hedging instruments associated with this index for 3 million euros, contracted in 2015 with a mark-to-market value of -50,000 euros.

In October 2008, the 3-month Euribor rate started to drop, as a result of successive cuts to the reference rate by the European Central Bank, in response to the international financial crisis, which has led to a downward trend in recent years, reaching negative values in 2015. In 2016, the downward trend remained. The rate started the year at -0.132% and it stood at -0.319% on 31 December 2016.

With the Euribor at very low levels and with a stable short-term trend, the Group estimates that the impacts arising from changes in this index will not have a significant impact on its accounts.

In line with the downward trend in the current level of spreads that occurred in 2016, the Group anticipates that there are favourable conditions for this trend to continue, mainly in new financing operations, with a positive impact on the Group's financial results.

Company	Description	Nominal value	Type of operation	Average maturity	Economic goal
Naturenergia, SA	Euribor Swap (3M)	3,000,000	Interest Rate Swap	8 years	Eliminate interest rate risk in financing

The fair value of all these financial instruments is reflected in the statement of financial position, as follows:

Company	Book value 2016	Book value 2015	
Naturenergia, SA	Euribor Swap (3M€)	-49,914	-98,287
Cerutil, SA	Euribor Swap (10M€)		-140,423
Vista Alegre Atlantis SGPS, SA	Euribor Swap (5.743M€)		-80,182
Grupo Visabeira SGPS, SA	Euribor Swap (5M€)		-79,730
Cerutil, SA	Euribor Swap (5M€)		-73,349
Cerutil, SA	Euribor Swap (1.757M€)		-24,531
TOTAL	-49,914	-496,502	

EXCHANGE RATE RISK

Whenever possible, the Group chooses to have a natural hedging for its foreign exchange risk, since its subsidiaries have assets and liabilities denominated in U.S. dollars, in order to achieve a balance and make an automatic adjustment to possible currency mismatches.

Thus, exposure to liabilities denominated in dollars does not represent a high economic or financial risk, given the fact that the impact of exchange rate changes on those liabilities are naturally offset by the operating revenues of the respective businesses, also dependent on the dollar. In foreign markets, particularly Angola and Mozambique, local companies import goods and services from the European market in euros, billing customers in kwanzas and meticals, respectively. In these markets, the local currency is strongly correlated with the U.S. dollar, with a historical devaluation trend.

In 2016, these currencies suffered significant devaluations. The Angolan kwanza depreciated by 30.2% against the dollar, and the Mozambican metical by 56.2% against the dollar. The contribution of these markets to consolidated turnover stood at 115 million euros, corresponding to 19.1% of its total, due to the currency devaluations that occurred this year. Angola and Mozambique contributed 12.7% and 6.5% to turnover, respectively. Consolidated EBITDA in these locations amounted to 35.9 million euros, which represents a 32.3% increase, 23.6% for Angola and 8.7% for Mozambique.

In Mozambique, balances denominated in metical also have a long position of 8.4 million dollars. On the date of the balance sheet, the Group's subsidiaries in Mozambique had liabilities in the amount of 31.7 million euros, resulting in exchange rate gains with an impact of 733,000 euros on the results. With a greater impact, there were exchange rate losses of 2.5 million euros in Angola, reflected in the results as a result of the currency devaluation.

The transposition into the consolidated accounts of the subsidiaries in these countries also had a negative impact on equity in the line item "Foreign currency translation reserves."

CASH FLOW RISK

Treasury and investments of all Group companies are managed by a centralised global organisation, which reduces the risk of cash flows, avoiding exposure to changes that may affect the results of companies.

On the other hand, the use of factoring allows a reduction in the average collection period with the inherent anticipation of receivables while facilitating better treasury management by obtaining the timely working capital necessary to finance the operational cycle, a vital condition for sustained economic and financial growth. On 31 December 2016, the amounts paid in advance by customers in this format amounted to 52 million euros. The amount used in confirming amounted to 34 million euros. The resources in this line of credit increased by 12.2 million euros in the year, which is also an important liquidity instrument. The Group has additionally contracted short-term current accounts to meet occasional treasury needs.

CREDIT RISK

Credit risk is an important and complex activity that is present in the everyday life of most companies of Visabeira Group, whatever the nature of their business.

Risk assessments imply credit decisions, at times, based on incomplete information, within a scenario of uncertainty and constant change.

Considering the business itself, the business are in which it operates, or the risk of the region and country, the classification and assessment of the credit risk of a given customer is usually summarised in a credit record, which includes available and relevant information such as the customer's nature, management capacity, assets, history, financial information, credit guarantees and payment terms that will inform an opinion on a given credit transaction. The assessment of credit risk reflects the multiplicity, quality and origin of the information available to the credit analyst.

For many years, Visabeira Group has subscribed insurance policies, delegating in the first instance the credit analysis to professionals specialised in the collection and recovery of debts, receiving from the credit insurer an assessment of the exposure - credit limit - adjusted to the creditworthiness of each customer. Thus, management can be primarily focused on operational issues. The hedging of this risk enables a compensation for unpaid customer loans, which is 85% for the domestic market and 90% for the foreign market, except Angola. Recent years have been marked by increased restrictions on credit granting in general, and the credit limits were subject to significant downward revisions. In light of this scenario, and in order to meet the credit risk hedging requirements for which the limits granted under basic policies are insufficient, Visabeira Group has contracted additional instruments, which allow increasing the partial hedging of its risks up to twice the amount covered by basic policies. Particularly for customers in domestic and foreign markets, and also to hedge risks whose amount is not specified in the said basic policy or obtain more than twice the existing coverage, up to a limit of 100,000 euros, for customer in foreign markets.

The added constraints in the external hedging of loans entail greater precision and stricter requirements in assessing applications for internal credit.

Also relevant is the amount of receivables by advance payments or payments in cash, which, in the year under review, represented about 16% of turnover, with a special contribution from the cable TV and internet distribution, tourism, restaurants and recreation businesses. Loans granted to external entities, which are also suppliers of the Group, had a weight of 2.4% this year. Companies in Visabeira Group that operate as infrastructure and telecommunications service providers sell to entities of recognised financial probity, which accounted for about 54% of consolidated turnover in 2016. This group includes entities such as local telecommunications operators, generally directly held by the Government of each country, replacing credit risk with political risk. Examples of such companies include: TDM - Telecomunicações de Moçambique, EDM - Electricidade de Moçambique, Hidroeléctrica de Cahora Bassa, Moçambique Celular, Vodacom Moçambique, Angola Telecom, France Telecom, MEO - Serviços de Comunicações e Multimédia, NOS Multimédia, EDP Distribuição and natural gas concessionaires.

LIQUIDITY RISK

The Group manages liquidity risk in such a way as to ensure the financing of assets by maturity date and at appropriate rates and the timely settlement of its financial commitments. At the same time, appropriate cash and cash equivalents and short-term credit lines are kept in order to allow for the proper management of the cash available to meet short-term financial commitments.

The leverage associated with the acquisition of shares of PHAROL, Nos Multimédia and EDP, in the form of commercial paper issued by Visabeira Group (outstanding amount on the date of the balance sheet is 212 million euros) is materialised by two separate commercial paper programmes. One of the programmes, in the initial amount of 125 million euros, provides for three capital repayments, the first on 31 December 2017 and the last on 31 December 2019, and is based on the aforementioned financial assets. The second programme, in the initial amount of 119 million euros, has annual repayments scheduled until 2023 and has the assets of Palácio do Gelo Shopping associated with it, partly financed as a real estate leasing. Short-term liabilities with these credit lines amount to 72.4 million euros, which should be settled through the disposal of available-for-sale financial assets (shares of PHAROL, Nos Multimédia and EDP). The amount of short-term debt includes 23 million euros related to pledged current accounts and overdraft facilities, as well as 35.1 million euros related to commercial paper and bond loan transactions, in which borrowers and bondholders are the main partner banks, and whose renewal has been historically achieved. This leads the Group to expect the revolving of these credit lines, which include 24.2 million euros related to syndicated commercial paper expiring in December 2017.

Considering the amount that will be settled through the sale of assets and the renewal of these lines, the short-term residual debt will amount to 62.5 million euros, which represents about 8% of the consolidated debt. If cash and cash equivalents are considered (although around 32.6 million euros may be subject to the current restrictions on the transfer of currency from Angola and Mozambique), short-term net debt will amount to around 20 million euros, which may also be addressed with the operating cash flows released during the year (which is estimated to rise, after taxes, to 100 million euros in 2017), as the investment and debt service should absorb 80 million euros.

It is worth highlighting that, in July 2015, the Group contracted a bond loan of 100 million euros, maturing in 2021, with a 3-year grace period and a 3-year repayment.

Besides investing in the expansion project of TVCABO Angola, whose financing of 20 million euros, contracted by the European Investment Bank in April 2015, has not yet been received, Visabeira Group will seek to obtain specific financing for other investments planned for 2017.

At the same time, it will be necessary to negotiate the partial revolving of some short-term commitments, whose renewal we consider very likely, since it refers to partner organisations with a long relationship history and institutions that have recently increased their involvement with the Group. The short-term debt of Visabeira Group is rated "B" by ARC Ratings, which means that the Group currently has sufficient ability to meet its financial commitments. ARC Rating also assigned a medium- and long-term rating. The ability to meet short-, medium- and long-term financial commitments of the Group was rated "BB+", with a stable trend.

The overall liquidity ratio in the consolidated accounts, which stood at 0.8 in 2016, rose to 0.93, considering that short-term liabilities include liabilities of 72.5 million euros associated with available-for-sale financial assets, which represents an improvement in the adequacy of financing of current assets by current liabilities compared to the previous year.

OTHER DISCLOSURES ON FINANCIAL INSTRUMENTS

As defined by IAS 39, the carrying value of each of the categories provided is broken down as follows:

	2016	2015
Financial assets recorded at amortised cost		
Customers and other receivables	129,813,084	155,767,300
State and other public entities	3,376,622	2,481,755
Other current assets (advances to suppliers and other debtors)	144,235,765	153,951,800
Cash and cash equivalents	46,537,101	43,041,617
Financial assets recorded at fair value		
Listed shares	85,008,317	106,653,927
Cash flow hedging derivatives recorded at fair value		
	-49,914	-496,502
Financial liabilities at the amortised cost		
Debt	187,641,468	142,560,187
Accounts payable	115,540,725	126,939,820
Accrued expenses	61,704,403	62,731,135
Financial liabilities recorded under IAS 17 - Leases		
	56,073,989	88,080,042

MEASUREMENT AT FAIR VALUE

The following table presents the fair value hierarchy of the assets and liabilities held by the Group as of 31 December 2016 and 2015:

	Assets measured at fair value - 2016				Assets measured at fair value - 2015			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets measured at fair value								
Investment Properties	341,946,050		341,946,050		328,898,759		328,898,759	
Financial assets held for sale	85,008,317	85,008,317			106,653,927	106,653,927		
Held-for-trading financial assets	203,980		203,980		579,956		579,956	
Liabilities measured at fair value								
Financial instruments - Swaps	49,914		49,914		496,502		496,502	

No transfers between levels 1 and 2 were made for the financial years 2016 and 2015.

The fair value of loans paid to banks is considered close to their book value, given the recent renegotiation of the most significant loans and the market rates applied.

CAPITAL RISK

The objective of the Group in terms of capital management, which is a broader concept than the capital disclosed in the balance sheet, is to maintain an optimal capital structure through the prudent use of debt, allowing it to lower the cost of capital. The purpose of capital risk management is to ensure the continuity of the Group's operations, providing the appropriate compensation to shareholders while generating benefits for all third-parties involved. This policy aims at optimising the capital structure, with a view to achieving greater tax efficiency and reducing the average cost of capital.

	2016	2015
Non-current loans	549,605,925	658,531,102
Current loans	192,814,320	147,188,224
Confirming debt	-34,006,941	-21,765,309
Available-for-sale financial assets	-85,008,317	-106,653,927
Debt allocated to real estate, investments in progress and not yet generating EBITDA	-173,444,008	-175,507,326
Cash and cash equivalents	-46,537,101	-43,041,617
Operating debt	403,423,877	458,751,147
Investment grants	8,629,874	41,327,856
Total Equity	330,621,960	346,489,021
Capital and grants	339,251,834	387,816,876
Operating debt/total capital	1.2	1.2

42. Contingencies**a) Proceedings with probable losses**

On 31 December 2016 and 2015, there were several legal claims and other tax contingencies filed against various companies in the Group, which are classified as proceedings with probable losses, in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. Based on the opinion of internal and external legal advisers, the Group recorded provisions (Note 43) for these legal claims and tax contingencies in order to face the likely outflow of resources.

b) Proceedings with possible losses

On 31 December 2016 and 2015, there were several legal claims and other tax contingencies filed against certain companies in the Group, for which the possibility of future cash disbursement was considered possible, according to information from lawyers and advisers following these proceedings, and for this reason, no provisions were recorded. The detail and nature of those proceedings are as follows:

	2016	2015
Civil liability	329,187	329,000
Other contingencies	25,517,078	23,609,000
TOTAL	25,846,265	23,938,000

No significant losses are expected to result from these proceedings.

43. Provisions

	2015	Increases/Decreases	2016
Retirement pensions	2,916,885	-554,173	2,362,712
Other	3,294,936	1,176,541	4,471,477
	6,211,821	622,368	6,834,189

43.1 RETIREMENT PENSIONS

Grupo VAA has several retirement benefit plans in place, some managed by the Pension Fund (Futuro - Sociedade Gestora de Fundos de Pensões, SA) and others by the Group (Defined benefit plan - no funds).

There are two funds managed by Futuro - Sociedade Gestora de Fundos de Pensões, SA:

- One of the funds is called Adesão Coletiva Atlantis and has an indefinite duration. Participants in this fund include all employees of Vista Alegre Atlantis, SA, former employees of Atlantis - Cristais de Alcobaça, SA, who were hired at the Associate until 31 December 2013, and who meet the eligibility requirements set out in the Pension Plan, i.e., all participants who turn 65 and have, at least, ten years of service at the Associate, are entitled to a supplementary pension for old age, calculated under the terms of the Pension Plan.

This fund is funded by Fundo de Pensões Viva.

- Another fund is called Fundo de Pensões Grupo Vista Alegre and also has an indefinite duration, which includes the employees of Vista Alegre Atlantis SA, former employees of Fábrica de Porcelana da Vista Alegre, SA and Grupo Vista Alegre Participações, SA, who were hired until 20 December 1976 and are covered by the CBA for the Ceramic Industry. The Vista Alegre Group's pension plan is funded by Fundo de Pensões Grupo Vista Alegre.

The Group's liabilities are as follows:

	2016	2015
Liabilities – Provisions for retirement pensions:		
Retirement benefits - Benefit plan managed by Grupo VAA	-2,362,712	-2,916,885
Asset - Accrued income:		
Retirement benefits - Defined benefit plan with a fund set up (Surplus/deficit of the amount of the pension fund)	85,859	249,053

On 31 December 2016, the amount of liabilities related to a former director of the Group is 1.8 million euros (2.4 million euros in December 2015). In December 2014, the Supreme Court ruled that the granting of the retirement pension to directors who meet the conditions set out in the Group's statutes, which were in the meantime revised, is not dependent on the minimum age requirement of 66 years. The director in question has not yet reached this age and the provision concerns all payments made up to 80 years, including the settlement of outstanding amounts related to pensions for the financial years from January 2010 to January 2015, payable in monthly instalments of 35,792 euros each, until January 2018.

The table below summarises the composition of net pension costs for the years ended 31 December 2016 and 2015 recognised in the consolidated income statement as staff costs:

	2016	2015
Operating costs:		
Defined benefit plan managed by Grupo VAA and active staff	-12,301	-13,066
Operating income:		
Defined benefit plan with a fund set up	72,377	82,973

DEFINED BENEFIT PLAN MANAGED BY GRUPO VAA

Liabilities arising from these plans are directly ensured by the Group and they are currently estimated, on the balance sheet date, by a specialised entity (Futuro Grupo Montepio).

Operations of Grupo VAA in the financial year:

	2016	2015
Balance on 1 January	2,916,885	2,916,737
Costs with interest + actuarial gains/losses + increase in provisions	172,569	671,152
Retirement benefits paid	-726,742	-671,004
Balance on 31 December	2,362,712	2,916,885

DEFINED BENEFIT PLAN WITH A FUND SET UP

Liabilities resulting from these plans are covered by an autonomous pension fund managed by a specialised entity (Futuro Grupo Montepio).

Amounts recognised in the balance sheet of Grupo VAA:

	2016	Increase/Decrease	2015
Present value of bonds	-2,783,756	111,304	-2,895,060
Market value of the fund	2,869,615	-274,498	3,144,113
Asset recognised in the balance sheet	85,859	-163,194	249,053

43.2 OTHERS

The provision in the line item "Other" is intended primarily to cover liabilities estimated based on the information obtained from lawyers and arising from proceedings related to contracts, labour and taxes filed against companies in the Group.

44. Guarantees provided

In tangible guarantees, we highlight the amount of 113 million euros (of the PPC of Visabeira Group's listed shares) related to the captive issuing of commercial paper, 39.9 million euros related to Grupo Vista Alegre and 148 million euros related to Palácio do Gelo.

	2016	2015
Tangible guarantees	379,218,639	440,854,969
Technical/work execution guarantees	18,508,947	42,210,146
Financial guarantees	10,170,460	45,316,289
TOTAL	407,898,047	528,381,404

45. Related parties

	Year	Sales to related parties	Purchases from related parties	Interest received	Interest paid	Amounts receivable from related parties	Amounts payable to related parties
Shareholders	2016	0	0	0	2,985,046	109,355,837	24,120,618
	2015	0	0	0	3,459,209	91,165,052	15,548,870
Associates and other holdings	2016	1,925,720	944,540	62,621	0	15,972,413	1,962,946
	2015	2,921,588	871,808	62,621	0	19,301,228	1,578,471

In 2016, the sale of a property worth 18 million euros to NFCTRADETUR, a company in Group NCFGEST, was recorded. Also noteworthy are the loans obtained from Caixa Geral de Depósitos (see note 37) and key staff remunerations (see note 14).

46. Events after the balance sheet date

There were no events subsequent to the balance sheet date that may have a material impact on the financial statements.

Viseu, 1 March 2017

The Chartered Accountant

The Board of Directors



Chartered Accountant member
No. 77089






Assessment and certification documents





Ernst & Young
Audit & Associados - SROC, S.A.
Avenida da Boavista, 36, 3º
4050-112 Porto
Portugal

Tel: +351 226 002 015
Fax: +351 226 000 004
www.ey.com

Certificação Legal das Contas

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS CONSOLIDADAS

Opinião

Auditámos as demonstrações financeiras consolidadas anexas de Grupo Visabeira, S.G.P.S., S.A. (o Grupo), que compreendem a Demonstração Consolidada da Posição Financeira em 31 de dezembro de 2016 (que evidencia um total de 1.566.310.052 euros e um total de capital próprio de 332.093.602 euros, incluindo um resultado líquido de 28.290.351 euros), a Demonstração Consolidada dos Resultados por Naturezas, a Demonstração Consolidada do Rendimento Integral, a Demonstração Consolidada das Alterações no Capital Próprio e a Demonstração Consolidada dos Fluxos de Caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras consolidadas que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras consolidadas anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira consolidada de Grupo Visabeira, S.G.P.S., S.A., em 31 de dezembro de 2016, o seu desempenho financeiro consolidado e os seus fluxos de caixa consolidados relativos ao ano findo naquela data, de acordo com as Normas Internacionais de Relato Financeiro, tal como adotadas na União Europeia.

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 e do órgão de fiscalização 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 Internacionais de Relato Financeiro, tal como adotadas na União Europeia;
- ▶ elaboração do Relatório de Gestão nos termos legais e regulamentares;
- ▶ criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorções materiais 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.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira do Grupo.

Responsabilidades do auditor pela auditoria das demonstrações financeiras consolidadas

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



possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

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

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

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

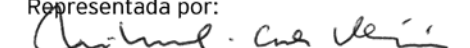
RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o Relatório de Gestão

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

Porto, 14 de março de 2017

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Representada por:


Rui Manuel da Cunha Vieira - ROC n.º 1154
Registado na CMVM com o n.º 20160766



**Ernst & Young
Audit & Associados - SROC, S.A.**
Avenida da República, 90-6º
1600-206 Lisboa
Portugal

Tel: +351 217 912 000
Fax: +351 217 957 586
www.ey.com

Relatório e Parecer do Fiscal Único

Senhores Acionistas,

Em cumprimento do disposto na alínea g) do art.º 420 do Código das Sociedades Comerciais conjugado com o n.º 1 do art.º 508-D do mesmo código, compete-nos dar parecer sobre o Relatório de Gestão Consolidado e as Demonstrações Financeiras Consolidadas apresentados pelo Conselho de Administração de Grupo Visabeira, S.G.P.S., S.A., referente ao exercício findo em 31 de dezembro de 2016.

No decurso do exercício, acompanhámos a atividade da empresa tendo efetuado os seguintes procedimentos:

- ▶ Verificámos, com a extensão considerada necessária, os registos contabilísticos e documentos que lhes servem de suporte;
- ▶ Verificámos, quando julgámos conveniente, da forma que julgámos adequada e na extensão considerada apropriada, a existência de bens ou valores pertencentes à sociedade ou por ela recebidos em garantia, depósito ou outro título;
- ▶ Verificámos que a definição do perímetro de consolidação e as operações de consolidação efetuadas estão de harmonia com o estabelecido nas normas de consolidação aplicáveis;
- ▶ Verificámos a adequacidade dos documentos de prestação de contas consolidadas;
- ▶ Verificámos que as políticas contabilísticas e os critérios valorimétricos adotados nas contas consolidadas conduzem a uma adequada apresentação do património e dos resultados do Grupo no qual a sociedade é a empresa-mãe;
- ▶ Confirmámos que o Relatório de Gestão, a Demonstração Consolidada da Posição Financeira, a Demonstração Consolidada dos Resultados por Naturezas, a Demonstração Consolidada do Rendimento Integral, a Demonstração Consolidada das Alterações no Capital Próprio, a Demonstração Consolidada dos Fluxos de Caixa e as Notas, satisfazem os requisitos legais aplicáveis;
- ▶ Averiguámos da observância pelo cumprimento da lei e do contrato de sociedade; e
- ▶ Cumprimos as demais atribuições constantes da lei.

No decurso dos nossos atos de verificação e validação que efetuámos com vista ao cumprimento das nossas obrigações de fiscalização, obtivemos do Conselho de Administração e dos Serviços as provas e os esclarecimentos que consideramos necessários.

No âmbito do trabalho de revisão legal de contas que efetuámos foi emitida, nesta data, a correspondente Certificação Legal das Contas sobre as contas consolidadas, sem reservas e sem ênfases.

Face ao exposto decidimos emitir o seguinte parecer:



Parecer do Fiscal Único

Senhores Acionistas,

Procedemos à ação de fiscalização de Grupo Visabeira, S.G.P.S., S.A. nos termos do artigo 420º do Código das Sociedades Comerciais conjugado com o n.º 1 do art.º 508-D do mesmo código, em resultado da qual somos de parecer que:

- (a) O Relatório de Gestão Consolidado do exercício de 2016 satisfaz os requisitos previstos no Código das Sociedades Comerciais;
- (b) A Demonstração Consolidada da Posição Financeira, a Demonstração Consolidada dos Resultados por Naturezas, a Demonstração Consolidada do Rendimento Integral, a Demonstração Consolidada das Alterações no Capital Próprio, a Demonstração Consolidada dos Fluxos de Caixa e as Notas do exercício de 2016, satisfazem os requisitos legais e contabilísticos aplicáveis.

Porto, 14 de março de 2017

O Fiscal Único

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Representada por:

Rui Manuel da Cunha Vieira - ROC nº 1154
Registado na CMVM com o nº 20160766

GRUPOVISABEIRA · **PALÁCIODOGELOSHOPPING** · VISTAALLEGRE
BORDALLOPINHEIRO · MOB · **MONTEBELOHOTELS&RESORTS**
VISABEIRATURISMO · **CERUTIL** · RIASTONE · VISABEIRA
CONSTRUCTEL · VIATEL · TVCABO · PDT · VISABEIRAIN
DÚSTRIA · TELEVISA · **VISABEIRAGLOBAL** · COMATEL · REAL
LIFE · EDIVISA · GRUPOVISABEIRA · PALÁCIODOGELOSHOP
PING · **VISTAALLEGRE** · BORDALLOPINHEIRO · MOB · MONTEBELO
HOTELS&RESORTS · VISABEIRATURISMO · CE
RUTIL · RIASTONE · VISABEIRA · **CONSTRUCTEL** · VIATEL
TVCABO · PDT · **VISABEIRAINDÚSTRIA** · TELEVISA · VISA
BEIRAGLOBAL · COMATEL · REALLIFE · EDIVISA · GRUPOVIS
ABEIRA · **PALÁCIODOGELOSHOPPING** · VISTA
ALLEGRE · BORDALLOPINHEIRO · MOB · MONTEBELO
HOTELS&RESORTS · VISABEIRATURISMO · CERUTIL
RIASTONE · VISABEIRACONSTRUCTEL · VIATEL · TVCABO · PDT
VISABEIRA · INDÚSTRIA · TELEVISA · **VISABEIRAGLOBAL**
COMATEL · REALLIFE · EDIVISA · GRUPOVISABEIRA · PALÁCIODOGE
LO · SHOPPING · VISTAALLEGRE · **BORDALLOPINHEIRO**
MOB · **MONTEBELOHOTELS&RESORTS** · VISABEIRATUR
ISMO · CERUTIL · **GRUPOVISABEIRA.COM** · CONSTRUCTEL
VIATEL · **TVCABO** · PDT · VISABEIRAINDÚSTRIA · TELEVISA
VISABEIRAGLOBAL · COMATEL · **REALLIFE** · EDIVISA
GRUPOVISABEIRA · PALÁCIODOGELOSHOPPING · VISTA
ALLEGRE · BORDALLOPINHEIRO · **MOB** · MONTEBELOHO
TELS&RESORTS · VISABEIRATURISMO · **CERUTIL** · RIA
STONE · VISABEIRA · **CONSTRUCTEL** · VIATEL · TVCABO
PDT · VISABEIRAINDÚSTRIA · **TELEVISA** · VISABEIRA
GLOBAL · COMATEL · **REALLIFE** · EDIVISA · GRUPOVISA
BEIRA · PALÁCIODOGELOSHOPPING · VISTAALLEGRE
BORDALLOPINHEIRO · **MOB** · MONTEBELOHOTELS&RE
SORTS · VISABEIRATURISMO · CERUTIL · RIASTONE · VIS
ABEIRATURISMO · CERUTIL · RIASTONE · VISABEIRA
CONSTRUCTEL · VIATEL · TVCABO · PDT · VISABEIRAIN
DÚSTRIA · TELEVISA · VISABEIRAGLOBAL · **COMATEL** · REAL
LIFE · EDIVISA · GRUPOVISABEIRA · PALÁCIODOGELOSHOP
PING · **VISTAALLEGRE** · BORDALLOPINHEIRO · MOB · MONTE
BELOHOTELS&RESORTS · VISABEIRATURISMO · **CERUTIL**
RIASTONE · VISABEIRA · PALÁCIODOGELOSHOP
PING · VISTAALLEGRE · **BORDALLOPINHEIRO** · MOB · MON
TEBELOHOTELS&RESORTS · **VISTAALLEGRE** · CERUTIL · RI
ASTONE · VISABEIRATURISMO · CERUTIL · **RIASTONE** · VIS
ABEIRA · **CONSTRUCTEL** · VIATEL · PDT · MOB · TELEVISA