



JOSÉ DE MELLO · SAÚDE

**REPORT AND ACCOUNTS**

**1st Half of 2018**

## CONTENTS

CONTENTS	2
CONSOLIDATED MANAGEMENT REPORT	3
1.1. SUMMARY	4
1.2. OVERALL PERFORMANCE	5
1.3. OUTLOOK FOR 2018	12
1.4. FINAL REMARKS	15
APPENDIX IN ACCORDANCE WITH ART. 9 OF CMVM REGULATION 5/2008	17
CONSOLIDATED FINANCIAL STATEMENTS	19

## CONSOLIDATED MANAGEMENT REPORT



José de Mello Saúde S.A. reports its consolidated results from the first half of 2018.

### 1.1. SUMMARY

During the first half of 2018, José de Mello Saúde presented a positive performance in all areas of its health care activity, when compared to the first half of 2017. This performance reflects a path of sustained operational growth, in parallel with the implementation of its investment strategy and geographical expansion, consolidating its leading position in the private health sector:

- Operational profits of 344 million euros, which represented a growth of 7.3% when compared to the same period of the last year. Private hospitals revenue's increased by 8.3% as a result of growth across all healthcare areas.
- Consolidated EBITDA decreased from 39.1 million euros in the first half of 2017 to 38.2 million euros in 2018, a decrease of 2.2%.
- Consolidated EBIT decreased from 24.7 million euros in the first half of 2017 to 20.9 million euros in 2018 (-15.3%), due to the negative performance of the public sector.
- Private sector EBIT had a positive performance, increasing from 25.0 to 25.5 million euros (growth of 1.8%) in the first half of 2018, while public sector EBIT moved from 0.8 to -4.0 million euros.
- Total assets increased 18.5 million euros when compared to the end of 2017, reaching 763.9 million euros (+2.5%), reflecting the increase in Tangible Fixed Assets.
- Consolidated Net Financial Debt decreased by 12 million euros (-3.6%) to 326.5 million euros, resulting in an improvement to the Net Debt - EBITDA ratio to 4.59x.
- Net Profit growth of 3.3% vis-à-vis the first half of 2017, reaching 13.7 million euros.
- In April the integration of the former Coimbra Private Clinic into the **CUF** network (acquired in 2017) was completed, which will contribute to the consolidated presence of José de Mello Saúde in the central region. Also, on July 9th, the new building of **CUF** Descobertas Hospital opened to the public, which brings more capacity, sub-specialization and privileged conditions for the practice of medicine.



## 1.2. OVERALL PERFORMANCE

### Consolidated Income Statement

(Million Euros) - Amounts not Audited	2018 Jun	2017 Jun	Var %
<b>Operating Income</b>	<b>344.0</b>	<b>320.7</b>	<b>7.3%</b>
Operating Costs	(305.8)	(281.6)	8.6%
<b>EBITDA</b>	<b>38.2</b>	<b>39.1</b>	<b>-2.2%</b>
EBITDA Margin	11.1%	12.2%	-1,1 p.p.
Amortisation and Provisions	(17.3)	(14.3)	20.4%
<b>EBIT</b>	<b>20.9</b>	<b>24.7</b>	<b>-15.3%</b>
EBIT Margin	6.1%	7.7%	-1,6 p.p.
Financial Income	6.3	0.4	1678.9%
Financial Costs	(7.6)	(4.7)	61.0%
<b>Financial Results</b>	<b>(1.3)</b>	<b>(4.4)</b>	<b>-69.3%</b>
<b>EBT</b>	<b>19.6</b>	<b>20.3</b>	<b>-3.7%</b>
Taxes	(5.7)	(6.8)	-17.2%
<b>Net Profit</b>	<b>13.9</b>	<b>13.5</b>	<b>3.2%</b>
Net profit attributable to non-controlling interests	0.2	0.2	-3.1%
<b>Net profit attributable to JMS Shareholders</b>	<b>13.7</b>	<b>13.3</b>	<b>3.3%</b>

During the first half of 2018, José de Mello Saúde's consolidated operating income reached 344 million euros, which represents a growth of 7.3% when compared to the same period of the last year. The sustained increase across all healthcare activity in the private sector was the main driver of this result, with an increase of 8.3% in operating income. Therefore, José de Mello Saúde's healthcare indicators recorded:

- 1.3 million consultations completed (an 8.7% increase when compared to the same period of last year);
- 351 thousand emergencies (+8.0% increase posted in the period);
- 50.2 thousand surgical patients (+5.9%);
- A 3.0% increase in the number of discharged patients (versus 40.1 thousand patients during the first half of 2017);
- 4,000 births (+7.5% compared to the same period of 2017);
- 9.4% billing increase in Complementary Diagnostic Procedures and Treatment (MCDTs)

Regarding private activity, emphasis should be placed on the opening of the **CUF** Coimbra Hospital, which has already made a positive contribution to the increase in activity in the private sector, namely in Cluster Norte.

Consolidated EBITDA reached 38.2 million euros during the first half of 2018 (a 2.2% reduction) and EBITDA margin was 11.1%, a 1.1 p.p decrease when compared to the same period last year.



For the operational performance is worth mentioning that the public health care sector had a negative contribution on results, as its EBITDA margin registered a decrease of 3.6 p.p. vis-à-vis first half 2017.

Despite an increase in financial costs when compared to the first half of 2017, as a result of the additional financing for the acquisition of real estate assets (namely **CUF** hospitals in Porto, Cascais and Torres Vedras, Instituto **CUF** in Porto and **CUF** Belém Clinic) during the final months of 2017, there was an improvement in Financial Results. This fact was due to the sale of José de Mello Saúde's stake in the building and car park management companies of the Braga Public-Private Partnership.

Therefore, consolidated net profit was 13.7 million euros (a growth of 3.3% compared to the same period of 2017).

#### Operating Income by Segment

(Million Euros) - Amounts not Audited	2018 Jun	2017 Jun	Var %
<b>Consolidated Sales and Services Rendered</b>	<b>344.0</b>	<b>320.7</b>	<b>7.3%</b>
Private HealthCare Services	227.3	209.8	8.3%
Public HealthCare Services	119.5	114.4	4.5%
Infrastructures	9.1	3.4	166.6%
Others	51.7	41.4	24.9%
Eliminations	-63.6	-48.2	31.7%

Operating income from the private activity reached 227.3 million euros, which represents a growth of 8.3% when compared to the same period of the previous year. This growth was driven by the sustained growth of all health care areas (10% growth in consultations, 12% in emergencies care, 4% in surgeries and 9% in examinations and treatments).



## Operating Results by Segment

Amounts not Audited	2018 Jun		2017 Jun		Var %	Var Margin
	€ million	Margin	€ million	Margin		
<b>Consolidated EBIT</b>	<b>20.9</b>	<b>6.1%</b>	<b>24.7</b>	<b>7.7%</b>	<b>-15.3%</b>	<b>-1.6 p.p</b>
Private HealthCare Services	25.5	11.2%	25.0	11.9%	1.8%	-0.7 p.p
Public HealthCare Services	-4.0	-3.4%	0.8	0.7%	-590.6%	-4.1 p.p
Infrastructures	3.5	38.1%	2.3	68.8%	47.7%	-30.7 p.p
Others	-4.0	-7.8%	-3.5	-8.4%	15.4%	0.6 p.p
Eliminations	0.0	-	0.0	-	-	-

In the private health care sector, EBIT improved 1.8% to 25.5 million euros, as a result of a growth in health care activity when compared to the first six months of 2017. However, despite the positive performance, a slight drop of 0.7 p.p. in EBIT margin was seen compared to the same period of the previous year, which reflect the strong investment strategy and geographical expansion, with emphasis in the last two years with the openings of **CUF** Hospital in Viseu and **CUF** Clinics in Almada and São João da Madeira, as well as the acquisition of a new unit in Coimbra.

Regarding the public sector, the increase in costs with drugs, clinical consumables and personnel, contributed to the deterioration of operating results to a negative value of 4 million euros and a 4.1 p.p. drop in operating margin.

The proven economic benefits for the Portuguese state of the Braga and Vila Franca de Xira partnerships, which exceed 30 million euros per year, coexist with the lack of profitability and shareholder return for José de Mello Saúde. In the understanding of José de Mello Saúde the future sustainability of public-private partnerships should involve a better balance of profits between the state and the private operator. If this balance is not reached, José de Mello Saúde considers that it's remaining in the public-private partnerships will be highly unlikely.

## Financial Position

(Million Euros) - Amounts Not Audited	2018 Jun	2017 Dec	Var.	(Million Euros) - Amounts Not Audited	2018 Jun	2017 Dec	Var.
<b>Non-current Assets</b>	<b>463.0</b>	<b>452.5</b>	<b>10.5</b>	<b>Total Equity</b>	<b>92.2</b>	<b>92.4</b>	<b>-0.3</b>
Goodwill	43.9	43.9	0.0	Share capital	53.0	53.0	0.0
Intangible assets	12.2	13.4	-1.1	Retained earnings + Reserves	21.3	26.5	-5.2
Tangible fixed assets	393.6	378.4	15.1	Net income	13.7	22.8	-9.1
Investments in associates	0.3	0.2	0.0	Interim dividends	0.0	-14.1	14.1
Other investments	1.0	0.8	0.2	Non-controlling interests	4.1	4.2	-0.1
Other non-current assets	8.3	8.3	0.0	<b>Financial Liabilities</b>	<b>408.8</b>	<b>421.6</b>	<b>-12.8</b>
Deferred tax assets	3.8	3.8	0.0	Borrowings	347.8	351.6	-3.9
Non-current assets held for sale	0.0	3.7	-3.7	Finance lease creditors	61.1	70.0	-8.9
<b>Current Assets</b>	<b>300.9</b>	<b>292.9</b>	<b>8.0</b>	<b>Non-Financial Liabilities</b>	<b>263.0</b>	<b>231.4</b>	<b>31.6</b>
Inventories	12.2	14.2	-2.1	Employee benefits	1.4	1.4	0.0
Trade receivables and advances to suppliers	117.4	122.9	-5.5	Provisions	12.7	12.3	0.4
Other current debtors	4.8	3.3	1.5	Trade payables and advances from clients	115.2	94.5	20.7
State and other public entities	10.9	16.7	-5.9	Other current creditors	20.2	10.8	9.4
Cash and cash equivalents	47.2	47.9	-0.7	State and other public entities	27.3	22.0	5.3
Other financial instruments	35.2	35.2	0.0	Deferred tax liabilities	11.7	11.7	0.0
Other current assets	73.3	52.7	20.6	Other current and non-current liabilities	74.5	78.7	-4.2
<b>Total Assets</b>	<b>763.9</b>	<b>745.4</b>	<b>18.5</b>	<b>Total Liabilities</b>	<b>671.8</b>	<b>653.0</b>	<b>18.8</b>
				<b>Total Equity + Liabilities</b>	<b>763.9</b>	<b>745.4</b>	<b>18.5</b>

In the first half of 2018, there was an increase in total assets of 18.5 million euros when compared to the end of 2017, reaching an amount of 763.9 million euros (+2.5%). This was in line with performance year-on-year, due to the increase in tangible fixed assets, which reflects the strong commitment to the expansion strategy of the CUF network.

Equity reached a total value of 92.2 million euros at the end of June 2018, in line with figures recorded at the end of 2017.

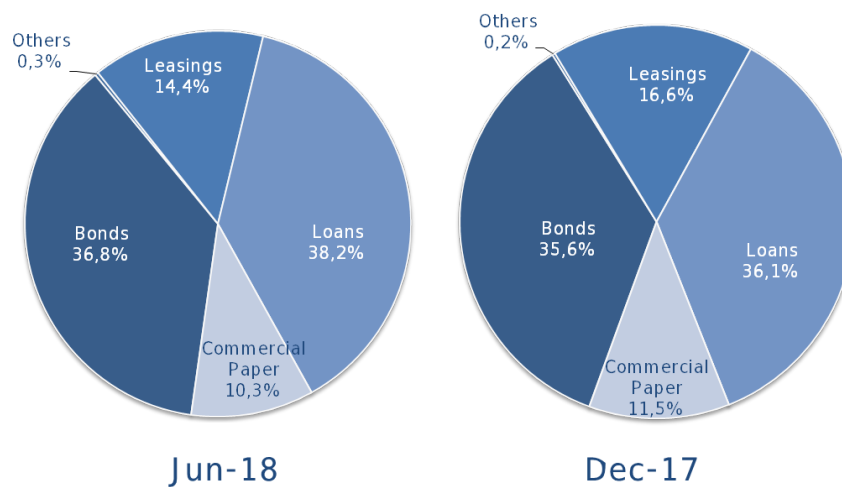
Consolidated Gross Financial Debt amounted to 408.8 million euros at the end of the first half of 2018, a reduction of 12.8 million euro when compared to the end of 2017, as result of both a reduction in loans as well as contracted leasings.



## Financial Debt Profile

Following its policy of financial sustainability and source diversification, José de Mello Saúde maintained its debt profile mostly unchanged during the first semester of 2018, as can be seen in the following charts:

**Financial Debt of José de Mello Saúde**



## Financial Ratios

(Million Euros) - Amounts Not Audited	2018 Jun	2017 Dec
Financial Autonomy	12.1%	12.4%
Solvency	13.7%	14.2%
Net Financial Debt (million euros)	326.5	338.6
Net Financial Debt <sup>1</sup> /EBITDA	4.59	4.70
EBIT/Financial Charges	2.57	3.49

<sup>1</sup> Considers Gross Financial Debt less Cash and Cash Equivalents and Other Financial Instruments

The slight decrease in financial autonomy and solvency ratios when compared to December 2017 is explained by growth in total assets and non-financial liabilities, with equity remaining nearly unchanged.



Despite investment in new units, a decrease in net financial debt was seen during the first half of 2018, compared to the same period of the previous year (-3.6%). As a result, the net financial debt to EBITDA ratio improved to 4.59x.

### Relevant facts of the activity

The 1st half of 2018 featured the integration of the former Coimbra Private Clinic into the **CUF** network in April. Management by José de Mello Saúde started in December 2017, and currently **CUF** Hospital in Coimbra has a general range of services, organized into 28 appointment and examination rooms, 28 hospital beds, four operating theaters, three imaging rooms and one room for special gastroenterology examinations. The **CUF** Coimbra Hospital reinforces the leadership position of José de Mello Saúde in the Portuguese market as part of its expansion strategy in national territory, where the company is focused in reaching geographical areas not yet covered by the experience and clinical quality of its units.

In May, **CUF** Porto Hospital received the Joint Commission International (JCI) accreditation thereby strengthening its commitment as a provider of healthcare of excellence. JCI is one of the most prestigious independent accrediting entities, whose purpose is to supervise and certify health facilities around the world, following internationally validated quality standards. Therefore, this accreditation marks the beginning of the accreditation process of **CUF** private units, after Vila Franca de Xira which has already obtained and revalidated it, and Braga Hospital which holds a global accreditation from Caspe Healthcare Knowledge Systems (CHKS).

In parallel, in the most recent assessment by SINAS - The National Health Assessment System - under the responsibility of the Health Regulatory Entity, José de Mello Saúde group stood out once again for their good results. Braga Hospital, which remains one of the best performing hospitals in the public network, obtained the maximum level of clinical excellence (3+) in five specialties; Vila Franca de Xira Hospital in four specialties, and **CUF** Descobertas Hospital, **CUF** Porto Hospital, **CUF** Torres Vedras Hospital and **CUF** Cascais Hospital, each obtained the highest level of excellence in one specialty.

The Grow program – transversal to all companies of José de Mello group with the objective of strengthening to the connection to the startups ecosystem, supporting and accelerating the

development of innovative projects - analyzed 86 startups and ran 11 mentoring sessions. Three solutions were selected during the first six months of the year (Mapidea, GFoundry and Healthy Systems), and there are several other pilot projects in progress.

It is also worth mentioning the continuous investment and focus on training, research and human development. This work is implemented by **CUF** Academy, which carried out the following initiatives during this half year period:

- Indexing the JMS Medical Gazette in the Directory of Open Access Journals (DOAJ);
- Doubling the number of clinical trials vs. the same period of the previous year;
- A total of 38 training activities within the network;
- Organization of internationally renowned clinical events, such as the European Low Grade Glioma Network 2018;
- Launch of the Lifestyle Medicine University Unit, in partnership with NOVA Medical School, in the **CUF** network.

Also during the first half of 2018, the Corporate Citizenship program – **CUF** Inspira Program – was launched, as a public statement of the social, economic and environmental commitment of José de Mello Saúde. This program contributes to the positioning of **CUF** as a trusted and inspiring brand with close relationships with its employees and communities where it is located, through a set of initiatives that will materialize the principles and values of the company.



### 1.3. OUTLOOK FOR 2018<sup>1</sup>

#### Macroeconomic framework

The Portuguese economy should remain on a path of expansion over the course of the next three years, albeit at a progressively slower pace. Following growth of 2.7% in 2017, Gross Domestic Product (GDP) is expected to experience average annual growths of 2.3% in 2018, 1.9% in 2019 and 1.7% in 2020. By the end of this period, GDP levels should be slightly above those observed prior to the 2008 international financial crisis. It should be noted that GDP growth in Portugal should be higher than forecasts for the euro zone, slightly reversing the negative differential accumulated over the last few years.

In this favorable framework, characterized by the dynamism of exports and the recovery of investment, the value of exports of goods and services is expected to be around 67% above levels seen in 2008.

A general recovery of activity in the main sectors is also expected, reflecting the growth in domestic and foreign demand, which since 2013 has to a large extent been based on the growth of the services sector, particularly tourism.

The labour market should also register a favorable evolution whereby, following a 3.3% increase in employment in 2017 - the greatest increase since the start of the monetary union and significantly higher than the increase in GDP -, employment is expected to grow by 2.6% in 2018, 1.2% in 2019 and 0.9% in 2020. This growth reflects the evolution of employment in the private sector, with a slower recovery being envisaged in the public sector.

In 2018 private consumption is expected to grow 2.2%, similar to the figure of 2.3% seen in the previous year, within a framework of a marked improvement in consumer confidence, which has remained at historically high levels. The evolution of private consumption leads to employment continuing to increase, albeit at a slower pace than in previous years, and the

---

<sup>1</sup> Sources:

- i) Boletim Económico (Economic Bulletin) - June 2018, Banco de Portugal
- ii) Destaque - Informação à comunicação social (Highlight - Media information), by the National Institute of Statistics
- iii) Panorama do Mercado Segurador (Panorama of the Insurance Market) 16/17, by the Portuguese Association of Insurance Companies



contained growth of real wages, in a context of favorable financing conditions and high levels of consumer confidence. It should also be mentioned that the minimum wage increased by 4.1% in 2018.

### **Healthcare sector**

Current health expenditure is estimated to have grown by 3.0% in 2017, at a slower pace than in previous years (3.3% in 2015 and 4.4% in 2016), standing at 17,344.8 million euros. This evolution resulted in continued decline of the relative weight of current expenditure on health in GDP (9.0% of GDP in 2017, 9.1% in 2016).

Preliminary results for 2017 point to a 3.5% increase in current public spending, which is a greater change than that estimated for private spending (2.1%). Over the last three years (2015-2017) current public spending has thus reinforced its relative importance in the financing of the national health system (66.2% in 2015, 66.4% in 2016 and 66.6% in 2017).

The health insurance marked maintained its historic path of growth, with the number of people insured increasing by 11.4% between 2015 and 2016. The September 2017 report of the Portuguese Association of Insurance Companies (APS) mentions a 2.7% increase in the number of insured persons when compared to the same period of the previous year, with a total of over 2.3 million Portuguese people holding insurance policies. This, along with all other public and private health subsystems, allows more than 4.3 million Portuguese people access to private healthcare in addition to the Portuguese National Health Service (SNS).

### **José de Mello Saúde**

Following this macroeconomic context, José de Mello Saúde maintains as future ambitions the strengthening and expansion of the **CUF** network, according to a model that enables differentiation, through large hospitals that include subspecialisation in reference areas, and convenience, through a network of clinics and local hospitals. In this sense, the second half of the year started with the opening of the expansion of **CUF** Descobertas Hospital, with construction works still underway on the future **CUF** Tejo Hospital and the future **CUF** Sintra Hospital; further expansions in different **CUF** units are also being planned.



These expansions are part of the strategy to develop and expand the **CUF** network, which intends to be closer to the populations by providing them with access to excellent healthcare with over 70 years of experience.

In parallel to this growth ambition, strategic lines of business remain in place for sustained growth adapted to the main clinical, market, consumer and technological trends:

- Showcase the unique clinical quality by continuing with the accreditation process of its various units by the Joint Commission International (JCI) and increasing the number of pathologies with a single protocol and systematic measurement of outcomes;
- Offering a flawless customer experience by simplifying and digitizing of processes and enhancing humanization in customer interaction.
- Ensure the efficiency of the operation through the optimization, simplification and standardization of systems and processes, capturing the benefits of network operation;
- To value Human Talent as a means to ensure excellence in performance, in particular by maintaining the focus on training materialized at **CUF** Academy.

The current socioeconomic environment presents some challenges to the achievement of these objectives, namely:

- Increased pressure in the negotiation of prices by the Responsible Funding Entities, namely the changes introduced by ADSE with the reduction of payments to providers and the increase in the co-payment by beneficiaries;
- The uncertainty in the contractualisation of Public-Private Partnerships, in particular concerning the renewal of existing contract;
- Interruption of specific funding that had been given to vertical programs for HIV/AIDS and Multiple Sclerosis, with a major impact on Braga Hospital;
- Constraining the volume of activity contracted for the Public-Private hospitals, limiting by contractual route the possibility of an adequate response to existing demand;
- Legislative instability in work regimes, specifically regarding the duration of the working week;
- Financial risks such as the reversal of the interest rate curves in the long term, rising inflation and the increase in the funding cost of the Portuguese debt in comparison with Germany's funding cost.



#### 1.4. FINAL REMARKS

Under the terms of subparagraph c), No. 1 of article 246 of the Portuguese Securities Code, and following the legal and statutory provisions, the Board of Directors presents the condensed financial statements and the intermediate management reports concerning the first semester of 2018, firmly believing that, as far as it knows, the information there contained conforms to the applicable accounting standards, providing a true and adequate picture of the assets and liabilities, of the financial position and of the issuer's profit and loss, and that the management report faithfully describes the required information.

José de Mello Saúde also advises that the report and consolidated accounts concerning the first semester of 2018 were not subject to a review by an external auditor registered in the CMVM.

#### Board of Directors

---

Salvador Maria Guimarães José de Mello

---

Pedro Maria Guimarães José de Mello

---

João Gonçalves da Silveira

---

Rui Alexandre Pires Diniz

---

Rui Manuel Assoreira Raposo

---

Vasco Luís José de Mello

---

Inácio António da Ponte Metello de Almeida e Brito

---



JOSÉ DE MELLO · SAÚDE

Guilherme Barata Pereira Dias de Magalhães

---

Paulo Jorge Cleto Duarte

---

Luís Eduardo Brito Freixial de Goes

---

Vera Margarida Alves Pires Coelho

---

Céline Dora Judith Abecassis-Moedas

---

Raúl Galamba de Oliveira

Lisbon, 27<sup>th</sup> July 2018

---



**APPENDIX IN ACCORDANCE WITH ART. 9 OF CMVM  
REGULATION 5/2008**

In accordance with article 9 (a)(1) of CMVM Regulation 5/2008

	BALANCE AT 31-12-2017	ACQUISITIONS / SHARE CAPITAL INCREASE		SALES		BALANCE AT 30-06-2018
	Quantity	Quantity	Ammount €	Quantity	Ammount €	Quantity
<b>Salvador Maria Guimarães José de Mello</b> Hospital CUF Descobertas, S.A.	305	-	-	305	119.15	0
<b>Rui Manuel Assoreira Raposo</b> Hospital CUF Descobertas, S.A.	137	-	-	137	119.15	0
<b>Guilherme Barata Pereira Dias de Magalhães</b> Hospital CUF Descobertas, S.A.	137	-	-	137	119.15	0
<b>Vasco Luís José de Mello</b> Hospital CUF Descobertas, S.A.	116	-	-	116	119.15	0
<b>Inácio António da Ponte Metello de Almeida e Brito</b> Hospital CUF Descobertas, S.A.	92	-	-	92	119.15	0
<b>Rui Alexandre Pires Diniz</b> Hospital CUF Descobertas, S.A.	327	-	-	327	119.15	0

## CONSOLIDATED FINANCIAL STATEMENTS

JOSÉ DE MELLO SAÚDE, S.A.

CONSOLIDATED INCOME AND OTHER COMPREHENSIVE INCOME STATEMENT  
AS OF 30 JUNE 2018 AND 2017

(Amounts in Euros)

	Notes	30-06-2018	30-06-2017
<b>Operating income:</b>			
Sales and services rendered	5, 6	339 446 721	317 039 526
Other operating income	5	4 577 678	3 673 737
<b>Total operating income</b>		<b>344 024 398</b>	<b>320 713 263</b>
<b>Operating costs:</b>			
Cost of sales		(65 515 041)	(58 776 690)
External supplies and services	7	(129 325 503)	(121 122 494)
Personnel costs	8	(109 494 472)	(99 989 496)
Amortisations and depreciations	5	(16 353 252)	(12 952 106)
Provisions and impairment losses, net	5	( 913 980)	(1 383 620)
Other operating costs		(1 478 367)	(1 755 754)
<b>Total operating costs</b>	5	<b>(323 080 615)</b>	<b>(295 980 159)</b>
<b>Operating profit</b>	5	<b>20 943 783</b>	<b>24 733 103</b>
Financial expenses and losses	5, 9	(7 645 213)	(4 747 196)
Financial income and gains	5, 9	193 359	341 773
Profit/loss of associates	5, 9	37 946	( 73 920)
Profit/loss of investment activities	5, 9	6 066 595	86 187
<b>Financial results</b>	5	<b>(1 347 312)</b>	<b>(4 393 155)</b>
<b>Pre-tax profit</b>	5	<b>19 596 471</b>	<b>20 339 948</b>
Income tax	5	(5 666 301)	(6 841 637)
<b>Consolidated net profit for the year</b>		<b>13 930 170</b>	<b>13 498 311</b>
Net profit for the year attributable to non-controlling interests	5	211 486	218 152
<b>Net profit for the year attributable to equity holders</b>	5	<b>13 718 684</b>	<b>13 280 160</b>
<b>Other items of Comprehensive Income:</b>			
<b>Other income and expenses directly recognised in equity that will not be reclassified to profit:</b>			
Changes in the equity of associates		( 303 393)	0
<b>Other income and expenses directly recognised in equity that might be reclassified to profit:</b>			
Changes in fair value of hedging instruments		125 342	5 27 006
		(178 051)	5 27 006
<b>Consolidated comprehensive income</b>		<b>13 752 120</b>	<b>14 025 318</b>
Comprehensive income for the year attributable to non-controlling interests		211 486	218 152
<b>Comprehensive income for the year attributable to equity holders</b>		<b>13 540 633</b>	<b>13 807 166</b>
<b>Earnings per share:</b>			
Basic	10	1.29	1.25
Diluted	10	1.29	1.25

The accompanying notes form an integral part of the consolidated income and other comprehensive income statement for the semester ended 30 June 2018.

The Chartered Accountant

The Board of Directors

JOSÉ DE MELLO SAÚDE, S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF 30 JUNE 2018 AND 31 DECEMBER 2017

(Amounts in Euros)

	Notes	30-06-2018	31-12-2017
<b>Non-current assets:</b>			
Goodwill	5, 11	43 885 257	43 885 257
Intangible assets		12 238 588	13 357 220
Tangible fixed assets	5, 12	393 558 643	378 408 792
Investments in associates		272 901	233 956
Other investments		968 967	770 384
Deferred tax assets		3 786 717	3 786 717
Other non-current assets		8 296 945	8 296 945
<b>Total non-current assets</b>		<b>463 008 018</b>	<b>448 739 272</b>
<b>Current assets:</b>			
Inventories		12 154 298	14 216 580
Trade receivables and advances to suppliers	5, 13	117 408 361	122 870 558
Other current debtors		4 848 377	3 316 536
State and other public entities		10 872 932	16 737 792
Other current assets		73 342 151	52 749 441
Other financial instruments	14	35 150 000	35 150 000
Cash and cash equivalents	15	47 155 144	47 894 297
<b>Total current assets</b>		<b>300 931 262</b>	<b>292 935 205</b>
Non-current assets held for sale		-	3 735 465
<b>TOTAL ASSETS</b>	5	<b>763 939 280</b>	<b>745 409 942</b>
<b>Equity:</b>			
Share capital	16	53 000 000	53 000 000
Legal reserve	17	7 289 353	5 811 644
Other reserves and retained earnings		14 012 073	20 658 007
Consolidated net income		13 718 684	22 820 198
Interim dividends		-	(14 100 000)
<b>Equity attributable to shareholders</b>		<b>88 020 110</b>	<b>88 189 849</b>
Non-controlling interests		4 132 180	4 228 716
<b>Total equity</b>		<b>92 152 290</b>	<b>92 418 565</b>
<b>Non-current liabilities:</b>			
Borrowings	5, 18	292 414 368	295 514 364
Finance lease creditors		53 058 385	60 177 688
Employee benefits	19	1 355 216	1 355 216
Provisions	19	12 672 897	12 259 474
Other creditors		3 358 340	3 358 340
Deferred tax liabilities		11 735 363	11 735 363
Other non-current liabilities		1 502 262	1 627 604
<b>Non-current liabilities</b>		<b>376 096 832</b>	<b>386 028 049</b>
<b>Current liabilities:</b>			
Borrowings	5, 18	55 340 136	56 119 722
Finance lease creditors		8 012 015	9 794 327
Trade payables and advances from clients	5, 20	115 199 811	94 542 001
State and other public entities		27 276 677	21 958 566
Other current creditors		16 850 537	7 476 112
Other current liabilities	21	73 010 981	77 072 601
<b>Total current liabilities</b>		<b>295 690 158</b>	<b>266 963 328</b>
<b>TOTAL LIABILITIES</b>	5	<b>671 786 990</b>	<b>652 991 378</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>763 939 280</b>	<b>745 409 942</b>

The accompanying notes form an integral part of the consolidated statement of financial position  
for the period ended 30 June 2018.

Consolidated Management Report, 1st Half of 2018 – José de Mello Saúde

The Chartered Accountant

The Board of Directors

JOSÉ DE MELLO SAÚDE, S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
AS OF 30 JUNE 2018 AND 2017

(Amounts in Euros)

	Share capital	Legal reserve	Other reserves and Retained earnings	Net profit	Interim dividends	Non-controlling interests	Total
Balance at 1 January 2017	53 000 000	4 356 460	7 839 302	23 918 981	(11 408 000)	3 960 796	81 667 539
Appropriation of consolidated net profit for 2016:							
Transfer to retained earnings	-	-	4 555 797	(15 963 797)	11 408 000	-	-
	-	1 455 184	-	(1 455 184)	-	-	-
Dividends paid out	-	-	-	(6 500 000)	-	(156 617)	(6 656 617)
Changes resulting from change of equity in associates	-	-	4 043	-	-	-	4 043
Changes in non-controlling interests resulting from changes in consolidation perimeter	-	-	(461 488)	-	-	-	(461 488)
Capital decrease	-	-	32 285	-	-	-	32 285
Repayment of accessory contributions	-	-	-	-	-	-	-
Others	-	-	8 047	-	-	(6 256)	1 791
	-	-	-	-	-	-	-
Consolidated net income for the semester of 2017	-	-	-	13 280 160	-	218 152	13 498 311
Other items of Comprehensive Income:							
Changes in the equity of associates	-	-	-	-	-	-	-
Changes in the fair value of financial instruments	-	-	527 006	-	-	-	527 006
Total comprehensive income for the semester	-	-	527 006	13 280 160	-	218 152	14 025 318
Balance at 30 June 2017	53 000 000	5 811 644	12 504 992	13 280 160	-	4 016 075	88 612 870
Balance at 1 January 2018	53 000 000	5 811 644	20 658 007	22 820 198	(14 100 000)	4 228 716	92 418 565
Appropriation of consolidated net profit for 2017:							
Transfer to retained earnings	-	-	(6 257 510)	(7 842 490)	14 100 000	-	-
	-	1 477 709	-	(1 477 709)	-	-	-
Dividends paid out	-	-	-	(13 500 000)	-	(312 770)	(13 812 770)
Changes in non-controlling interests resulting from changes in consolidation perimeter	-	-	15 252	-	-	4 748	20 000
Capital decrease	-	-	-	-	-	-	-
Repayment of accessory contributions	-	-	-	-	-	-	-
Others	-	-	(225 625)	-	-	-	(225 625)
	-	-	-	-	-	-	-
Consolidated net income for the semester of 2018	-	-	-	13 718 684	-	211 486	13 930 170
Other items of Comprehensive Income:							
Changes in the equity of associates	-	-	(303 393)	-	-	-	(303 393)
Changes in the fair value of financial instruments	-	-	125 342	-	-	-	125 342
Total comprehensive income for the semester	-	-	(178 051)	13 718 684	-	211 486	13 752 120
Balance at 30 June 2018	53 000 000	7 289 353	14 012 073	13 718 684	-	4 132 180	92 152 290

The accompanying notes form an integral part of the consolidated statement of financial position for the period ended 30 June 2018.

The Chartered Accountant

The Board of Directors



JOSÉ DE MELLO · SAÚDE

JOSÉ DE MELLO SAÚDE, S.A.

**CONSOLIDATED CASH FLOW STATEMENTS  
AS OF 30 JUNE 2018 AND 2017**

(Amounts in Euros)

	Notes	30-06-2018	30-06-2017
<b>OPERATING PROFIT</b>			
Cash receipts from clients		337 537 605	271 303 686
Cash paid to suppliers		(192 047 325)	(155 368 834)
Cash paid to employees		(100 011 815)	(96 096 283)
Income tax received/paid		(1 046 388)	(909 139)
Other cash receipts/payments relating to operating activities		(1 168 451)	1 137 004
<b>Net cash from operating activities (1)</b>		<b>43 263 627</b>	<b>20 066 434</b>
<b>INVESTING ACTIVITIES:</b>			
<i>Cash receipts relating to:</i>			
Financial assets and other investments		9 294 693	225 213
Tangible fixed assets		5 468 596	9 662
Interest and similar income		315 513	326 601
Dividends		-	-
		<b>15 078 803</b>	<b>561 476</b>
<i>Payments regarding:</i>			
Financial assets and other investments		(317 733)	(3 482 513)
Tangible fixed assets		(23 902 774)	(10 270 474)
Intangible assets		(242 053)	(488 481)
Others		-	-
		<b>(24 462 561)</b>	<b>(14 241 468)</b>
<b>Net cash from investment activities (2)</b>		<b>(9 383 758)</b>	<b>(13 679 992)</b>
<b>FINANCING ACTIVITIES:</b>			
<i>Cash receipts relating to:</i>			
Borrowings		204 745 003	161 201 200
Borrowings to group companies		2 319 426	1 141 738
Accessory capital		-	-
Interest and similar income		-	-
Financial derivative instruments		145 342	1 505 367
		<b>207 209 771</b>	<b>163 848 305</b>
<i>Payments regarding:</i>			
Borrowings		(209 229 738)	(145 526 742)
Capital reductions and other equity instruments		-	-
Borrowings to group companies		-	(3 310 966)
Payment of finance lease liabilities		(10 832 593)	(4 675 752)
Interest and similar expenses		(8 062 194)	(4 599 710)
Dividends paid and profit distributed		(13 851 865)	(7 034 617)
Others		-	(944 284)
		<b>(241 976 389)</b>	<b>(166 092 071)</b>
<b>Net cash from financial activities (3)</b>		<b>(34 766 619)</b>	<b>(2 243 765)</b>
<b>Changes in cash and equivalents (4)=(1)+(2)+(3)</b>		<b>(886 750)</b>	<b>4 142 678</b>
Effect of change in consolidation perimeter		-	250
<b>Cash and cash equivalents at the start of the period</b>	15	<b>47 884 243</b>	<b>15 814 660</b>
<b>Cash and cash equivalents at the end of the period</b>	15	<b>46 997 493</b>	<b>19 957 588</b>

The accompanying notes form an integral part of the consolidated cash flow statement for the period ended 30 June 2018.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 30 JUNE 2018

(Amounts in Euros)

### 1. INTRODUCTION

José de Mello Saúde, S.A. ("Company" or "JMS") is a public limited company, with headquarters in Lisbon at Av. do Forte, n° 3, Edifício Suécia III, Piso 2, 2790-073 Carnaxide. It was incorporated in December 1992 with the core business of the provision of healthcare, particularly in the area of private healthcare, public-private partnerships, the provision of services in the area of medicine, occupational health and hygiene, and also providing home-based healthcare. The corporate universe of JMS ("Group" or "JMS Group") is formed of the subsidiaries, associates and jointly controlled entities described in Note 3.

The Company's share capital, as stated in Note 16, is majority-owned by José de Mello Capital, S.A. its parent company that publishes consolidated financial statements complying with International Financial Reporting Standards ("IFRS") and, consequently, the operations and transactions of the Company (Note 22) are influenced by the decisions of José de Mello Group.

### 2. ACCOUNTING POLICIES

#### 2.1. Basis of presentation

The consolidated financial statements were prepared in accordance with provisions in IAS 34 – Interim Financial Report; accordingly, they should be read jointly with the financial statements for the year ended at 31 December 2017.

#### 2.2. Changes in accounting policies

Accounting policies adopted are consistent with those followed in the preparation of the financial statements for the year ended as of 31 December 2017 and referred in respective notes.

#### 2.3. Critical judgments / estimates

The preparation of financial statements in accordance with the principles of recognition and measurement of IFRS requires that the Board of Directors make judgments, estimates and assumptions that may affect the value of assets and liabilities presented, in particular amortisation and depreciation,



adjustments, impairment losses and provisions, disclosures of contingent assets and liabilities at the date of the financial statements, as well as the income and expenses.

Those estimates are based on the best knowledge available at any time and on the actions that are planned, and they are constantly revised based on the available information. Changes in facts and circumstances may lead to the revision of estimates, so the actual results in the future may differ from those estimates.

#### **2.4. Consolidation principles**

The adopted consolidation principles are consistent with those followed in the preparation of the financial statements for the year ended as of 31 December 2017 and referred in respective notes.

### **3. COMPANIES INCLUDED IN THE CONSOLIDATION**

#### **3.1. Companies consolidated by the full consolidation method**

The consolidation included, through full consolidation method, the parent company and the following subsidiaries in which control is held:

Company	Registered office	Effective percentage	Business activity
<b>Private healthcare services:</b>			
Hospital CUF Descobertas, S.A.	Carnaxide	100%	Management and operation of a hospital
Hospital CUF Infante Santo, S.A.	Carnaxide	100%	Management and operation of a hospital and nursing units
Hospital CUF Porto, S.A.	Carnaxide	100%	Management and operation of a hospital and nursing units
Hospital CUF Torres Vedras, S.A.	Carnaxide	100%	Management and operation of a hospital and nursing units
Hospital CUF Cascais, S.A.	Carnaxide	100%	Management and operation of a hospital and nursing units
Hospital CUF Viseu, S.A.	Viseu	100%	Management and operation of a hospital
Hospital CUF Santarém, S.A.	Carnaxide	100%	Management and operation of a hospital
Clínica CUF Alvalade, S.A.	Carnaxide	100%	Provision of medical and nursing services
Clínica CUF Belém, S.A.	Lisboa	62.8068%	Provision of medical and nursing services
Clínica de Serviços Médicos Computorizados de Belém, S.A.	Lisboa	33.6490%	Provision of medical and nursing services
Instituto CUF - Diagnóstico e Tratamento, S.A.	Matosinhos	95.9955%	Operation of health unit
HD Medicina Nuclear, S.A.	Lisboa	69.996%	Provision of diagnosis services and therapy in the nuclear medicine field
Ecografia de Cascais, Lda.	Cascais	99.9995%	Operation of a diagnosis and radiology medical centre
Nova Imagem - Centro Radiodiagnóstico, S.A.	Carnaxide	99.9995%	Operation of a diagnosis and radiology medical centre
SIM-X - Serviço de Imagem Médica, Lda.	Viseu	100%	Operation of a diagnosis and radiology medical centre
Clínica Dr. Luís Álvares, S.A.	Lisboa	100%	Operation of a diagnosis and radiology medical centre
Celso & Santos, S.A.	S.J.Madeira	100%	Operation of a diagnosis and radiology medical centre
Gabinete de Diagnóstico de Imagem de São João da Madeira, Lda.	S.J.Madeira	100%	Operation of a diagnosis and radiology medical centre
Ecoclínica - Diagnóstico por Imagem, Lda.	Algés	100%	Operation of a diagnosis and radiology medical centre
Hospital CUF Coimbra, S.A.	Coimbra	100%	Provision of medical and nursing services with hospitalization
<b>Public healthcare services:</b>			
Escola Braga - Sociedade Gestora do Estabelecimento, S.A.	Braga	99.9809%	Management and operation of a public hospital
Escola Vila Franca - Sociedade Gestora do Estabelecimento, S.A.	V.F. de Xira	99.9760%	Management and operation of a public hospital
<b>Infrastructures:</b>			
Infrahealth - Gestão de Infraestruturas, Lda.	Carnaxide	100%	Operation, management and marketing of healthcare infrastructure, commercial areas and car parks
Imo health - Investimentos Imobiliários, S.A.	Carnaxide	100%	Buying and selling real estate, exchange and renting property
Imo health Cascais - Investimentos Imobiliários, S.A.	Carnaxide	100%	Buying and selling real estate, exchange and renting property
Imo health Torres Vedras - Investimentos Imobiliários, S.A.	Carnaxide	100%	Buying and selling real estate, exchange and renting property
Imo health Belém - Investimentos Imobiliários, S.A.	Carnaxide	100%	Buying and selling real estate, exchange and renting property
Imo health Matosinhos - Investimentos Imobiliários, S.A.	Carnaxide	100%	Buying and selling real estate, exchange and renting property
Imo health Santarém - Investimentos Imobiliários, S.A.	Carnaxide	100%	Buying and selling real estate, exchange and renting property
SIMPLYGREEN - Investimentos Imobiliários, S.A.	Carnaxide	100%	Buying and selling real estate, exchange and renting property
GREENMOLE - Investimentos, S.A.	Carnaxide	60%	Buying and selling real estate, exchange and renting property
Hos pimb - Imobiliária, S.A.	Carnaxide	100%	Execution of real estate projects, namely the purchase and sale of properties, swap and rental of owned properties and of properties belonging to third parties
<b>Others:</b>			
José de Mello Saúde, S.A.	Carnaxide	Parent company	Purchase and sale of equipment and provision of management and consultancy services
VALIR - Sociedade Gestora de Participações Sociais, S.A.	Matosinhos	95.9955%	Management of shareholdings
Vramondi International BV	Roterdão	100%	Management of shareholdings
JMS - Prestação de Serviços Administrativos e Operacionais, ACE	Carnaxide	99.09%	Provision of IT, operational, administrative and negotiations services
JMS - Prestação de Serviços de Saúde, ACE	Carnaxide	99.24%	Provision of operational, administrative and health services
JMS - Serviços de Logística, ACE	Carnaxide	99.17%	Provision of operating services (catering, cleaning and maintenance)
Academia CUF, Sociedade Unipessoal, Lda.	Carnaxide	100%	Provision of training services in the nursing and clinical services field
Sagies - Segurança, Higiene e Saúde no Trabalho, S.A.	Carnaxide	70.50%	Provision of external services of occupational safety, hygiene and health
Loja Saúdecuf - Produtos e Serviços de Saúde e Bem-Estar, S.A.	Carnaxide	100%	Sale of parapharmaceutical products
PPPS - Gestão e Consultoria, S.A.	Carnaxide	100%	Provision of management, consultancy, operating and administrative services in the healthcare sector
PPPS II - Gestão e Consultoria, S.A.	Carnaxide	100%	Provision of management, consultancy, operating and administrative services in the healthcare sector
PPPS III - Gestão e Consultoria, S.A.	Carnaxide	100%	Provision of management, consultancy, operating and administrative services in the healthcare sector
Centro Logístico CUF Unipessoal, Lda.	Carnaxide	100%	Distribution and commercialization of medication and medical devices

### 3.2. Associates

The associates registered through the equity method as of 30 June 2018 are as follows:

Company	Registered office	Effective percentage	Business activity
Centro Gamma Knife-Radiocirurgia, S.A.	Lisboa	34%	Operation of radiosurgery treatment units

### 4. CHANGES IN THE CONSOLIDATION SCOPE

The main changes occurred in the consolidation scope for the semester ended as of 30 June 2017 were the constitution of the following entities:

Company	Registered office	Percentage of capital held	
		Control	Effective
Imo health Cascais - Investimentos Imobiliários, S.A.	Carnaxide	100%	100%
Imo health Torres Vedras - Investimentos Imobiliários, S.A.	Carnaxide	100%	100%
Imo health Belém - Investimentos Imobiliários, S.A.	Carnaxide	100%	100%
Imo health Matosinhos - Investimentos Imobiliários, S.A.	Carnaxide	100%	100%
Imo health Santarém - Investimentos Imobiliários, S.A.	Carnaxide	100%	100%
GREENIMOLIS - Investimentos, S.A.	Carnaxide	60%	60%

### 5. BUSINESS SEGMENTS

As argued in IFRS 8, the Group presents the operating segments based on the internal management information model provided to the main agent responsible for making the Group's operational decisions, who is responsible for the allocation of resources to the segment and for the evaluation of its performance as well as for making strategic decisions. The main activities undertaken by the Group are classified into the following business segments:

- Private healthcare services;
- Public healthcare services;
- Infrastructures; and,
- Others



The Private healthcare business area includes the following units:

- eight hospitals providing a total of 600 inpatient beds; 412 consultation rooms; 45 operating theatres, 6 delivery rooms, and a wide offer of specialty consultations, exams, dental care, check-ups, physical medicine and rehabilitation;
- eight outpatient units providing a total of 202 consultation rooms offering specialty consultations, exams, dental care, check-ups, physical medicine and rehabilitation and also the possibility of carrying out minor surgery;
- one high technology diagnosis and treatment unit including 56 consulting rooms and 2 operating theatres; and,
- eight clinical imaging units with a wide range of exams (bone densitometry, ultrasound scan, mammography, radiology, magnetic resonance imaging and computed tomography).

The “Public Healthcare” business area results from two partnership contracts with the Portuguese State, in which the Group manages two hospitals:

- Braga Hospital – resulting from a public-private partnership (established in December 2008), the Management Contract was initiated with ARS Norte IP on 1 September 2009, for a period of 10 years, i.e., until 31 August 2019. The new Braga Hospital, which is part of the NHS, opened on 9 May 2011 and has a total hospital floor area of 102 000 m<sup>2</sup>, 705 inpatient beds, 109 consultation rooms, 12 operating theatres and six delivery rooms, serving a population of 1.2 million inhabitants in the Braga and Viana do Castelo districts; and,
- Vila Franca de Xira Hospital – the Escala Vila Franca de Xira consortium took over the management of Reynaldo dos Santos Hospital on 1 June 2011, being responsible for the entire operations of this hospital which belongs to the Portuguese National Health Service. The management of the previous hospital infrastructure was assured for the period of 2 years. In April 2013, the new Vila Franca de Xira Hospital opened, with a gross construction area of 49 000 m<sup>2</sup>, 233 beds, 33 consulting rooms, nine operating theatres and six delivery rooms, serving about 235,000 inhabitants of the Alenquer, Arruda dos Vinhos, Azambuja, Benavente and Vila Franca de Xira municipalities. This management contract will be effect until 31 May 2021.

The “Infrastructure” segment includes ten entities whose corporate purpose is the purchase, sale, management and lease of health infrastructure, commercial spaces and car parks; this way, with this separation, it was possible to separate the clinical business units from the ancillary activities. In its entirety, this segment mostly includes the management and operation of thirteen buildings and seven car parks (for a total of 1,421 parking spaces).

The “Other” segment integrates, in addition to the management of holdings, six entities providing management, training, accounting, consulting, cleaning and maintenance services, and also IT,

operational, administrative, leasing of medical equipment, negotiation and procurement services. The Group also has units that (i) provide occupational safety and health services essential for the monitoring of the health of workers and of environmental working conditions, (ii) provide custom home healthcare, namely in the areas of gerontology, maternal and child care, follow-up in convalescence and palliative care, and (iii) trade practice of parapharmacy products, which include dermocosmetics, personal hygiene, child care and orthopaedic products, and food and food supplements, dietary food, natural products and non-prescription pharmaceuticals.

The main information regarding income for the semesters ended as of 30 June 2018 and 2017 in the different business segments is as follows:

## 2018

	Private healthcare services	Public healthcare services	Infra-structures	Others	Eliminations	Consolidated
<b>Services rendered</b>						
External clients	219 648 714	118 195 559	56 101	1 546 347	-	339 446 721
Intersegment	4 748 814	-	7 440 591	26 178 980	(38 368 385)	-
<b>Total sales and services rendered</b>	<b>224 397 528</b>	<b>118 195 559</b>	<b>7 496 692</b>	<b>27 725 327</b>	<b>(38 368 385)</b>	<b>339 446 721</b>
<b>Other operating income</b>	2 894 450	1 331 352	1 590 639	23 943 799	(25 182 562)	4 577 678
<b>Operating costs</b>	(201 791 409)	(123 540 949)	(5 623 899)	(55 674 613)	63 550 255	(323 080 615)
<b>Segment operating profit</b>	<b>25 500 568</b>	<b>(4 014 038)</b>	<b>3 463 433</b>	<b>(4 005 488)</b>	<b>(692)</b>	<b>20 943 783</b>
Financial expenses and losses	(2 401 742)	(284 294)	(4 440 380)	(4 561 135)	4 042 339	(7 645 213)
Financial income and gains	110 824	-	21 641	4 102 541	(4 041 647)	193 359
Profit/loss of associates	37 946	-	-	-	-	37 946
Profit/loss of investment activities	2 498 010	-	-	3 568 585	-	6 066 595
<b>Financial results</b>	<b>245 038</b>	<b>(284 294)</b>	<b>(4 418 739)</b>	<b>3 109 991</b>	<b>692</b>	<b>(1 347 312)</b>
Pre-tax profit	25 745 606	(4 298 332)	(955 306)	(895 496)	-	19 596 471
Income tax	(7 467 987)	(622 106)	(325 736)	2 749 528	-	(5 666 301)
Profit attributable to non-controlling interests	190 172	41	(9 386)	30 659	-	211 486
<b>Net profit for the year attributable to shareholders</b>	<b>18 087 447</b>	<b>(4 920 480)</b>	<b>(1 271 656)</b>	<b>1 823 373</b>	<b>-</b>	<b>13 718 684</b>

## Other information:

	Private healthcare services	Public healthcare services	Infra-structures	Others	Eliminations	Consolidated
Fixed capital expenses (Note 12)	4 974 413	1 518 585	22 661 769	966 702	-	30 121 469
Depreciation and amortisation in profit/loss	(6 568 695)	(5 497 001)	(3 124 218)	(1 163 338)	-	(16 353 252)
Provisions and impairment losses, net	(377 060)	(521 468)	-	(15 452)	-	(913 980)

## 2017

	Private healthcare services	Public healthcare services	Infrastructures	Others	Eliminations	Consolidated
<b>Services rendered</b>						
External clients	202 074 107	113 508 171	-	1 457 247	-	317 039 526
Intersegment	4 639 623	-	2 476 831	20 295 467	(27 411 921)	-
<b>Total sales and services rendered</b>	<b>206 713 730</b>	<b>113 508 171</b>	<b>2 476 831</b>	<b>21 752 714</b>	<b>(27 411 921)</b>	<b>317 039 526</b>
<b>Other operating income</b>	3 109 066	845 714	931 974	19 613 323	(20 826 339)	3 673 737
<b>Operating costs</b>	(184 774 167)	(113 535 698)	(1 063 948)	(44 836 462)	48 230 115	(295 980 159)
<b>Segment operating profit</b>	<b>25 048 629</b>	<b>818 188</b>	<b>2 344 857</b>	<b>(3 470 425)</b>	<b>(8 145)</b>	<b>24 733 103</b>
Financial expenses and losses	(2 286 834)	(311 891)	(1 930 154)	(2 853 134)	2 634 817	(4 747 196)
Financial income and gains	290 534	5 644	-	2 672 267	(2 626 672)	341 773
Profit/loss of associates	20 845	-	-	(94 764)	-	(73 920)
Profit/loss of investment activities	-	-	-	86 187	-	86 187
<b>Financial results</b>	<b>(1 975 455)</b>	<b>(306 248)</b>	<b>(1 930 154)</b>	<b>(189 443)</b>	<b>8 145</b>	<b>(4 393 155)</b>
Pre-tax profit	23 073 174	511 940	414 703	(3 659 868)	-	20 339 948
Income tax	(6 872 647)	(373 661)	(346 630)	751 301	-	(6 841 637)
Profit attributable to non-controlling interests	204 638	57	-	13 457	-	218 152
<b>Net profit for the year attributable to shareholders</b>	<b>15 995 889</b>	<b>138 223</b>	<b>68 072</b>	<b>(2 922 024)</b>	<b>-</b>	<b>13 280 160</b>

## Other information:

	Private healthcare services	Public healthcare services	Infrastructures	Others	Eliminations	Consolidated
Fixed capital expenses (Note 12)	5 353 653	1 904 035	12 258 025	1 763 037	-	21 278 750
Depreciation and amortisation in profit/loss	(7 249 228)	(4 763 055)	(42 551)	(897 272)	-	(12 952 106)
Provisions and impairment losses, net	(995 280)	(459 476)	(12 168)	83 303	-	(1 383 620)

Intersegment transactions are carried out at market prices, on a similar base to third-party transactions.

Assets and liabilities per business segment and corresponding reconciliation with the consolidated total at 30 June 2018 and 31 December 2017 are as follows:

## 2018

	Private healthcare services	Public healthcare services	Infra-structures	Others	Eliminations	Consolidated
<b>Assets by segments</b>						
Goodwill	43 850 100	15 896	13 261	6 000	-	43 885 257
Tangible fixed assets	64 543 186	10 373 889	310 748 051	7 893 517	-	393 558 643
Trade receivables and advances to suppliers	108 773 015	15 551 295	247 097	27 197 669	(34 360 716)	117 408 361
Other assets by segments	92 574 520	90 174 294	56 550 436	428 041 760	(458 253 991)	209 087 019
<b>Total consolidated assets</b>	<b>309 740 821</b>	<b>116 115 374</b>	<b>367 558 845</b>	<b>463 138 946</b>	<b>(492 614 706)</b>	<b>763 939 280</b>
<b>Liabilities</b>						
Borrowings	15 702 460	10 000 000	122 593 043	199 459 002	-	347 754 505
Trade payables and advances from clients	60 084 328	83 175 142	2 444 445	3 609 611	(34 113 715)	115 199 811
Other liabilities by segments	140 248 942	50 804 252	189 416 496	76 393 412	(248 030 428)	208 832 674
<b>Total consolidated liabilities</b>	<b>216 035 729</b>	<b>143 979 394</b>	<b>314 453 984</b>	<b>279 462 025</b>	<b>(282 144 143)</b>	<b>671 786 990</b>

## 2017

	Private healthcare services	Public healthcare services	Infra- structures	Others	Eliminations	Consolidated
<b>Assets by segments</b>						
Goodwill	43 850 100	15 896	13 261	6 000	-	43 885 257
Tangible fixed assets	66 073 717	13 191 527	291 185 799	7 957 749	-	378 408 792
Trade receivables and advances to suppliers	98 013 786	32 197 814	327 753	27 191 913	(34 860 708)	122 870 558
Other assets by segments	70 545 863	65 220 269	61 239 773	439 963 066	(436 723 635)	200 245 335
<b>Total consolidated assets</b>	<b>278 483 466</b>	<b>110 625 506</b>	<b>352 766 585</b>	<b>475 118 728</b>	<b>(471 584 343)</b>	<b>745 409 942</b>
<b>Liabilities</b>						
Borrowings	33 095 036	10 000 000	107 740 051	200 798 998	-	351 634 085
Trade payables and advances from clients	48 110 070	71 817 362	3 122 678	5 865 548	(34 373 657)	94 542 001
Other liabilities by segments	147 294 701	51 927 649	181 851 467	70 836 077	(245 094 602)	206 815 292
<b>Total consolidated liabilities</b>	<b>228 499 807</b>	<b>133 745 010</b>	<b>292 714 196</b>	<b>277 500 623</b>	<b>(279 468 259)</b>	<b>652 991 378</b>

## 6. SALES AND SERVICES RENDERED

Sales and services rendered for the semesters ended as of 30 June 2018 and 2017 are made as follows:

	30-06-2018	30-06-2017
Sales	193 158	219 909
Services rendered:		
Hospital and clinical activity	223 084 292	205 179 094
Public health service	114 158 840	109 719 779
Occupational Hygiene, Safety and Medicine	1 205 617	1 222 486
Home Services	594 512	463 497
Others	210 301	234 761
	<b>339 446 721</b>	<b>317 039 526</b>

## 7. EXTERNAL SUPPLIES AND SERVICES

External supplies and services for the semesters ended as of 30 June 2018 and 2017 are made as follows:

	30-06-2018	30-06-2017
Fees	77 866 119	70 957 961
Specialised work	16 677 152	11 890 102
Subcontracts	15 473 528	13 186 521
Maintenance and repair	5 119 772	6 717 467
Rents and leases	4 152 259	8 225 858
Electricity	3 049 364	3 145 645
Advertising	1 124 562	1 246 489
Fuel	1 091 920	844 095
Communications	1 045 530	931 147
Insurance	736 049	731 940
Water	637 158	657 607
Collection of waste	628 778	580 631
Tools and utensils	548 079	449 049
Travel and accommodation	312 614	195 681
Air conditioning	199 927	225 818
Litigation and notary public fees	183 518	64 561
Road tolls	138 448	124 623
Cleaning, hygiene and comfort	83 000	66 024
Office material	51 527	166 035
Books and technical documentation	22 439	21 769
Articles for free distribution	5 822	26 501
Transport of goods	3 999	4 136
Other supplies and services	173 943	662 836
	<b>129 325 503</b>	<b>121 122 494</b>

## 8. PERSONNEL COSTS

The personnel costs for the semesters ended as of 30 June 2018 and 2017 were as follows:

	30-06-2018	30-06-2017
Wages	78 282 083	70 687 272
Wage-related expenses	18 383 103	16 558 632
Social security contributions	4 158 351	4 076 470
Insurance	2 253 239	1 648 587
Indemnities	180 129	225 984
Other personnel costs	6 237 568	6 792 550
	<b>109 494 472</b>	<b>99 989 496</b>

Other personnel costs include expenses with prizes, vocational training, medical care and food allowance.



## 9. FINANCIAL RESULTS

The financial results for the semesters ended as of 30 June 2018 and 2017 is broken down as follows:

	30-06-2018	30-06-2017
<b>Financial expenses and losses:</b>		
Interest expenses	(5 961 645)	(3 381 705)
Bank fees and services	(1 262 759)	(960 008)
Derivative financial instruments - Interest rate	(420 741)	(401 450)
Other financial losses and expenses	(67)	(4 034)
	<b>(7 645 213)</b>	<b>(4 747 196)</b>
<b>Financial income and gains:</b>		
Interest earned	189 359	330 252
Returns on properties	4 000	6 000
Other financial income and gains	-	5 521
	<b>193 359</b>	<b>341 773</b>
<b>Profit/loss of associates:</b>		
Losses in associates and other investments	-	(94 764)
Gains on associates and other investments	37 946	20 845
	<b>37 946</b>	<b>(73 920)</b>
<b>Gains /(Losses) relating to investment activities:</b>		
Gains/losses in financial instruments at fair value (a)	6 066 595	86 187
	<b>6 066 595</b>	<b>86 187</b>

(a) In 2016 a contract was signed for the purchase and sale of stocks and supplementary payments with an investor, which provide for the sale of all the stakes in Escala Braga – Sociedade Gestora do Edifício, S.A. and Escala Parque – Gestão de Estacionamento, S.A.. The completion of the transaction was dependent on the authorization of the Contracting Public Entity (Regional Health Administration - Administração Regional de Saúde). The sale of these shares took place on April, 20, 2018, generating a gain of 6.1 million Euros.

## 10. EARNINGS PER SHARE

The basic and diluted earnings per share for the semesters ended 30 June 2018 and 2017 was calculated considering the following amounts:

	30-06-2018	30-06-2017
<b>Basic earnings per share</b>		
Profit for the purpose of calculating basic earnings per share (profit for the semester)	13 718 684	13 280 160
Weighted average number of shares for calculation of basic earnings per share	10 600 000	10 600 000
<b>Net basic earnings per share (Euro)</b>	<b>1.29</b>	<b>1.25</b>

At 30 June 2018 and 2017 there were no dilutive effects of earnings per share, so the diluted earnings per share are equal to basic earnings per share.

## 11. GOODWILL

The amount of goodwill at 30 June 2018 and 31 December 2017, relate to the following entities:

Company	30-06-2018	31-12-2017
Hospital CUF Infante Santo, S.A.	12 432 819	12 432 819
Hospital CUF Coimbra, S.A.	8 258 750	8 258 750
Nova Imagem - Centro Radiodiagnóstico, S.A.	7 269 220	7 269 220
Hospital CUF Santarém, S.A.	7 035 102	7 035 102
VALIR - Sociedade Gestora de Participações Sociais, S.A.	5 220 465	5 220 465
Clínica Dr. Luís Álvares, S.A.	2 145 867	2 145 867
SIM-X - Serviço de Imagem Médica, Lda.	624 000	624 000
Hospital CUF Cascais, S.A.	482 166	482 166
Hospital CUF Porto, S.A.	160 279	160 279
Hospital CUF Descobertas, S.A.	97 265	97 265
Gabinete de Diagnóstico de Imagem de São João da Madeira, Lda.	94 883	94 883
Celso & Santos, S.A.	19 328	19 328
Escala Vila Franca – Sociedade Gestora do Estabelecimento, S.A.	15 896	15 896
Imo health - Investimentos Imobiliários, S.A.	13 261	13 261
Ecografia de Cascais, Lda.	9 119	9 119
Vramondi International BV	6 000	6 000
Clínica de Serviços Médicos e Computorizados de Belém, S.A.	837	837
	<b>43 885 257</b>	<b>43 885 257</b>

Impairment tests were made using the following methods:

- The recoverable amounts of cash generating units were determined based on the value in use methodology. The use of this method requires the estimate of future cash flows arising from the operations of each cash generating unit and choice of an appropriate discount rate;
- The valuations are supported by past results and future prospects of development of the markets in which the Group operates. Five year projections of future cash flows for each of the businesses have been prepared in accordance with the plans defined by the Board of Directors;
- Each healthcare unit is a cash-generating unit. Valir – Sociedade Gestora de Participações Sociais, SGPS, S.A. includes Instituto **CUF** – Diagnóstico e Tratamento, S.A. unit, which is analysed together with Hospital **CUF** Porto, S.A. and Nova Imagem – Centro Radiodiagnóstico, S.A., given the complementarity of provided services and the geographical proximity.

## 12. TANGIBLE FIXED ASSETS

The changes in the value of tangible fixed assets as well as the corresponding depreciation and accumulated impairment losses, in the semesters ended 30 June 2018 and 2017, were as follows:

	30-06-2018						
	Land and natural resources	Buildings and other constructions	Basic equipment	Office equipment	Other tangible assets	Tangible assets in progress	Total
<b>Gross assets:</b>							
Balance at 1 January 2018	46 333 640	272 291 973	179 121 330	22 427 062	214 312	61 074 886	581 463 202
Additions	-	2 001 482	3 941 511	889 465	-	23 289 012	30 121 469
Disposals and write-offs	(34 916)	-	(131 772)	(18 656)	(74 405)	(23 656)	(283 404)
Transfers	-	1 065 788	(282 504)	-	-	(783 284)	-
Balance at 30 June 2018	<u>46 298 724</u>	<u>275 359 242</u>	<u>182 648 564</u>	<u>23 297 872</u>	<u>139 907</u>	<u>83 556 958</u>	<u>611 301 267</u>
<b>Depreciation and accumulated impairment losses:</b>							
Balance at 1 January 2018	-	(44 431 346)	(138 791 254)	(19 684 591)	(147 219)	-	(203 054 410)
Depreciation	-	(5 854 976)	(8 388 506)	(727 604)	(19 982)	-	(14 991 068)
Disposals and write-offs	-	-	228 910	50 188	23 756	-	302 854
Transfers	-	289 866	(282 504)	7 240	(14 601)	-	-
Balance at 30 June 2018	-	<u>(49 996 456)</u>	<u>(147 233 355)</u>	<u>(20 354 767)</u>	<u>(158 046)</u>	-	<u>(217 742 624)</u>
<b>Net value</b>	<u>46 298 724</u>	<u>225 362 787</u>	<u>35 415 209</u>	<u>2 943 105</u>	<u>(18 140)</u>	<u>83 556 958</u>	<u>393 558 643</u>

	30-06-2017						
	Land and natural resources	Buildings and other constructions	Basic equipment	Office equipment	Other tangible assets	Tangible assets in progress	Total
<b>Gross assets:</b>							
Balance at 1 January 2017	65 991 502	114 742 314	160 846 804	20 639 128	134 402	2 235 882	364 590 033
Changes in perimeter (Note 5)	-	3 029 846	-	-	-	-	3 029 846
Additions	-	2 038 096	6 119 188	225 971	-	12 895 495	21 278 750
Disposals and write-offs	-	(25 695)	-	(307)	-	-	(26 002)
Transfers	-	7 126	-	713	-	(7 839)	-
Balance at 30 June 2017	<u>65 991 502</u>	<u>119 791 687</u>	<u>166 965 992</u>	<u>20 865 505</u>	<u>134 402</u>	<u>15 123 538</u>	<u>388 872 626</u>
<b>Depreciation and accumulated impairment losses:</b>							
Balance at 1 January 2017	-	(36 077 226)	(121 027 654)	(17 603 856)	(91 689)	-	(174 800 425)
Depreciation	-	(3 675 595)	(7 182 386)	(680 236)	(6 577)	-	(11 544 794)
Disposals and write-offs	-	16 004	-	-	-	-	16 004
Balance at 30 June 2017	-	<u>(39 736 816)</u>	<u>(128 210 040)</u>	<u>(18 284 092)</u>	<u>(98 267)</u>	-	<u>(186 329 215)</u>
<b>Net value</b>	<u>65 991 502</u>	<u>80 054 871</u>	<u>38 755 952</u>	<u>2 581 413</u>	<u>36 135</u>	<u>15 123 538</u>	<u>202 543 412</u>



### 13. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

The trade receivables and advances to supplier's item was broken down as follows at 30 June 2018 and 31 December 2017:

	30-06-2018			31-12-2017		
	Gross value	Impairment losses (Note 19)	Net value	Gross value	Impairment losses (Note 19)	Net value
Trade receivables, current account	115 814 446	(1 350 791)	114 463 655	120 767 384	(1 052 312)	119 715 072
Doubtful receivables	12 180 717	(9 258 866)	2 921 851	12 186 095	(9 100 589)	3 085 506
Customers, bills receivable	-	-	-	47 011	-	47 011
Advances to suppliers	22 855	-	22 855	22 970	-	22 970
	<b>128 018 017</b>	<b>(10 609 656)</b>	<b>117 408 361</b>	<b>133 023 460</b>	<b>(10 152 901)</b>	<b>122 870 558</b>

The balances in the statement of financial position are net of impairment losses on trade payables balances.

The Board of Directors believes that the carrying value of receivables is close to its fair value.

The Group has no significant concentration of credit risk, as the risk is diluted over a vast range of clients.

### 14. OTHER FINANCIAL INSTRUMENTS

These captions are made up of debentures loans. At 30 June 2018 and 31 December 2017 this item is detailed in the table below:

Subsidiary	Issuer	Year of issue	Maturity	30-06-2018	31-12-2017
José de Mello Saúde, S.A.	Farminveste - Investimentos, Participações e Gestão, S.A.	2014	jun/20	10 000 000	10 000 000
Hospital CUF Infante Santo, S.A.	José de Mello Capital, S.A.	2007	dez/22	10 000 000	10 000 000
José de Mello Saúde, S.A.	José de Mello Capital, S.A.	2008	dez/22	6 500 000	6 500 000
Hospital CUF Descobertas, S.A.	Farminveste - Investimentos, Participações e Gestão, S.A.	2010	dez/20	4 350 000	4 350 000
Hospital CUF Descobertas, S.A.	Farminveste - Investimentos, Participações e Gestão, S.A.	2014	jun/20	4 300 000	4 300 000
				<b>35 150 000</b>	<b>35 150 000</b>

These bonds have a put option which gives the Group the right to redeem the amount in question at any time, which is why are categorised as a current asset. The option of sale was recorded at face value, without any associated derivative.

## 15. CASH AND CASH EQUIVALENTS

The Cash and cash equivalents item includes the amounts of cash, bank deposits immediately redeemable, cash investments and term deposits maturing in under three months, and for which there is insignificant risk of a change in value.

This item was broken down as follows at 30 June 2018 and 31 December 2017:

	30-06-2018	31-12-2017
Cash	1 677 521	1 561 666
Current accounts	45 468 726	46 323 734
Term deposits	6 307	6 307
Other cash investments	2 590	2 590
	<b>47 155 144</b>	<b>47 894 297</b>
Bank overdrafts (Note 18)	(157 651)	(10 055)
	<b>46 997 493</b>	<b>47 884 243</b>

## 16. SHARE CAPITAL

The share capital at 30 June 2018 amounted to EUR 53,000,000, fully subscribed and paid-up, and it was represented by 10,600,000 shares each with the nominal value of five Euros.

The share capital was held by the following entities at 30 June 2018:

Entity	Shares	Percentage
José de Mello Capital, S.A.	6 980 100	65.85%
Fundação Amélia da Silva de Mello	439 900	4.15%
Farminveste - Investimentos, Participações e Gestão, S.A.	3 180 000	30.00%
	<b>10 600 000</b>	<b>100.00%</b>

## 17. LEGAL RESERVE

Commercial legislation establishes that the Company must reinforce the legal reserve by at least 5% of the annual net profit until this reserve equals at least 20% of the share capital. The legal reserve is not yet fully established and, such, in 2018, the minimum stipulated value was allocated. This reserve is not available for distribution to shareholders, however it may be used to absorb losses once the other reserves have been exhausted, or to increase the share capital.

## 18. LOANS

Borrowings at 30 June 2018 and 31 December 2017 were as follows:

	30-06-2018	31-12-2017
<b>Non-current liabilities:</b>		
Bond loans	149 987 828	149 874 323
Other bank loans	<u>142 426 540</u>	<u>145 640 041</u>
	<u>292 414 368</u>	<u>295 514 364</u>
<b>Current liabilities</b>		
Commercial paper	41 950 000	48 700 000
Other bank loans	12 020 188	6 409 667
Secured accounts	1 000 000	1 000 000
Bank overdrafts (Note 15)	<u>157 651</u>	<u>10 055</u>
	<u>55 340 136</u>	<u>56 119 722</u>
	<b><u>347 754 505</u></b>	<b><u>351 634 085</u></b>

The bond loans relate to the following issues:

“JOSÉ DE MELLO SAÚDE 2014/2019”

Total loan amount: EUR 50,000,000  
 Nominal value: EUR 10,000 per bond  
 Maturity: 9 June 2019  
 Interest rate: 6-month Euribor plus 3.875%

“JOSÉ MELLO SAÚDE 2015/2021”

Total loan amount: EUR 50,000,000  
 Nominal value: EUR 10,000 per bond  
 Maturity: 17 May 2021  
 Interest rate: 6-month Euribor plus 2.95%

“JOSÉ MELLO SAÚDE 2017/2023”

Total loan amount: EUR 50,000,000  
 Nominal value: EUR 10,000 per bond  
 Maturity: 28 September 2023  
 Interest rate: Fixed rate (4%)

These issues were placed with institutional investors and are admitted to trading on the regulated markets of Euronext Lisbon and Luxembourg Stock Exchange.

## 19. PROVISIONS, IMPAIRMENT LOSSES CONTINGENT ASSETS AND LIABILITIES

### Contingent liabilities

The Group is involved in various legal proceedings during the normal course of its business activities. However, given their nature, the expectation is that the respective outcome will not generate any material effects on the business undertaken, financial situation and results of the operations.

### Provisions

The changes occurred in provisions in the semesters ended on 30 June 2018 and 2017 were as follows:

	Employee benefits	Provisions				Total liabilities
		Taxes	Environmental issues	Others	Total	
Balance at 1 January 2017	1 461 775	390 811	5 000	13 625 422	14 021 234	15 483 009
Increase	-	-	-	472 397	472 397	472 397
Use	-	-	-	-	-	-
Reversal	-	-	-	(122 599)	(122 599)	(122 599)
Balance at 30 June 2017	<b>1 461 775</b>	<b>390 811</b>	<b>5 000</b>	<b>13 975 221</b>	<b>14 371 032</b>	<b>15 832 807</b>
Balance at 1 January 2018	1 355 216	390 811	5 000	11 863 662	12 259 474	13 614 690
Increase	-	-	-	447 773	447 773	447 773
Use	-	-	-	-	-	-
Reversal	-	-	-	(34 350)	(34 350)	(34 350)
Balance at 30 June 2018	<b>1 355 216</b>	<b>390 811</b>	<b>5 000</b>	<b>12 277 085</b>	<b>12 672 897</b>	<b>14 028 113</b>

The Others item mainly includes provisions for risks arising from the business of providing hospital services, that are considered likely. It also includes a provision intended to address the liability for replacing equipment as established in Annex V of the Management and operation contract of Vila Franca Hospital; this provision was set up in the 2013 year against intangible assets following the transfer to the new facility, which was when new capacity was acquired and an investment plan was prepared which envisages the recognition of the future liability to replace the referred equipment by the end of the contract.

## Impairment losses

The changes occurred in accumulated impairment losses on current assets in the semesters ended 30 June 2018 and 2017 were as follows:

	Impairment losses on current assets				
	Accrued income	Inventories	Trade receivables (Note 13)	Other debtors	Total
Balance at 1 January 2017	-	32 501	10 273 241	-	10 305 742
Increase	-	-	1 166 712	-	1 166 712
Use	-	(21 523)	-	-	(21 523)
Balance at 30 June 2017	-	<b>10 978</b>	<b>11 439 953</b>	-	<b>11 450 930</b>
Balance at 1 January 2018	-	13 130	10 152 901	-	10 166 031
Increase	-	-	1 576 948	-	1 576 948
Use	-	-	(43 802)	-	(43 802)
Reversal	-	-	(1 076 391)	-	(1 076 391)
Balance at 30 June 2018	-	<b>13 130</b>	<b>10 609 656</b>	-	<b>10 622 786</b>

## Contingent assets

As in the previous two years, in the first semester of 2018 Escala Braga presented a negative result of 5.9 million Euros. This situation results from the Government not reassessing the vertical funding programmes for HIV (AIDS) and Multiple Sclerosis, with an approximate total value of 3.4 million euros until June 2018 (7.5 million Euros for 2016 and 7.9 million Euros for 2017).

It is our strong belief that this behaviour by the state-owned partner contributed mercilessly to the current financial situation and is a very serious contractual non-compliance situation. This way, a Request for Financial Recovery was lodged as a protection at the end of 2016 for the purposes of clause 127, paragraph 9, subparagraph (b) of the Management Contract, proposing, in a spirit of loyal cooperation and good faith, an already initiated process of arbitration to settle this dispute.

The JMS Group considers the success of this litigation likely and the best estimate of this contingent asset to amount to 18.8 million Euros.

This amount's consideration in the future projection enables ruling out the possibility of the contract being onerous.

This situation naturally deserves the utmost attention by the hospital's management team, with the firm expectation that it will be reversed by a positive decision of the already formed Arbitration Tribunal in favour of this dispute's settlement.



## 20. TRADE PAYABLES AND ADVANCES FROM CLIENTS

These items were broken down as follows at 30 June 2018 and 31 December 2017:

	30-06-2018	31-12-2017
Trade payables, current account	85 987 468	80 830 747
Trade payables, invoices pending	24 823 191	9 356 007
Fixed asset suppliers	-	-
Advances from clients	4 389 152	4 355 247
	<b>115 199 811</b>	<b>94 542 001</b>

## 21. OTHER NON-CURRENT LIABILITIES

At 30 June 2018 and 31 December 2017 this caption was made up as follows:

	30-06-2018	31-12-2017
<b>Accrued costs:</b>		
Wages payable	34 805 876	31 392 404
Medical fees	16 090 016	23 970 098
Operating costs (a)	17 037 252	15 236 234
Financial expenses	79 476	1 467 165
Escala Braga increase costs	4 498 353	4 498 353
	<b>72 510 973</b>	<b>76 564 254</b>
<b>Deferred income:</b>		
Financial income	473 623	493 957
Rents and leases	14 141	14 141
Other deferred income	12 244	249
	<b>500 008</b>	<b>508 347</b>
	<b>73 010 981</b>	<b>77 072 601</b>

(a) This caption contains the accrued expenses incurred at the closing of the semester/year for Costs of sales, External supplies and services (Complementary Diagnostic and Treatment Means, Insurance and Clinical Specialist Works), Personnel expenditure and Other operating costs.

## 22. RELATED PARTIES

Transactions and balances between José de Mello Saúde, S.A. (the parent company) and the Group companies have been eliminated in the consolidation process and are not disclosed in this note. Balances and transactions at 30 June 2018 between the Group and associates and other related parties are detailed below:

Related party	Debit balances			Credit balances
	Clients	Shareholders and subsidiaries	Other assets	Suppliers
<b>Acionistas:</b>				
José de Mello Capital, S.A.	1 513	-	16 500 557	15 225
Farminveste - Investimentos, Participações e Gestão, S.A.	-	-	18 977 921	-
<b>Outras entidades relacionadas:</b>				
Grupo MGI Capital	120 877	-	-	1 229 297
Grupo Brisa - Auto-estradas de Portugal	59 248	-	-	-
MGICAPITAL- Sistemas de Gestão, S.A.	-	-	-	-
Grupo José de Mello Residências e Serviços	52 089	-	-	15 356
Grupo Bondalti	19 890	-	-	-
Grupo José de Mello Imobiliária	284	-	-	-
José de Mello Serviços, Lda.	-	-	-	-
José de Mello Energia, S.A.	-	-	-	-
M Dados – Sistemas de Informação, S.A.	-	-	-	201 296
Digihealth, S.A.	-	-	-	-
	<b>253 901</b>	<b>-</b>	<b>35 478 478</b>	<b>1 461 174</b>

Related party	Transactions		
	Sales and services rendered	Financial income	External supplies and services
<b>Acionistas:</b>			
José de Mello Capital, S.A.	-	39 999	-
Farminveste - Investimentos, Participações e Gestão, S.A.	-	67 239	-
<b>Outras entidades relacionadas:</b>			
Grupo MGI Capital	131 603	-	1 389 459
Grupo Brisa - Auto-estradas de Portugal	88 746	-	226 178
MGICAPITAL- Sistemas de Gestão, S.A.	-	-	-
Grupo José de Mello Residências e Serviços	51 759	-	41 376
Grupo Bondalti	5 110	-	-
Grupo José de Mello Imobiliária	284	-	-
José de Mello Serviços, Lda.	-	-	-
José de Mello Energia, S.A.	454	-	-
M Dados – Sistemas de Informação, S.A.	-	-	330 215
Digihealth, S.A.	-	-	-
	<b>277 957</b>	<b>107 238</b>	<b>1 987 228</b>

The terms and conditions of transactions between the Group companies and related parties are substantially identical to those normally contracted, accepted and practiced between independent entities in comparable transactions.

### **23. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements for the semester ended 30 June 2018 were approved by the Board of Directors on 27 July 2018.

The Chartered Accountant

The Board of Directors