INCOME STATEMENT BY FUNCTIONS
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

Euro thousand

	Notes	2015	2014
Services rendered	31	19,619	18,677
Cost of the services rendered	3	(12,942)	(11,299)
Gross profit		**6,677**	**7,378**
Other operating revenues	3	769	251
Administrative costs	3	(6,102)	(4,208)
Other operating costs	3	(6,485)	(5,781)
Exceptional operating profits (losses)	10	150	(146)
Operating profit		**(4,991)**	**(2,506)**
Net financial costs	5	120	(2,904)
Gains (losses) in subsidiaries	8	266,231	323,509
Gains (losses) in other investments	9	194	193
Profit (loss) before taxes		**261,554**	**318,292**
Income taxes	7.1	(1,066)	(1,069)
Net profit (loss)		**260,488**	**317,223**
Basic and diluted earnings per share – euros	21	0.415	0.505

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

Euro thousand

	Notes	2015	2014
Net profit (loss)		**260,488**	**317,223**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	4.2	(770)	(2,067)
Related tax	7.3	173	434
		(597)	**(1,633)**
Items that may be reclassified to profit or loss			
Change in fair value of cash flow hedges	26	-	593
Change in fair value of available-for-sale financial assets	16	(94)	(202)
Related tax	7.3	21	726
		(73)	**1,117**
Other comprehensive income, net of taxes		**(670)**	**(516)**
Total comprehensive income for the year		**259,818**	**316,707**

To be read with the attached notes to the Individual Financial Statements

BALANCE SHEET AS AT 31 DECEMBER 2015 AND 2014

Euro thousand

	Notes	2015	2014
Assets			
Tangible assets	11	601	476
Intangible assets	12	431	415
Investment property	13	2,470	2,470
Investments in subsidiaries	14	667,946	667,946
Loans to subsidiaries	15	664,050	562,400
Available-for-sale financial assets	16	274	368
Deferred tax assets	7.3	5,496	5,795
Other debtors	17	19,367	19,367
Total non-current assets		**1,360,635**	**1,259,237**
Income tax receivable	7.4	166	1,298
Loans to subsidiaries	15	27,300	43,100
Trade debtors, accrued income and deferred costs	17	13,212	15,360
Cash and cash equivalents	18	122	49,413
Total current assets		**40,800**	**109,171**
Total assets		**1,401,435**	**1,368,408**
Shareholders' equity and liabilities			
Share capital	20.1	629,293	629,293
Share premium	20.1	22,452	22,452
Own shares	20.2	(6,060)	(6,060)
Other reserves	20.3	(230)	(157)
Retained earnings	20.4	562,201	691,939
Total shareholders' equity		**1,207,656**	**1,337,467**
Borrowings	22	100,000	-
Employee benefits	4.2	18,923	19,325
Provisions for risks and contingencies	24	5,016	6,038
Deferred tax liabilities	7.3	1,300	1,077
Total non-current liabilities		**125,239**	**26,440**
Trade creditors, accrued costs and deferred income	25	6,688	4,501
Borrowings	22	61,852	-
Derivative financial instruments	26	-	-
Total current liabilities		**68,540**	**4,501**
Total shareholders’ equity and liabilities		**1,401,435**	**1,368,408**

To be read with the attached notes to the Individual Financial Statements

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Euro thousand

	Notes	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Shareholders' equity
Balance as at 1st January 2014		**629,293**	**22,452**	**(6,060)**	**(1,699)**	**568,446**	**1,212,432**
Change in fair value of available-for-sale financial assets							
- Gross amount	16				1,048	(1,250)	(202)
- Deferred tax	7.3				46	825	871
Remeasurements of post-employment benefit obligations							
- Gross amount	4.2					(2,067)	(2,067)
- Deferred tax	7.3					434	434
Change in fair value of cash flow hedges							
- Gross amount	26				593		593
- Deferred tax	7.3				(145)		(145)
Other comprehensive income		**-**	**-**	**-**	**1,542**	**(2,058)**	**(516)**
Net Profit in 2014						317,223	317,223
Total comprehensive income		**-**	**-**	**-**	**1,542**	**315,165**	**316,707**
Dividend payment	20.5					(191,672)	(191,672)
Balance as at 31st December 2014		**629,293**	**22,452**	**(6,060)**	**(157)**	**691,939**	**1,337,467**
Change in fair value of available-for-sale financial assets							
- Gross amount	16				(94)		(94)
- Deferred tax	7.3				21		21
Remeasurements of post-employment benefit obligations							
- Gross amount	4.2					(770)	(770)
- Deferred tax	7.3					173	173
Change in fair value of cash flow hedges							
- Gross amount	26				-		-
- Deferred tax	7.3				-		-
Other comprehensive income		**-**	**-**	**-**	**(73)**	**(597)**	**(670)**
Net profit in 2015						260,488	260,488
Total comprehensive income					**(73)**	**259,891**	**259,818**
Dividend payment	20.5					(389,629)	(389,629)
Balance as at 31st December 2015		**629,293**	**22,452**	**(6,060)**	**(230)**	**562,201**	**1,207,656**

To be read with the attached notes to the Individual Financial Statements

CASH FLOW STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

Euro thousand

	Notes	2015	2014
Operating activities			
Cash received from customers and other debtors		24,475	21,809
Cash paid to suppliers		(18,561)	(17,621)
Cash paid to employees		(10,023)	(9,697)
Cash generated from operations	19	(4,109)	(5,509)
Interest and other similar costs paid	5	(133)	(3,894)
Income taxes paid		2,404	(7,517)
Cash flow from operating activities		**(1,838)**	**(16,920)**
Investment activities			
Repayment of loans and capital contributions from subsidiaries	15	25,550	43,202
Disposals of tangible assets	11	9	4
Interest received	8	6,410	8,054
Dividends received	8	259,900	315,500
Acquisition of investments in subsidiaries	14	-	(18)
Loans and capital contributions given to subsidiaries	15	(111,400)	(3,275)
Acquisition of other financial assets	16 & 17	-	(19,598)
Acquisition of tangible assets	11	(218)	(108)
Acquisition of intangible assets	12	(265)	(259)
Cash flow from investment activities		**179,986**	**343,502**
Financing activities			
Received from loans	22	161,852	-
Interest and similar income received	5	338	298
Repayment of loans	22	-	(100,000)
Dividends paid	20.5	(389,629)	(191,672)
Cash flow from financing activities		**(227,439)**	**(291,374)**
Net changes in cash and cash equivalents		**(49,291)**	**35,208**
Cash and cash equivalents changes			
Cash and cash equivalents at the beginning of the year		49,413	14,205
Net changes in cash and cash equivalents		(49,291)	35,208
Cash and cash equivalents at the end of the year	**18**	**122**	**49,413**

To be read with the attached notes to the Individual Financial Statements

Index to the Notes to the Individual Financial Statements **Page**

1. Activity

Jerónimo Martins, SGPS, S.A. (JMH) is the parent Company of Jerónimo Martins Group (Group). Its activity consists mostly of managing its investments in Group Companies. The activities of the Group and its performance during the year 2015 are detailed in Chapter II of the Group's Consolidated Annual Report.

Head Office: Rua Actor António Silva, n.º 7, 1649-033 Lisboa

Share Capital: 629,293,220 euros

Registered at the Commercial Registry Office and Tax Number: 500 100 144

JMH has been listed on the Euronext Lisbon since 1989.

The Board of Directors approved these Individual Financial Statements on 1 March 2016.

2. Accounting policies

The most significant accounting policies are described in the notes to these Financial Statements. The accounting policies identified in this note are applied across the preparation of the Financial Statements. These policies were consistently applied in comparative periods, except where otherwise stated.

2.1 Basis for preparation

All amounts are shown in thousand euros (EUR thousand) unless otherwise stated.

The Individual and Consolidated Financial Statements of JMH were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), as at 31 December 2015.

The Financial Statements were prepared in accordance with the historical cost principle, except for investment property, derivative financial instruments, financial assets at fair value through profit or loss, and available-for-sale financial assets, which were measured at fair value.

The preparation of Financial Statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on the Management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. However, Management firmly believes that the estimates and assumptions adopted do not involve significant risks that may, over the course of the coming financial year, cause material adjustments in the value of the assets and liabilities (note 2.8).

Change in accounting policy and basis for presentation

2.1.1 New and amended standards adopted by JMH

In 2014, the EU issued the following Regulations, which were adopted by JMH from beginning of 2015:

EU Regulation	IASB Standard or IFRIC Interpretation endorsed by EU	Issued in	Mandatory for financial years beginning on or after
Regulation no. 1361/2014	Annual Improvements to IFRS's 2011–2013 Cycle: IFRS 1 First-time Adoption of IFRS, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property (Amendment)	December 2013	1 January 2015

JMH adopted the new amendments, with no significant impact on its Individual Financial Statements.

2.1.2 New standards, amendments and interpretations endorsed by EU but without effective application in the financial year beginning on 1 January 2015 and not early adopted

The EU adopted several improvements to IFRS, issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC):

EU Regulation	IASB Standard or IFRIC Interpretation endorsed by EU	Issued in	Mandatory for financial years beginning on or after
Regulation no. 28/2015	Annual Improvements to IFRS's 2010–2012 Cycle: IFRS 2 Share-Based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets (amendment)	December 2013	1 February 2015
Regulation no. 29/2015	IAS 19 Employee Benefits: Defined Benefit Plans - Employee Contributions (amendment)	November 2013	1 February 2015
Regulation no. 2113/2015	IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants (amendment)	June 20104	1 January 2016
Regulation no. 2173/2015	IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations (amendment)	May 2014	1 January 2016
Regulation no. 2231/2015	IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation (amendment)	May 2014	1 January 2016
Regulation no. 2343/2015	Annual Improvements to IFRS's 2012–2014 Cycle: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting (amendment)	September 2014	1 January 2016
Regulation no. 2406/2015	IAS 1 Presentation of Financial Statements: Disclosure Initiative (amendment)	December 2014	1 January 2016
Regulation no. 2441/2015	IAS 27 Separate Financial Statements: Equity Method in Separate Financial Statements (amendment)	August 2014	1 January 2016

These amendments to the standards are effective for annual periods beginning on or after 1 February 2015 and have not been applied in preparing these Individual Financial Statements. None of these amendments is expected to have a significant impact on JMH Individual Financial Statements.

2.1.3 New standards, amendments and interpretations issued by IASB, but not yet endorsed by EU

IASB issued in 2014 the following standards and amendments that are still pending endorsement by the EU:

IASB Standard or IFRIC Interpretation	Issued in	Expected application for financial years beginning on or after
IFRS 14 Regulatory Deferral Accounts (new)	January 2014	To be decided[1]
IFRS 15 Revenue from Contracts with Customers (new)	May 2014	1 January 2018
IFRS 9 Financial Instruments (new)	July 2014	1 January 2018
IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendment)	September 2014	To be decided[2]
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Investment Entities - Applying the Consolidation exemption (amendment)	December 2014	1 January 2016

[1] The EU has decided not to launch the endorsement process of this interim standard and to wait for the final standard.
[2] The EU decided to defer indefinitely the endorsement of these changes.

Management is currently evaluating the impact of adopting these new standards and amendments to standards already in place, and do not expect any significant impact on the JMH Individual Financial Statements.

2.1.4 Change of accounting policies

In addition to the above, JMH has not changed its accounting policies during 2015, nor were any errors identified regarding previous years, which would require the restatement of Financial Statements.

2.2 Transactions in foreign currencies

Transactions in foreign currencies are translated into euros at the exchange rate prevailing on the transaction date.

At the balance sheet date, monetary assets and liabilities expressed in foreign currencies are translated at the exchange rate prevailing on that date, and exchange differences arising from this conversion are recognised in the income statement, except when qualifying as cash flow hedges, for which the exchange differences are deferred in equity or when classified as available-for-sale financial assets, which are equity instruments.

2.3 Investments and loans to subsidiaries

Subsidiaries are all entities over which JMH has control. JMH controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and when it has the ability to affect those returns through its power over the entity.

Investments and loans to subsidiaries are stated at cost. When so justified, adjustments for impairment losses are set up, namely when the financial shareholdings register significant deterioration in their financial position and the impairment tests performed by JMH conclude that it is necessary to recognise impairment losses in respect of investments and other net assets (note 2.5).

2.4 Financial assets

Financial assets are recognised in the JMH balance sheet on their trade or contracting date, which is the date on which JMH commits to acquire an asset. Financial assets are initially recognised at their fair value plus directly attributable transaction costs, except for financial assets carried at fair value through profit and loss in which the transaction costs are immediately recognised in the results. These assets are derecognised when: i. JMH contractual rights to receive their cash flows expire; ii. JMH has substantially transferred all the risks and rewards of ownership; or iii. although it retains a portion but not substantially all the risks and rewards of ownership, JMH has transferred control over the assets.

Financial assets and liabilities are offset and presented by their net value only when JMH has the right to offset the amounts recognised and has the intention to settle on a net basis.

JMH classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which they were acquired.

Financial assets at fair value through profit or loss

A financial asset is recognised in this category if it was classified as held for trading or is designated as such on initial recognition. Financial assets are held for trading if acquired with the principal intention of being sold in the short term. This category also includes those derivatives that do not qualify for hedge accounting.

The gains and losses of changes in the fair value of financial assets measured at fair value through profit and loss are recognised in the results of the year in which they occur in net financial costs, where interest received and dividends are also included.

Loans and receivables

These correspond to non-derivative financial assets, with fixed or determined payments, that are not quoted in an active market. The assets are those that result from the normal operational activities of JMH, in the supply of services, and that JMH has no intention of selling. Subsequently, loans and receivables are measured at amortised cost in accordance with the effective interest rate method.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Available-for-sale financial assets

The available-for-sale financial assets are non-derivative financial assets that: (i) JMH intends to maintain for an indeterminate period of time; (ii) are designated as available for sale when they are first recognised; or (iii) they do not fit into the above mentioned categories. They are recognised as non-current assets, unless there is the intention to sell them within 12 months of the balance sheet date.

Equity holdings other than in subsidiaries, joint ventures or associates are classified as available-for-sale financial assets and included within non-current assets.

These financial assets are initially recognised at fair value increased by transaction costs. Subsequent fair value changes are recognised directly in other reserves until the financial asset is sold, received or in some way derecognised, at which time the accumulated gain or loss previously recognised in equity is included in income for the period. The dividends of equity holdings classified as available-for-sale are recognised in gains in other investments, when the right to receive the payment is established.

Available-for-sale financial assets related to equity holdings are recognised at cost when the fair value cannot be reliably determined.

2.5 Impairment

2.5.1 Impairment of non-financial assets

Except for investment property (note 13) and deferred tax assets (note 7.3), all other JMH assets are considered at each balance sheet date in order to assess for indicators of possible impairment losses. If such indicators exist, the asset's recoverable amount is estimated.

This category includes the investments in subsidiaries. In the impairment tests for investments in subsidiaries, the inputs of these valuations for calculation of the value in use are determined by past performance and the expectation of market development for each business area, based on future cash flow projections, for a five year period, based on medium and long term plans approved by the Board of Directors.

The recoverable amount of assets with indicators of potential impairment loss is determined annually. Whenever the carrying value of an asset exceeds its recoverable amount, its value is reduced to the recoverable amount and the impairment loss recognised in the income statement.

Determining the recoverable amount of assets

The recoverable amount of non-financial assets corresponds to the higher amount of fair value less costs of disposal and value in use.

The value in use of an asset is calculated as the present value of estimated future cash flows. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the asset in question.

The recoverable amount of assets that do not generate independent cash flow is determined together with the cash-generating unit to which these assets belong.

Reversal of impairment losses

Impairment losses are reversed whenever there are changes in the estimates used to determine the respective recoverable amount. Impairment losses are reversed to the extent of the amount, net of amortisation or depreciation, which would have been determined for the asset if no impairment loss were recognised.

2.5.2 Impairment of financial assets

At each reporting date JMH analyses if there is objective evidence that a financial asset or group of financial assets is impaired.

The recoverable amount of receivables corresponds to the present value of estimated future cash inflows, using as a discount rate the actual interest rate implicit in the original operation.

An impairment loss recognised in a medium and long-term receivable is only reversed if justification for the increase in the respective recoverable amount is based on an event taking place after the date the impairment loss was recognised.

Loans to subsidiaries

The impairment test for loans to subsidiaries is held simultaneously with the impairment test to investments in subsidiaries. The investment considered for comparison with the calculated value in use considers the historical cost of the subsidiary and the loans. An impairment loss on loans to subsidiaries will only be recognised after the total investment in the subsidiary is fully covered by an impairment loss.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, a prolonged or significant decline in the fair value of the instrument below its cost is considered to be an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit and loss. Impairment losses on equity instruments recognised in profit or loss are not reversed through the income statement.

Clients, debtors and other financial assets

Impairment losses are recognised when there are objective indicators that JMH will not receive the entire amounts it is due according to the original terms of established contracts. When identifying situations of impairment, various indicators are used, such as:

(i) Analysis of breach;
(ii) Breach for more than three months;
(iii) Financial difficulties of the debtor;
(iv) Probability of the debtor's bankruptcy.

Impairment losses are determined by the difference between the recoverable amount and the carrying amount of the financial assets and are recognised in the profit and loss. The carrying amount of these assets is reduced to the recoverable amount by using an impairment account. When an amount receivable from customers and debtors is considered to be unrecoverable, it is written-off using the impairment account. Subsequent recovery of amounts that had been written-off is recognised as a gain.

Whenever overdue receivable amounts from clients and other debtors are subject to renegotiation of its terms, they are no longer considered as overdue and are considered as new credits.

2.6 Revenue recognition

Services rendered

Revenues from the services rendered are recognised as income in accordance with their stage of completion as at the balance sheet date.

2.7 Segment information

Given that JMH's main activity consists of the management of equity holdings, it does not make sense to report the operating segments related information in these Individual Financial Statements. Detailed information is presented in the Group Consolidated Financial Statements.

2.8 Critical accounting estimates and judgments made in preparation of Financial Statements

Tangible and intangible assets and investment property

Determining the fair value of investment properties, as well as the useful life of assets, is based on Management estimates. Determining impairment losses of tangible or intangible assets also involves the use of estimates. The value in use or the fair value of these assets is normally determined using the discounted cash flow method, which incorporates market assumptions. Identifying indicators of impairment, as well as estimating future cash flows and determining the fair value of assets, requires significant judgment by Management in validating indicators of impairment, expected cash flows, applicable discount rates, estimated useful life and residual values.

Fair value of financial instruments

The fair value of financial instruments not quoted on an active market is determined based on valuation methods. The use of valuation methodologies requires using assumptions, with some assumptions requiring the use of estimates. Therefore, changes in those assumptions could result in a change in the fair value reported.

Impairment in investments and loans to subsidiaries

As a rule, according to IFRS an investment is recorded as impaired when the carrying amount of the investment exceeds the present value of future cash flows. Calculating the present value of estimated cash flows and the decision to consider an asset as impaired involves judgment and substantially relies on Management analysis of the future development of its subsidiaries. When measuring impairment, market prices are used if they are available, or other valuation parameters are used, based on the information available from the subsidiaries. JMH considers the capacity and intention to retain the investment for a reasonable period of time that is sufficient to predict recovery of the fair value up to (or above) the carrying amount, including an analysis of factors such as the expected results of the subsidiary, the economic situation, and the status of the sector.

Deferred taxes

Recognising deferred taxes assumes the existence of results and future taxable income. Deferred tax assets and liabilities were determined based on tax legislation currently effective or on legislation already published for future application. Changes in the tax legislation may influence the value of deferred taxes.

If the rates used to recognise deferred taxes increase by 1%, the impact in JMH accounts would be the following:

	Impact on JMH accounts	
	Income statement	Other comprehensive income
Rate increase of 1%	190	47

A positive amount means a gain in JMH accounts.

Impairment losses of clients and debtors

Management maintains impairment losses for clients and debtors, in order to reflect the estimated losses resulting from clients' inability to make payments on the required dates and for the contracted amounts. When evaluating the reasonability of the adjustment for the impairment losses, Management bases its estimates on an analysis of the ageing of the accounts receivable from its clients, its historical experience of write-offs, the client's credit history and changes in the client's payment terms.

If the client's financial conditions deteriorate, impairment losses and actual write-offs may be higher than expected.

Pensions and other long-term benefits granted to employees

Determining responsibilities for pension payments and other long-term benefits requires the use of assumptions and estimates, including actuarial projections and other factors that may impact the costs and responsibilities of the benefit plans.

In determining the appropriate discount rate, Management considers the interest rates of corporate bonds with an 'AA' rating or above, as set by an internationally acknowledged rating agency. These rates are extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The definition of the criteria to select the corporate bonds to include in the population from which the yield curve is derived requires significant judgement, the most significant being the selection of the size of the population, the bond issue size, the quality of the bonds, and identification of outliers data to exclude.

Considering the information available from Bloomberg and some necessary estimation to derive the yield curve, JMH defined the following ranges:

- Narrow range [1.70% - 2.10%]
- Extended range [1.50% - 2.30%]

Based on these results, JMH has decided to reduce its discount rate from 2.0% to 1.75%.

The table below shows the impacts on the obligations with defined benefit plans of JMH, resulting from changes in the following assumptions:

		Impact on defined benefit obligations		
	Assumption used	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.75%	0.50%	(752)	805
Salary growth rate	2.50%	0.50%	19	(18)
Pension growth rate	2.50%	0.50%	785	(733)
Life expectancy	TV 88/90	1 year	1,098	(1,056)

A positive amount means an increase in liabilities. A negative amount means a decrease in liabilities.

Provisions

JMH exercises considerable judgment in measuring and recognising provisions and its exposure to contingent liabilities related to legal proceedings. This judgment is necessary to determine the probability that a lawsuit may be successful or to record a liability. Provisions are recognised when JMH expects that proceedings under way will result in cash outflows, the loss is considered probable and may be reasonably estimated. Due to the uncertainties inherent in the evaluation process, real losses may be different from those originally estimated. These estimates are subject to changes as new information becomes available, mainly with the support of internal specialists, if available, or through the support of external consultants, such as actuaries or legal advisers. Revisions to estimates of potential losses on proceedings under way may significantly affect future results.

2.9 Fair value of financial instruments

To determine the fair value of a financial asset or liability, the market price is applied, if such a market exists. A market is regarded as active if quoted prices are readily and regularly available from an exchange, broker or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Otherwise, which is the case of some financial assets and liabilities, valuation techniques that are generally accepted in the market are used based on market assumptions.

JMH applies valuation techniques for unlisted financial instruments, such as derivatives and fair value financial instruments through profit and loss. The evaluation models most frequently used are discounted cash flow and options models which incorporate, for example, interest rate curves and market volatility. For derivatives valuation JMH also uses the valuations provided by the counterparties.

In the case of more complex derivatives, advanced valuation models are used. These models include assumptions and data that are not directly observable in the market and for which JMH uses estimates and internal assumptions.

Cash and cash equivalents, debtors and accruals

These financial instruments include mainly short-term financial assets and, for that reason, their accounting value at the reporting date is considered approximately its fair value.

Available-for-sale financial assets

Listed financial assets are recognised in the balance sheet at their fair value.

Borrowings

The fair value of borrowings is achieved from the discount cash flow of all expected payments. The expected cash flows are discounted using actual market interest rates. At the reporting date the accounting value is approximately its fair value.

Creditors and accruals

These financial instruments include mainly short-term financial liabilities, and for that reason their accounting value at the reporting date is considered approximately their fair value.

2.10 Fair value hierarchy

The following table shows JMH's financial assets and liabilities that are measured at fair value as at 31 December, according with the following hierarchy levels:

- Level 1: the fair value of financial instruments is based on quoted prices obtained in active and liquid markets at balance sheet date. This level includes equity investments quoted on NYSE Euronext Lisbon;
- Level 2: the fair value is not based on quoted prices obtained in active markets included in level 1, but using valuation models, involving other comparable quoted prices obtained in active markets or adjusted quotes. Thus, main inputs used on these valuation models are based on observable market data. This level includes the over-the-counter derivatives entered into JMH, whose valuations are provided by the respective counterparties;
- Level 3: the fair value is not based on quoted prices obtained in active markets, but determined by using valuation models and main inputs are not based on observable market data. This level includes investment property, which are evaluated by external independent experts, using in their valuations inputs that are not directly observable in the market.

2015	Total	Level 1	Level 2	Level 3
Assets measured at fair value				
Available-for-sale financial assets				
Equity investments	274	274	-	-
Investment property	2,470	-	-	2,470
Total assets	**2,744**	**274**	**-**	**2,470**
Liabilities measured at fair value				
Total liabilities	**-**	**-**	**-**	**-**

2014	Total	Level 1	Level 2	Level 3
Assets measured at fair value				
Available-for-sale financial assets				
Equity investments	368	368	-	-
Investment property	2,470	-	-	2,470
Total assets	**2,838**	**368**	**-**	**2,470**
Liabilities measured at fair value				
Total liabilities	**-**	**-**	**-**	**-**

2.11 Financial instruments by category

2015	Borrowings and accounts receivable	Available-for-sale financial assets	Other financial liabilities	Total financial assets and liabilities	Non financial assets or liabilities	Total assets and liabilities
Assets						
Cash and cash equivalents	122	-	-	**122**	-	**122**
Available-for-sale financial assets	-	274	-	**274**	-	**274**
Loans to subsidiaries	691,350	-	-	**691,350**	-	**691,350**
Debtors and accrued income	31,034	-	-	**31,034**	1,545	**32,579**
Other non-financial assets	-	-	-	**-**	677,110	**677,110**
Total assets	**722,506**	**274**	**-**	**722,780**	**678,655**	**1,401,435**
Liabilities						
Borrowings	-	-	161,852	**161,852**	-	**161,852**
Creditors and accrued costs	-	-	2,213	**2,213**	4,475	**6,688**
Other non-financial liabilities	-	-	-	**-**	25,239	**25,239**
Total liabilities	**-**	**-**	**164,065**	**164,065**	**29,714**	**193,779**

2014	Borrowings and accounts receivable	Available-for-sale financial assets	Other financial liabilities	Total financial assets and liabilities	Non financial assets or liabilities	Total assets and liabilities
Assets						
Cash and cash equivalents	49,413	-	-	**49,413**	-	**49,413**
Available-for-sale financial assets	-	368	-	**368**	-	**368**
Loans to subsidiaries	605,500	-	-	**605,500**	-	**605,500**
Debtors and accrued income	31,956	-	-	**31,956**	2,771	**34,727**
Other non-financial assets	-	-	-	**-**	678,400	**678,400**
Total assets	**686,869**	**368**	**-**	**687,237**	**681,171**	**1,368,408**
Liabilities						
Borrowings	-	-	-	**-**	-	**-**
Creditors and accrued costs	-	-	1,507	**1,507**	2,994	**4,501**
Other non-financial liabilities	-	-	-	**-**	26,440	**26,440**
Total liabilities	**-**	**-**	**1,507**	**1,507**	**29,434**	**30,941**

3. Operating costs

Costs of services rendered

The costs of services rendered correspond to the costs incurred by JMH in rendering technical and specialised services to its subsidiaries. In this sense, the costs incurred in each one of JMH departments are charged to the Companies in the percentage that each one has in the referred services rendering.

Administrative costs

The administrative costs shown in the income statement include, among others, the percentage of the costs incurred by each of the departments which is not charged to the Companies, as well as the non-deductible VAT arising from the application of the effective allocation method.

Other operational costs and losses

Other operational costs and losses include, among others, the costs incurred by studies of other markets, as well as donations and sponsorships granted according with the Group's Social Responsibility policies.

3.1 Operational costs by nature

	2015	2014
Supplies and services	12,465	10,338
Rents	1,065	1,064
Staff costs	10,540	9,083
Depreciations and amortizations	378	377
Other operational (profit) loss	312	175
	24,760	**21,037**

4. Employees

4.1 Staff costs

	2015	2014
Wages and salaries	7,515	5,761
Social security	1,380	1,302
Employee benefits (see note 4.2)	544	1,004
Other staff costs	951	1,162
	10,390	**9,229**

Other staff costs include labour accident insurance, social responsibility costs, training costs, and indemnities, among others. The number of employees at the end of 2015 was 114 (2014 was 96). The average number of employees during the year was 105 (94 in 2014).

In 2015, the difference between the total staff costs stated in note 3.1, and the total amount of note 4.1, in the amount of EUR 150 thousand, refers to exceptional operating costs associated with the change in the actuarial assumptions. In 2014, the same difference, in the amount of EUR 146 thousand, referred to exceptional operating costs associated with the change in the actuarial assumptions (EUR 90 thousand) and exceptional operating costs related with restructuring plans (EUR 56 thousand).

4.1 Employees benefit

Post-employment benefits (retirement)

Defined contribution plans

Defined contribution plans are pension plans for which JMH makes defined contributions to independent entities (funds), and for which it has no legal or constructive obligation to pay any additional contribution at the time when the employees come into use of those benefits.

The contributions are based on a percentage of the fixed and variable remuneration of the employees included in the plan, which is defined in the respective Regulation and only changes according to the seniority of the beneficiaries.

JMH encourages the employees to participate in their own pension scheme. Therefore, the funds are open to employee private contributions, with no guaranties given by JMH over those contributions.

JMH contributions to defined contribution plans are recognised as expenses at the time they are due.

Defined benefit plans

Defined benefit plans are pension plans where JMH guarantees a certain benefit to the employees included in the plan at the time such employees retire, with the respective responsibilities assured directly by JMH.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using life annuity method, taking into account that the plans include only retired employees. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

No service costs are recognised since the current defined benefit plans only include retired employees. The net interest is recognised in the income statement on a yearly basis.

Remeasurements (actuarial gains and losses) arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

At the time of plan amendments in defined benefit plans, past-service costs are immediately considered due and are recognised immediately in the income statement.

Other benefits

Seniority awards

The programme of seniority awards existing in JMH comprises a component of defined contribution and a defined benefit.

The defined contribution component consists in a life insurance granted to the employees covered by this programme, starting from a specific number of years of service. This benefit is awarded only when employees reach the age defined in the programme and the costs related to this component are recognised in the year to which they relate.

The component of defined benefit consists of an award in the year that employees complete a number of years of service. Accordingly, the liabilities for this component are determined annually based on actuarial valuations, carried out by a specialised independent entity.

The costs of current services, net interest as well remeasurements (actuarial gains or losses) are recognised as costs of the year.

Amounts of employee benefits in the balance sheet:

	2015	2014
Retirement benefits - Defined contribution plan	-	-
Retirement benefits - Defined benefit plan paid for by the Group	18,385	18,691
Seniority awards	538	634
Total	**18,923**	**19,325**

Amounts recognised in the income statement in staff costs and remeasurements reflected in other comprehensive income:

	Income statement		Other comprehensive income	
	2015	**2014**	**2015**	**2014**
Retirement benefits - Defined contribution plan	265	270	-	-
Retirement benefits - Defined benefit plan paid for by the Group	360	586	770	2,067
Seniority awards	(81)	148	-	-
Total	**544**	**1,004**	**770**	**2,067**

A brief description of the changes in each plan is detailed below:

	Defined contribution plans for active employees		Defined benefit plans for former employees		Other long term benefits granted to employees	
	2015	2014	2015	2014	2015	2014
Balance as at 1 January	**-**	**-**	**18,691**	**17,480**	**634**	**498**
Interest costs	-	-	360	586	13	18
Current service cost	265	270	-	-	56	40
Actuarial (gains)/losses						
Changes in demographic assumptions	-	-	-	-	-	-
Changes in financial assumptions	-	-	373	2,168	9	75
Changes in experience	-	-	397	(101)	(159)	15
Contributions or retirement pensions paid	(265)	(270)	(1,436)	(1,442)	(15)	(12)
Balance as at 31 December	**-**	**-**	**18,385**	**18,691**	**538**	**634**

Actuarial assumptions used in the calculation of the responsibilities for defined benefit plans and other long term benefits:

	2015	2014
Mortality table	TV 88/90	TV 88/90
Discount rate	1.75%	2.0%
Pension and salaries growth rate	2.5%	2.5%

The mortality assumptions used are those most commonly adopted in Portugal, and are based on actuarial advice in accordance with published statistics and experience in each country.

Expected future payments

The expected maturity for the next five years for the liabilities associated with defined benefit plans is as follows:

	2016	2017	2018	2019	2020
Retirement benefits - Defined benefit plan paid for by the Group	1,376	1,316	1,256	1,196	1,132
Seniority awards	33	79	20	46	65
Total	**1,409**	**1,395**	**1,276**	**1,242**	**1,197**

5. Net financial costs

Net financial costs represent the interest on borrowings, the interest on investments made, foreign exchange gains and losses in financial operations, gains and losses resulting from changes in the fair value of financial assets measured at fair value through profit and loss, and costs and income with financing operations. Net financial costs are accrued in the income statement in the period in which they are incurred.

	2015	2014
Interest expense	(35)	(2,734)
Interest received	196	114
Other financial costs and gains	(41)	(284)
Net financial costs	**120**	**(2,904)**

Interest expenses includes the interest related with loans measured at amortised cost, as well as interest on cash flow hedge derivatives (see note 26). Other financial costs include, namely, stamp tax and issuance costs related to non-current debt recognised in the income statement for the loan's term.

6. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operational leases. Payments made for these contracts are recognised in the income statement on a straight-line basis over the period of the leases.

The costs recognised in the income statement as operating leases are as follows:

	2015	2014
Buildings – Third parties	6	6
Buildings – Group	510	496
Vehicles – Third parties	511	521
IT equipment – Third parties	30	34
	1,057	**1,057**

Apart from the costs above, there were occasional rentals throughout the year that amounted EUR 8 thousand (2014: EUR 7 thousand).

Vehicle and IT equipment lease contracts entered into by JMH are treated as operating leases. These contracts do not include renewal or purchase option at termination date, or any amount relating to contingent rents. All contracts may be cancelled by means of prior notice and do not provide any type of restrictions concerning dividends or debt.

The minimum lease payments related with vehicles and IT equipment lease are as follows:

	2015	2014
Payments in less than 1 year	343	514
Payments between 1 and 5 years	367	574
Total future payments	**710**	**1,088**

All the contracts may be cancelled upon the payment of a penalty. At the end of 2015, the liabilities arising from penalty clauses were EUR 78 thousand (2014: EUR 71 thousand).

7. Taxes

Income tax includes current and deferred taxes. Income tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in the same heading.

Tax on current income is calculated in accordance with tax criteria prevailing as of the balance sheet date.

Deferred tax is calculated in accordance with the balance sheet liability method on temporary differences between the carrying amount of assets and liabilities and the respective tax base.

The measurement of deferred tax assets and liabilities should reflect the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities. The rate used to determine deferred tax is that in force during the period when temporary differences are reversed.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be used. Deferred tax assets are revised on an annual basis and derecognised when it is no longer probable that they may be used.

7.1 Income tax

	2015	2014
Current tax		
Current tax of the year	(348)	(1,112)
Adjustment to prior year estimation	(2)	17
	(350)	**(1,095)**
Deferred tax		
Temporary differences originated or reversed in the year	(716)	449
Change in income tax rate	-	(423)
	(716)	**26**
Total income tax	**(1,066)**	**(1,069)**

7.2 Reconciliation of effective tax rate

	2015	2014
Profit/loss before taxes	261,554	**318,292**
Income tax 22.5% rate (2014: 24.5%)	(58,850)	(77,982)
Tax effect from:		
Non-taxable or non-recoverable results	58,336	77,956
Non-deductible expenses	(320)	(336)
Change in income tax rate	-	(423)
Adjustment to prior year estimation	(2)	17
Results subject to special taxation	(230)	(301)
Income tax for the year	**(1,066)**	**(1,069)**
Effective tax rate	**0.41%**	**0.34%**

In 2015, the Corporate Income Tax rate (CIT) applied to companies operating in Portugal was 21% (in 2014 it was 23%). For companies with a positive tax result, there is a surcharge of 1.5% regarding municipal tax, and an additional state tax that varies between 3%, 5% and 7%, for taxable profits higher than EUR 1,500 thousand, EUR 7,500 thousand and EUR 35.000 thousand respectively.

JMH's effective tax rate is significantly influenced by the fiscal effect of the dividend income received from subsidiaries. This income is not subject to taxation according with the current tax legislation, as they have already been considered for Income Tax purposes in the companies which generated them.

7.3 Deferred tax assets and liabilities

Deferred taxes are presented in the balance sheet as follows:

	2015	2014
Deferred tax assets	5,496	5,795
Deferred tax liabilities	(1,300)	(1,077)
	4,196	**4,718**

	01/01/2015	Impact on results	Impact on equity	31/12/2015
Deferred tax assets				
Revaluation of available for sale financial assets	803	-	21	824
Employee benefits	4,348	(263)	173	4,258
Fair value in derivative financial instruments	-	-	-	-
Provisions and adjustments above tax limits	644	(230)	-	414
	5,795	**(493)**	**194**	**5,496**
Deferred tax liabilities				
Revaluation of assets	(178)	-	-	(178)
Other temporary differences	(899)	(223)	-	(1,122)
	(1,077)	**(223)**	**-**	**(1,300)**
Net change in deferred tax	**4,718**	**(716)**	**194**	**4,196**

	01/01/2014	Impact on results	Impact on equity	31/12/2014
Deferred tax assets				
Revaluation of available for sale financial assets	-	(68)	871	803
Employee benefits	4,404	(490)	434	4,348
Fair value in derivative financial instruments	145	-	(145)	-
Provisions and adjustments above tax limits	691	(47)	-	644
	5,240	**(605)**	**1,160**	**5,795**
Deferred tax liabilities				
Revaluation of assets	(194)	16	-	(178)
Other temporary differences	(1,514)	615	-	(899)
	(1,708)	**631**	**-**	**(1,077)**
Net change in deferred tax	**3,532**	**26**	**1,160**	**4,718**

7.4 Receivable or payable income tax

Income tax reflected on the balance sheet is as follows:

	2015	2014
Income tax receivable	166	1,298
Income tax payable	-	-
	166	**1,298**

Since 1st January 2014, JMH has integrated a group of companies taxed according with the Special Group Taxation Regime (RETGS), as the dominant Company of the group. In addition to JMH, the taxation group is currently composed of the following companies:

- Recheio, SGPS, S.A.
- Recheio Cash & Carry S.A.
- Imocash – Imobiliário de Distribuição, S.A.
- Larantigo – Sociedade de Construções, S.A.
- Masterchef, S.A.
- Caterplus – Comercialização e Distribuição de Produtos de Consumo, Lda.
- Jerónimo Martins – Serviços, S.A.
- Desimo – Desenvolvimento e Gestão Imobiliária, Lda.
- Jerónimo Martins – Agro-Alimentar, S.A.
- Jerónimo Martins – Lacticínios de Portugal, S.A.
- Jerónimo Martins – Distribuição de Produtos de Consumo, Lda.
- Jerónimo Martins – Restauração e Serviços, S.A.

8. Gains (losses) in subsidiaries

	2015	2014
Dividends received	259,900	315,500
Interest from loans granted	6,331	8,018
Interest from loans obtained	-	(9)
	266,231	**323,509**

9. Gains (losses) in other investments

Rents received for the lease of investment property are recognised as gains (losses) in other investments in the income statement in the period to which they relate.

	2015	2014
Rents from investment property	194	193
Income from short-term investments	-	-
	194	**193**

10. Exceptional operating profits (losses)

The exceptional operating profits or losses (non-recurrent items) that by their nature or materiality distort JMH financial performance, as well as its comparability, are presented in a separate line of the consolidated income statement by function. These results are excluded from the operational performance indicators adopted by the Management.

	2015	2014
Impact of actuarial assumptions changes	150	(90)
Costs related with restructuring plans	-	(56)
	150	**(146)**

11. Tangible assets

Tangible assets are recognised at historical cost net of accumulated depreciation and impairment losses.

Historical cost includes the purchase price and any other expenditure that is directly attributable to the acquisition of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the operating profit.

Repairs and maintenance costs that do not extend the useful life of these assets are charged directly to the income statement during the financial period in which they are incurred.

Depreciation
Depreciation is calculated by the straight-line method, on a monthly basis on acquisition cost according to the useful life estimated for each class of asset. The most important annual depreciation rates, in percentage, are as follows:

	%
Buildings and other constructions	10
Tools	25
Transport equipment	25
Office equipment	10-25
Other tangible assets	10

The estimated useful life of assets are reviewed and adjusted when necessary, at the balance sheet date. Residual values are not taken in consideration, as it is JMH intention to use the assets until the end of their economic life.

11.1 Changes occurred during the year

Gross assets

	01/01/2015 Opening balance	Increases	Disposals	Transfers and write-offs	31/12/2015 Closing balance
Buildings and other constructions	215	41	-	-	256
Transport equipment	142	-	-	-	142
Tools and utensils	2	-	-	-	2
Office equipment	2,165	79	(12)	-	2,232
Other tangible assets	389	-	-	-	389
Tangible assets in progress	-	143	-	-	143
	2,913	**263**	**(12)**	**-**	**3,164**

Accumulated depreciation and impairment

	01/01/2015 Opening balance	Increases	Disposals	Transfers and write-offs	31/12/2015 Closing balance
Buildings and other constructions	65	23	-	-	88
Transport equipment	68	22	-	-	90
Tools and utensils	2	-	-	-	2
Office equipment	1,976	84	(3)	-	2,057
Other tangible assets	326	-	-	-	326
	2,437	**129**	**(3)**	**-**	**2,563**
Net book value	**476**				**601**

11.2 Changes occurred in the previous year

Gross assets

	01/01/2014 Opening balance	Increases	Disposals	Transfers and write-offs	31/12/2014 Closing balance
Buildings and other constructions	211	4	-	-	215
Transport equipment	93	74	(25)	-	142
Tools and utensils	2	-	-	-	2
Office equipment	2,131	34	-	-	2,165
Other tangible assets	389	-	-	-	389
	2,826	**112**	**(25)**	**-**	**2,913**

Accumulated depreciation and impairment

	01/01/2014 Opening balance	Increases	Disposals	Transfers and write-offs	31/12/2014 Closing balance
Buildings and other constructions	44	21	-	-	65
Transport equipment	78	11	(21)	-	68
Tools and utensils	2	-	-	-	2
Office equipment	1,900	76	-	-	1,976
Other tangible assets	326	-	-	-	326
	2,350	**108**	**(21)**	**-**	**2,437**
Net book value	**476**				**476**

11.3 Equipment under financial lease

At the end of 2015 and 2014, there was no equipment under financial lease.

11.4 Guarantees

No assets have been pledged as security for the fulfilment of bank or other obligations.

12. Intangible assets

Intangible assets are stated at acquisition cost net of accumulated amortisation and impairment losses.

Research and development expenditure
Research expenditure incurred in the search for new technical or scientific knowledge or alternative solutions are recognised in the income statement as incurred.

Development expenditure is recognised as an intangible asset when the technical feasibility of the product or process being developed can be demonstrated and JMH has the intention and capacity to complete its development and start trading or using it.

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, being amortised over their estimated useful lives.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred, except if those costs are directly associated with development projects that will probably generate future economic benefits (reliably measured), they are recognised as development expenditure in intangible assets.

Amortisations
Amortisations are recognised in the income statement on a linear basis over the estimated useful life of the intangible assets, except if that life is considered indefinite.

Amortisation of the intangible assets is calculated by the straight-line method, on a duodecimal basis on acquisition cost. The most important annual amortisation rates, in percentage, are as follows:

	%
Development expenditure	20-33.33
Computer software	33.33

The estimated useful life of assets is reviewed and adjusted when necessary, at the balance sheet date.

Intangible assets are made up of development expenses and include expenses incurred with the implementation of information system platforms.

12.1 Changes occurred during the year

Gross assets

	01/01/2015 Opening balance	Increases	Disposals	Transfers and write-offs	31/12/2015 Closing balance
Development expenses	1,195	143	-	49	1,387
Intangible assets in progress	49	122	-	(49)	122
	1,244	**265**	**-**	**-**	**1,509**

Accumulated amortisation and impairment

	01/01/2015 Opening balance	Increases	Disposals	Transfers and write-offs	31/12/2015 Closing balance
Development expenses	829	249	-	-	1,078
	829	**249**	**-**	**-**	**1,078**
Net book value	**415**				**431**

12.2 Changes occurred in the previous year

Gross assets

	01/01/2014 Opening balance	Increases	Disposals	Transfers and write-offs	31/12/2014 Closing balance
Development expenses	941	210	-	(44)	1,195
Intangible assets in progress	44	49	-	44	49
	985	**259**	**-**	**-**	**1,244**

Accumulated amortisation and impairment

	01/01/2014 Opening balance	Increases	Disposals	Transfers and write-offs	31/12/2014 Closing balance
Development expenses	560	269	-	-	829
	560	**269**	**-**	**-**	**829**
Net book value	**425**				**415**

13. Investment property

Investment property are land and buildings that are accounted at fair value, determined by specialised independent entities, with appropriate recognised professional qualifications and experience in valuing assets of this nature.

The fair value is based on market values, being the amount at which two independent willing parties would be interested in making a transaction of the asset.

The methodology adopted in the valuation and determination of fair value consists of applying the market's comparative method, in which the asset under valuation is compared with other similar assets that perform the same function, negotiated recently in the same location or in comparable zones. The known transaction values are adjusted to make a proper comparison, and the variables of size, location, existing infrastructure, state of conservation and other variables that may be relevant in some way are considered.

In addition, and particularly in cases in which comparison with transactions that have occurred is difficult, an income approach is used. It is assumed that the value of the asset corresponds to the present value of all the future benefits and rights arising from its ownership.

For this purpose, an estimation of the market rent is used, considering all the endogenous and exogenous variables of the asset under valuation, and a yield that reflects the risk of the market of which that asset is a part, as well as the characteristics of the asset itself. Thus, the assumptions used in the evaluation of each asset vary according to its location and technical characteristics, using an average yield between 8% and 9%.

Changes to fair value of investment property are recognised in the income statement, in gains/losses in other investments, since it is related with assets owned for appreciation.

If an investment property starts to be used by the business operations of JMH, it is transferred to tangible assets and its fair value at the date of transfer becomes its acquisition cost for accounting purposes.

JMH owns a property, which was partially rented to a Group Company generating profits in the amount of EUR 194 thousand (2014: EUR 193 thousand). This property is valued at its market value, according to an independent valuation, and is recorded at EUR 2,470 thousand (2014: EUR 2,470 thousand).

In 2015, JMH incurred in expenses regarding this property in the amount of EUR 4 thousand (2014: EUR 6 thousand), recognised in results in other operating costs.

14. Investments

14.1 Investments in subsidiaries

	2015	2014
Net value at 1 January	**667,946**	**667,928**
Increases	-	18
Decreases	-	-
Net value at 31 December	**667,946**	**667,946**

The increase registered in 2014 refers to the incorporation of the subsidiary Origins – Agro Business Investments B.V.

The net amount in investments in subsidiaries reflects the deduction of EUR 121,026 thousand regarding impairment losses (note 24).

15. Loans

15.1 Loans to subsidiaries

Non-current loans	**2015**	**2014**
Net value as at 1 January	**562,400**	**590,542**
Increases	104,445	110
Decreases	(2,795)	(28,252)
Net value as at 31 December	**664,050**	**562,400**

Non-current loans are granted as supplementary capital contributions (which do not bear interest), and as medium and long-term shareholders loans (remunerated at normal market rates).

Current loans	**2015**	**2014**
Net value as at 1 January	**43,100**	**54,885**
Increases	6,955	3,165
Decreases	(22,755)	(14,950)
Net value as at 31 December	**27,300**	**43,100**

Current loans are liable to interest rates at normal market levels.

16. Available-for-sale financial assets

	2015	2014
BCP shares	3,936	3,936
Fair value adjustment (note 24)	(3,662)	(3,568)
	274	**368**

As at 31 December 2015, all BCP shares in the Company's portfolio were 5.598 million (2014: 5.598 million shares), and were marked to market (level 1 of fair value hierarchy) according to the price on Euronext Lisbon as at 31 December 2015 of Euro 0.0489 per share (2014: Euro 0.0657 per share). The changes in the fair value of these assets of negative EUR 94 thousand were recognised directly in equity (2014: negative EUR 202 thousand).

17. Trade debtors, accrued income and deferred costs

Customers and debtor balances are amounts to be received regarding services rendered by JMH in the ordinary course of the business. They are initially recognised at fair value, being subsequently measured at amortised cost in accordance with the effective interest rate method, net of any impairment losses.

	2015	2014
Non current		
Other debtors (collateral deposits)	19,367	19,367
	19,367	**19,367**
Current		
Subsidiaries and joint-ventures	7,621	7,249
Receivables from suppliers	52	24
Other debtors	92	851
Other taxes receivable:		
Corporate income tax from previous years	1,228	2,518
VAT receivable	19	17
Accrued income	3,832	4,452
Deferred costs	368	249
	13,212	**15,360**

JMH has EUR 19,367 thousand of remunerated deposits in financial institutions, with limited availability according to specific conditions. These deposits are being used as a collateral guarantee for financial loans.

Amounts recognised in subsidiaries and joint ventures refers mainly to invoices issued to Group Companies relating to various services provided, in the amount of EUR 2,006 thousand (2014: EUR 1,774 thousand), as well as the allocation of Corporate Income Tax (CIT) between JMH Group Companies, which is taxed by the Special Group Taxation Regime (RETGS), in the amount of EUR 5,546 thousand (2014: 5,317 thousand).

Accrued income refers mainly to EUR 3,472 thousand (2014: EUR 4,198 thousand) regarding the rendering of technical and administrative services to subsidiaries and EUR 230 thousand (2014: EUR 160 thousand) of interest receivable.

Deferred costs includes EUR 70 thousand (2014: EUR 13 thousand) of issuance costs of bonds and commercial paper, and EUR 298 thousand (2014: EUR 236 thousand) of other costs relating to future periods, paid in 2015 or when not paid, already charged by the competent entities.

18. Cash and cash equivalents

Cash and cash equivalents includes cash, deposits on hand and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

	2015	2014
Bank deposits	108	251
Short-term investments	-	49,150
Cash and cash equivalents	14	12
	122	**49,413**

19. Cash generated from operations

	2015	2014
Net results	**260,488**	**317,223**
Adjustments for:		
Income tax	1,066	1,069
Depreciation and amortization	378	377
Net financial costs	(120)	2,904
(Gains) losses on subsidiaries	(266,231)	(323,509)
(Gains) losses on other investments	(194)	(193)
(Gains) losses on disposal of tangible assets	-	-
	(4,613)	**(2,129)**
Changes in working capital:		
Trade debtors, accrued income and deferred costs	1,126	(1,857)
Trade creditors, accrued costs and deferred income	1,572	(850)
Provisions and employee benefits	(2,194)	(673)
Cash generated from operations	**(4,109)**	**(5,509)**

20. Capital and reserves

Share capital

Share capital corresponds to the nominal value of the ordinary shares issued.

Share premium is recognised when the issued share price exceeds its nominal value. Costs incurred with the issuance of new shares are recognised directly in this heading, net of respective taxes.

Own shares purchased are shown at cost as a deduction in equity. When they are disposed, the amount received, net of costs related with the transaction and taxes, is recognised directly in equity.

Payable and receivable dividends

Payable dividends are recognised as a liability in JMH financial statements in the period in which they are approved by the shareholders for distribution.

Receivable dividends are recognised as revenues when the right to receive payment is established.

20.1 Share capital and share premium account

The authorised share capital is represented by 629,293,220 ordinary shares (2014: 629,293,220), each with a nominal value of one euro.

The owners of ordinary shares have the right to receive dividends in accordance with the deliberations of the General Shareholder's Meeting, and have the right to one vote for each share owned. There are no preferential shares. Rights relating to own shares are suspended until they are placed on the market.

During the year 2015, no changes occurred in the amount of EUR 22,452 thousand showed in share premium.

20.2 Own shares

At 31 December 2015, the Group held 859,000 own shares, acquired in 1999 at an average price of 7.06 euros per share. There were no transactions in 2015.

20.3 Other reserves

	Cash flow hedging	**Available-for-sale financial assets**	**Total**
Balance as at 1 January 2014	**(448)**	**(1,251)**	**(1,699)**
Change in fair value of cash flow hedging instruments:			
- Gross value	593	-	593
- Deferred tax	(145)	-	(145)
Change in fair value of available-for-sale financial assets			
- Gross value	-	1,048	1,048
- Deferred tax	-	46	46
Balance as at 1 January 2015	**-**	**(157)**	**(157)**
Change in fair value of cash flow hedging instruments:			
- Gross value	-	-	-
- Deferred tax	-	-	-
Change in fair value of available-for-sale financial assets			
- Gross value	-	(94)	(94)
- Deferred tax	-	21	21
Balance as at 31 December 2015	**-**	**(230)**	**(230)**

These reserves cannot be distributed to the shareholders.

20.4 Retained earnings

As at 31 December 2015 the total amount of retained earnings was EUR 562,201 thousand (2014: EUR 691,939 thousand), resulting from profit generated in the financial year and previous years.

Of this amount, EUR 312,380 thousand (2014: EUR 299,953 thousand) are not able to be distributed, as provided in articles 32, 218, 295, 296 and 324 of the Commercial Companies Code.

20.5 Dividends

According with the decision made at the April 9th 2015 General Shareholders Meeting, the amount of EUR 153,966 thousand was distributed to JMH shareholders in May 2015. In December 2015, the shareholders Meeting decided to distribute free reserves in the amount of EUR 235,663 thousand. In 2014, the dividends paid amounted to EUR 191,672 thousand.

In accordance with the dividend distribution policy described in point 7 included in the Consolidated Management Report chapter, which is integrated in the consolidated annual report, the Board of Directors proposes to the shareholders the distribution of the amount 166,535,068.30 euros, which corresponds to a dividend per share of EUR 0.265 (excluding own shares in the portfolio).

21. Earnings per share

Basic and diluted earnings per share are calculated based on the net profit attributable to shareholders divided by the weighted average of outstanding ordinary shares.

21.1 Basic and diluted earnings per share

	2015	**2014**
Ordinary shares issued at the beginning of year	629,293,220	629,293,220
Own shares at the beginning of year	(859,000)	(859,000)
Own shares acquired during the year	-	-
Ordinary shares issued during the year	-	-
Weighted average outstanding shares (equal to diluted)	**628,434,220**	**628,434,220**
Net results of the year attributable to ordinary shares (equal to diluted)	**260,488**	**317,223**
Basic and diluted earnings per share – euros	**0.415**	**0.505**

22. Borrowings

Borrowings are initially recognised at fair value less the transaction costs that were incurred and are subsequently measured at the amortised cost. Any difference between the issued value (net of transaction costs incurred) and the nominal value is recognised in the results during the period of the borrowings, in accordance with the effective interest rate method.

Borrowings are classified as current liabilities, unless JMH has the unconditional right to defer settlement of the liability for more than 12 months after the reporting date.

This note provides information on the terms of loan contracts and other forms of financing. For further details regarding the Company's exposure to interest rates see note 26.

22.1 Current and non-current loans

	2015	2014
Non-current loans		
Bank loans – commercial paper	100,000	-
	100,000	**-**
Current loans		
Bank loans – commercial paper	55,000	-
Bank overdrafts	6,852	-
	61,852	**-**

22.2 Loan terms and maturities

	Average rate	2015	Payable in less than 1 year	Payable between 1 and 5 years
Bank loans – commercial paper	2.31%	155,000	55,000	100,000
Bank overdrafts	5.26%	6,852	6,852	-
		161,852	**61,852**	**100,000**

JMH uses, with other Group Companies, grouped credit lines, which means that the maximum amount approved by a financial entity can be used simultaneously by more than one Company. The amount of credit lines granted to JMH which are not being used amount to EUR 24,738 thousand (2014: EUR 38,200 thousand).

22.3 Bank loans: commercial paper

There are several issued bank loans in the form of a commercial paper programme, in the global amount of EUR 155,000 thousand (2014: EUR 130.000 thousand), with variable interest rate. At the end of 2015, the total amount of these credit lines was being used (2014: Eur 0 thousand).

23. Financial debt

	2015	2014
Non-current loans	100,000	-
Current loans	61,852	-
Interest accruals and deferrals	(129)	(20)
Bank deposits	(108)	(251)
Short-term investments	-	(49,150)
	161,615	**(49,421)**

24. Provisions and adjustments to the net realisable value

Provisions are recognised in the balance sheet whenever JMH has a present obligation (legal or implicit) as a result of a past event and it is probable that a rationally estimated outflow of resources embodying economic benefits will be required to settle the obligation.

Restructuring provision

Provisions for restructuring costs are set up whenever a formal restructuring plan has been approved by JMH and the restructuring has started to be implemented or has been announced publicly.

Provisions for restructuring include all liabilities to be paid with the implementation of the plan, including employee termination payments. These provisions do not include any estimated future operating losses or estimated profits from the disposal of assets.

Provision for other risks and contingencies (Legal claims)

Provisions related with litigation against JMH are set up in accordance with risk assessments carried out by JMH, with the support and advice of its legal advisors.

2015	Opening balance	Set up and reinforced	Used and reversed	Closing balance
Investments in subsidiaries	121,026	-	-	121,026
Available-for-sale financial assets	3,568	94	-	3,662
Total adjustments to the net realisable value	**124,594**	**94**	**-**	**124,688**
Other risks and contingencies	6,038	450	(1,472)	5,016
Total provisions	**6,038**	**450**	**(1,472)**	**5,016**

2014	Opening balance	Set up and reinforced	Used and reversed	Closing balance
Investments in subsidiaries	121,026	-	-	121,026
Available-for-sale financial assets	3,366	202	-	3,568
Total adjustments to the net realisable value	**124,392**	**202**	**-**	**124,594**
Other risks and contingencies	5,992	1,021	(975)	6,038
Total provisions	**5,992**	**1,021**	**(975)**	**6,038**

The adjustment in investment in subsidiaries reflects the cash flows estimated by the Management, in accordance with the subsidiaries future development perspectives, as referred in note 2.8..

The adjustment for available-for-sale financial assets reflects the upgrade to fair value, as described in note 16.

The heading other risks and contingencies consists of provisions for possible compensation to be paid by JMH regarding guarantees provided in business sales agreements entered into over the last few years and provisions for litigation processes where there are no prospects for resolution in less than one year.

25. Trade creditors, accrued costs and deferred income

Suppliers and other creditors' balances are obligations to pay services that have been acquired in the ordinary course of the business. They are initially recognised at the fair value and subsequently at the amortised cost, in accordance with the effective interest rate method.

Suppliers and other creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

	2015	2014
Payables to subsidiaries and joint-ventures	1,084	562
Other trade creditors	658	620
Other non-trade creditors	8	6
Taxes payable:		
VAT payable	189	249
Income tax withheld	197	200
Social security	150	147
Other taxes	35	45
Accrued costs	4,351	2,656
Deferred income	16	16
	6,688	**4,501**

Accrued costs includes salaries and wages payable in the amount of EUR 3,888 thousand (2014: EUR 2,337 thousand), and EUR 463 thousand (2014: EUR 319 thousand) regarding various costs (utilities, insurance, consultants, rents, among others), relating to 2015 and not invoiced by the respective entities prior to the end of the year.

26. Derivative financial instruments

JMH uses derivatives with the sole intention of managing any financial risks to which it is exposed. In accordance with its financial policies, JMH does not enter into speculative positions.

Whenever available, fair values are estimated based on quoted instruments. In the absence of market prices, fair values are estimated through discounted cash flow methods and option valuation models, in accordance with generally accepted assumptions.

Derivative financial instruments are recognised at their fair value on the date they are negotiated (trade date). Subsequently, the fair value of derivative financial instruments is valuated on a regular basis, and the gains or losses resulting from this valuation are recorded directly in the income statement, except in relation to cash flow hedge derivatives, whose changes in fair value are recorded in equity, in the cash flow hedge reserve. Recognition of changes in the fair value of hedge instruments depends on the nature of the hedged risk and the type of hedge used.

Hedge accounting

Derivative financial instruments used for hedging may be classified, from an accounting point of view, as hedge instruments, as long as they comply with all of the following conditions:

(i) At the starting date of the transaction, the hedge relationship is identified and formally documented, including identification of the item hedged, the hedge instrument and evaluation of the effectiveness of the hedge;
(ii) There is the expectation that the hedge relationship will be highly effective on the initial transaction date and throughout the life of the operation;
(iii) The effectiveness of the hedge may be reliably measured on the initial transaction date and throughout the life of the operation;
(iv) For cash flow hedge operations, those cash flows must have a high probability of occurring.

Interest rate risk (cash flow hedge)

Whenever expectations surrounding movements in interest rates so justify, JMH tries to anticipate any adverse impact through the use of derivatives. The selection process that each instrument is subject to, favours economic contribution more than anything else. The implications of adding any new instrument to a portfolio of derivatives are also taken into account, namely, in terms of volatility impact on earnings.

The instruments that qualify as cash flow hedging instruments are booked at fair value on the balance sheet, and to the degree that they are considered effective, changes to their fair value are recognised in other comprehensive income. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast transaction or event that is hedged takes place). However, in the case of a hedge of a forecast transaction that results in the recognition of a non-financial asset (for example: inventory), the gains or losses previously deferred in equity are transferred and included in the initial measurement of the asset.

The gain or loss relating to the ineffective portion is recognised immediately in the income statement. This way, in net terms, all costs associated to the underlying exposure are carried at the interest rate of the hedging instruments.

When a hedge instrument expires or is sold, or when the hedge ceases to meet the criteria required for hedge accounting, the changes in the fair value of the derivative, that are accumulated in other comprehensive income, are recognised in the results when the hedged operation also affects the results.

26.1 Impacts on Financial Statements

	2015	2014
Fair value of the financial instruments as at 1 January	**-**	**(818)**
(Receipts) / payments made	-	800
Change in the fair value of financial instruments that qualify as hedge accounting (other reserves)	-	593
Interest expenses from financial instruments that qualify as hedge accounting (P&L)	-	(575)
Fair value of the financial instruments as at 31 December	**-**	**-**

27. Guarantees

The bank guarantees are as follows:

	2015	2014
Guarantees for the Tax Authority	12,328	12,328
Financing bank guarantees	18,371	16,473
Other guarantees provided	1,420	1,420
	32,119	**30,221**

28. Contingencies

There are several relevant disputes pending resolution. With respect to these issues, the Board of Directors, supported by the opinion of its tax and legal advisors, assesses the outcome of each proceedings, and for those where the Board estimates that a future cash outflow may occur, a provision in taken (note 24):

- The Portuguese Tax Authorities have informed JMH, to restate the dividends received, amounting to EUR 10,568 thousand, from its subsidiary in the Madeira Free Zone in 2004 and 2005, considering them as interest for tax purposes. According to the Portuguese Tax Authorities the said income should be subject to CIT as opposed to the dividends received that are exempt. Regarding this correction the tax amount in dispute is EUR 3,065 thousand. The Board of Directors, consider that the report issued by the Tax Authorities does not have any legal basis or validity, and will challenge it;

- The Portuguese Tax Authorities have claimed EUR 989 thousand from JMH in relation to the CIT for an indemnity paid by the Company due to an agreement reached in arbitration court, and which the Tax Authorities considered as dealing with a payment to an entity subject to a more favourable tax regime, and therefore not accepted for tax purposes. The Board of Directors, does not consider the report of the Tax Authorities to have legal basis or validity, and has challenged it;

- The Portuguese Tax Authorities have informed JMH that they do not accept losses on capital gains associated with a liquidation of one Company and the sale of another, amounting to EUR 24,660 thousand, which generated a correction on the Company's tax losses regarding 2007. Considering that the Tax Authorities have no grounds to request this payment, these assessments have been challenged.

29. Subsidiaries and available-for-sale financial assets

The direct investments owned by JMH, as at 31 December 2015, are as follows:

Company	Notes	Head office	% Owned	Stake held directly	Total assets	Shareholder's equity	Net profit /loss
Investments in subsidiaries							
Desimo – Desenvolvimento e Gestão Imobiliária, Lda.	a)	Lisbon	100.00%	50	98	93	5
Jerónimo Martins Serviços, S.A.	a)	Lisbon	100.00%	50	5,441	474	38
Eva – Soc. Invest. Mobiliários e Imobiliários, Lda.	a)	Funchal	5.60%	28	72,231	72,212	1,111
Friedman – Soc. Invest. Mobiliários e Imobiliários, Lda.	a)	Funchal	100.00%	5	173	155	(2)
Warta – Retail & Services Investments B.V.	a)	Amsterdam	100.00%	18	497,770	497,647	238,245
Tagus – Retail & Services Investments B.V.	a)	Amsterdam	100.00%	18	1,535,965	1,535,945	10,070
Monterroio – Retail & Services Investments B.V.	a) b)	Amsterdam	100.00%	18	358,442	268,276	6,244
New World Investments B.V.	a)	Amsterdam	100.00%	18	101,745	101,413	(11,774)
Origins – Agro Business Investments B.V.	a)	Amsterdam	100.00%	18	2,348	2,344	(12)
Available-for-sale financial assets							
BCP - Banco Comercial Português, S.A.	b)	Oporto	0.01%	5,598	74,884,879	5,680,571	235,344

a) For the purposes of the article 486, paragraph 3, of the Portuguese Commercial Companies Code, we declare that we hold the control of the companies indicated.
b) A fair value adjustment provision has been set up.

30. Subsidiaries, joint ventures and associates – interests held directly and indirectly

The Companies held directly and indirectly by Jerónimo Martins, SGPS, S.A., as at 31 December, 2015 are those mentioned in notes 27 and 29 of Chapter III of the Group Consolidated Annual Report.

31. Related parties

A related party is a person or entity that is related to JMH, including those that have, or are subject to, the influence or control of JMH.

Transactions with related parties are always carried out at market prices.

31.1 Transactions with related parties (shareholders)

JMH is owned 56.136% by Sociedade Francisco Manuel dos Santos B.V.. There were no direct transactions between this Company and JMH in 2015.

31.2 Transactions with other related parties

31.2.1 Technical and administrative services provided

As the Group's Holding Company and Corporate Center, JMH co-ordinates and provides consultancy services to its subsidiaries. The functional areas of support to the Group range from Administration, Environment and Food Safety, Legal Affairs, Internal Audit, Corporate Communications and Responsibility, Financial Control, International Expansion and Strategy, Fiscal Affairs, Risk Management, Marketing and Consumer, Financial Operations, Quality and Private Brand Development, Human Resources, Investor Relations, Security, Information Security and Information Technology. The turnover from these services, as well as management services for negotiations on behalf of the Group Companies.

Income from technical and administrative services provided to subsidiaries during 2015 was EUR 17,784 thousand (2014: EUR 16,447 thousand).

31.2.2 Financial services

The Financial Operations Department of the holding centralises part of the Jerónimo Martins Group Companies' financial management.

This management includes acting on behalf of the Companies in the negotiation and contracting with banks and other financial institutions, debt conditions and application of funds. The purpose of this centralised management is to obtain more favourable conditions for funding and applications than would be obtained if negotiated on an individual basis. This centralised management is remunerated for this service, which amounted to EUR 1,344 thousand in 2015 (2014: EUR 1,831 thousand).

This management includes also the centralised treasury operations, responsible for payments to suppliers, employees and other entities, as well as daily cash flow management. This management is also remunerated for this service, which amounted to EUR 491 thousand in 2015 (2014: EUR 399 thousand).

31.2.3 Lease of property

JMH develops its activity in premises rented from subsidiaries, which represented costs of EUR 510 thousand (2014: EUR 496 thousand).

As mentioned in note 13, JMH owns a property which is partially rented out to a Group Company, and generated profits in 2015 in the amount of EUR 194 thousand (2014: EUR 193 thousand).

31.2.4 Supplementary income

JMH charges annually a joint venture Company relating to a sales commission. In 2015 this amounted to EUR 150 thousand (2014: EUR 140 thousand).

31.2.5 Loans (current and non-current loans)

JMH granted loans to subsidiaries, which generated interest in the amount of EUR 6,331 thousand (2014: EUR 8,018 thousand).

31.2.6 Costs relating to staff

As a Group JMH takes advantage of the synergies existing between various Companies, and frequently transfers staff from one Company to another according to the needs of the various businesses. In 2015, total costs incurred with personnel from other companies amounted to EUR 6,072 thousand (2014: EUR 4,327 thousand).

31.2.7 Open balances as at 31 December 2015

Company	Current Loans	Non-current loans	Accounts receivable	Accrued income	Deferred income	Accounts payable	Accrued costs
Subsidiary Companies							
Best-Farmer - Actividades Agro-Pecuárias, S.A.	110	-	-	-	-	-	-
Caterplus – Com. Dist. Produtos de Consumo, Lda.	-	-	-	-	-	213	-
Desimo – Desenv. Gestão Imobiliária, Lda.	-	20	-	-	-	2	-
Friedman - Soc. Inv. Mobiliários e Imobiliários, Lda.	-	170	-	-	-	-	-
Hussel Ibéria – Chocolates e Confeitaria, S.A.	-	-	-	1	-	-	-
Imocash – Imobiliário de Distribuição, S.A.	-	-	254	11	-	-	-
Imoretalho – Gestão de Imóveis, S.A.	-	-	1	39	-	38	-
João Gomes Camacho, S.A.	-	-	11	8	-	-	-
Jerónimo Martins - Agro-Alimentar, S.A.	3,750	-	50	1	-	224	-
Jeronimo Martins Colombia, S.A.S.	-	-	2	-	-	-	-
Jerónimo Martins – Dist. Prod. Consumo, Lda.	4,735	-	160	22	-	-	-
Jerónimo Martins - Lacticínios de Portugal, S.A.	3,095	-	10	11	-	368	-
Jeronimo Martins Polska S.A.	-	-	131	1,185	-	143	-
Jerónimo Martins – Restauração e Serviços, S.A.	-	-	-	-	-	15	-
Jerónimo Martins Serviços, S.A.	-	500	138	-	-	-	1,988
JMR – Gestão Empresas Retalho, SGPS, S.A.	-	-	4	180	-	-	-
JMR - Prestação de Serviços para a Distribuição, S.A.	-	-	21	43	-	28	-
Larantigo - Sociedade de Construções, S.A.	-	-	1	-	-	-	-
Lidinvest - Gestão de Imóveis, S.A.	-	-	-	3	-	-	-
Lidosol II – Distrib. Produtos Alimentares, S.A.	-	-	97	15	-	-	-
Masterchef, S.A.	-	-	-	-	-	20	-
Monterroio - Industry & Services Investments B.V.	-	228,000	-	160	-	-	-
New World Investments B.V.	-	118,600	-	-	-	-	-
Origins - Agro Business Investments B.V.	-	2,360	-	-	-	-	-
Pingo Doce – Distribuição Alimentar, S.A.	-	-	700	1,568	-	26	-
Recheio - Cash & Carry, S.A.	-	-	5,439	366	16	3	-
Recheio, SGPS, S.A.	15,610	-	418	19	-	-	-
Tagus - Retail & Services Investments B.V.	-	112,500	-	-	-	-	-
Warta - Retail & Services Investments B.V.	-	201,900	-	-	-	-	-
Subtotal	27,300	664,050	7,437	3,632	16	1,080	1,988
Joint ventures							
Fima - Produtos Alimentares, S.A.	-	-	-	-	-	4	-
Unilever Jerónimo Martins, Lda.	-	-	184	-	-	-	-
Subtotal	**-**	**-**	**184**	**-**	**-**	**4**	**-**
Total	**27,300**	**664,050**	**7,621**	**3,632**	**16**	**1,084**	**1,988**

31.2.8 Open balances as at 31 December 2014

Company	Current Loans	Non-current loans	Accounts receivable	Accrued income	Deferred income	Accounts payable	Accrued costs
Subsidiary Companies							
Caterplus – Com. Dist. Produtos de Consumo, Lda.	-	-	-	1	-	243	-
Comespa – Gestão de Espaços Comerciais, S.A.	-	-	-	1	-	-	-
Cunha & Branco – Distribuição Alimentar, S.A.	-	-	-	1	-	-	-
Desimo – Desenv. Gestão Imobiliária, Lda.	-	20	-	-	-	10	-
Friedman – Soc. Inv. Mobiliários e Imobiliários, Lda.	-	170	-	-	-	-	-
Hussel Ibéria – Chocolates e Confeitaria, S.A.	-	-	-	1	-	-	-
Imocash – Imobiliário de Distribuição, S.A.	-	-	127	6	-	-	-
Imoretalho – Gestão de Imóveis, S.A.	-	-	1	21	-	35	-
João Gomes Camacho, S.A.	-	-	2	2	-	-	-
Jeronimo Martins Colombia, S.A.S.	-	-	2	-	-	-	-
Jerónimo Martins – Dist. Prod. Consumo, Lda.	4,865	-	69	10	-	-	-
Jeronimo Martins Polska S.A.	-	-	3	1,648	-	-	-
Jerónimo Martins – Restauração e Serviços, S.A.	-	-	-	-	-	12	-
Jerónimo Martins Serviços, S.A.	-	500	4	-	-	45	1,086
JMR – Gestão Empresas Retalho, SGPS, S.A.	-	-	14	259	-	-	-
JMR – Prestação de Serviços para a Distribuição, S.A.	-	-	53	33	-	51	-
Larantigo – Sociedade de Construções, S.A.	-	-	2	-	-	-	-
Lidinvest – Gestão de Imóveis, S.A.	-	-	-	1	-	-	-
Lidosol II – Distrib. Produtos Alimentares, S.A.	-	-	1	4	-	98	-
Masterchef, S.A.	-	-	-	-	-	8	-
Monterroio – Industry & Services Investments B.V.	-	228,000	-	151	-	-	-
New World Investments B.V.	-	50,205	-	-	-	-	-
Origins – Agro Business Investments B.V.	-	110	-	-	-	-	-
Pingo Doce – Distribuição Alimentar, S.A.	-	-	775	1,565	-	23	-
Recheio – Cash & Carry, S.A.	-	-	5,400	312	16	2	-
Recheio, SGPS, S.A.	38,235	-	523	34	-	-	-
Tagus – Retail & Services Investment B.V.	-	115,295	2	-	-	-	-
Warta – Retail & Services Investments B.V.	-	168,100	-	-	-	-	-
Subtotal	43,100	562,400	6,974	4,050	16	527	1,086
Joint ventures							
Fima - Produtos Alimentares, S.A.	-	-	-	-	-	25	-
Unilever Jerónimo Martins, Lda.	-	-	275	298	-	10	-
Subtotal	-	-	275	298	-	35	-
Total	**43,100**	**562,400**	**7,249**	**4,348**	**16**	**562**	**1,086**

31.2.9 Remuneration paid to Directors

	2015	**2014**
Salaries and cash awards	1,951	1,924
Retirement benefits	188	198
	2,139	**2,122**

The Board of Directors of the Company consists of 11 Members.

The remuneration of the Members of the Board of Directors and of the Supervisory Board is stated in the Consolidated Annual Report, under the Corporate Governance section.

The retirement benefits granted to the Directors correspond to post-employment benefits and are part of the plans described in note 4.2.

32. Information on financial risks

JMH, and in particular, its Board of Directors, dedicates a great deal of attention to the risks affecting the businesses. Success in this area depends on the ability to identify, understand and handle exposure to events which, whether or not under the direct control of the Management Team, may materially affect the physical, financial and/or organisational assets of the Company. The Group's Risk Management Policy, which aims to stimulate and reinforce the type of behaviour necessary for success, provides the necessary guidance to the Management of the Group to manage risks and opportunities.

JMH is exposed to various financial risks, namely market risk (which includes exchange rate risk, interest rate risk and price risk), liquidity risk and credit risk.

The management of these risks is focused on the unpredictable nature of the financial markets and aims to minimize its adverse effects on the Company's financial performance. To achieve this, certain types of exposure are managed using derivative financial instruments.

The activity in this area is carried out by the Financial Operations Department, under the supervision of the Chief Financial Officer, and is responsible for identifying, assessing and hedging financial risks by following the guidelines set out in the Financial Risk Management Policy that was approved by the Board of Directors in 2012.

32.1 Market risk (price risk)

As a result of its investment in Banco Comercial Português (BCP), Jerónimo Martins is exposed to equity price risk. At 31 December 2015, a negative 10% variation in the trading price of BCP shares would have a negative effect of EUR 27 thousand in Other Reserves (at 31 December 2014 would have a negative effect of EUR 37 thousand).

32.2 Interest rate risk (cash flow and fair value)

All financial liabilities are directly or indirectly indexed to a reference interest rate which exposes Jerónimo Martins to cash flow risk. A given portion of this risk is hedged through fixed interest rate swaps, thus Jerónimo Martins is also exposed to fair value risk.

Exposure to interest rate risk is monitored continuously. In addition to evaluating future cash flows based on forward rates, sensitivity tests to variations in interest rate levels are performed.

32.3 Credit risk

Credit risk is managed centrally. The main sources of credit risk are bank deposits, short-term investments and derivatives contracted with financial institutions.

The financial institutions that JMH chooses to do business with are selected based on the ratings they receive from one of the independent benchmark rating agencies. Apart from the existence of a minimum accepted rating there is also a maximum exposure to each of these financial institutions.

The following table shows a summary of credit quality of bank deposits and short-term investments, as at 31 December 2015 and 2014:

		2015	2014
Rating company	**Rating**	**Balance**	**Balance**
Standard & Poor's	[A+ : AA]	11	13
Standard & Poor's	[BBB+ : A]	40	27,187
Standard & Poor's	[BB+ : BBB]	7	22,022
Standard & Poor's	[B+ : BB]	34	95
	Not Available	16	84
	Total	**108**	**49,401**

The ratings shown correspond to those given by Standard and Poor's. The maximum exposure to credit risk at 31 December 2015 and 2014 is the financial assets carrying value.

32.4 Liquidity risk

Liquidity risk is managed by maintaining an adequate level of cash or equivalents, as well as by negotiating credit facilities that not only allow the regular development of JMH activities, but also ensuring some flexibility to be able to absorb shocks unrelated to its activities.

To manage this risk, JMH uses, for example, credit derivatives in order to mitigate the impact of credit spreads increase that are the result of impacts beyond the control of JMH. Treasury needs are managed based on short-term planning (executed on a daily basis) which it derives from the annual financial plans which are reviewed at least twice a year.

The following table shows JMH's liabilities by ranges of contractual residual maturity. The amounts shown in the table are the non-discounted contractual cash flow.

Exposure to Liquidity Risk			
2015	Less than 1 year	1 to 5 years	More than 5 years
Borrowings			
Bank overdrafts	6,853	-	-
Commercial paper	55,658	100,000	-
Creditors	1,750	-	-
Operational lease liabilities	343	367	-
Total	**64,604**	**100,367**	**-**
2014	Less than 1 year	1 to 5 years	More than 5 years
Borrowings			
Bank overdrafts	-	-	-
Commercial paper	26	-	-
Creditors	1,188	-	-
Operational lease liabilities	514	574	-
Total	**1,728**	**574**	**-**

33. Additional information requested by law

In accordance with article 66-A of the Portuguese Commercial Companies Code, we hereby inform of the following:

a) In addition to all operations described in the notes above, as well as in the Management's Report, there are no other operations considered relevant which are not already contained either in the balance sheet or in these notes;

b) The total remuneration paid in 2015 to the External Auditor and Statutory Auditor was EUR 107 thousand, of which EUR 95 thousand correspond to legal accounts audit services, while the remaining EUR 12 thousand relate to access to a tax legislation database and support on human resources issues;

c) Note 31 of the Notes to the Financial Statements include all the related parties' disclosures, in accordance with the International Accounting Standards.

34. Events after the balance sheet date

Where events occur after the balance sheet date that provide evidence of conditions that existed at the end of the reporting period, the impact of these events is adjusted within the financial statements. Otherwise, events after the balance sheet date of a material size or nature are disclosed below.

At the conclusion of this Report there were no relevant events to highlight that are not disclosed in the Financial Statements.

Lisbon, 1 March 2016

The Certified Accountant **The Board of Directors**