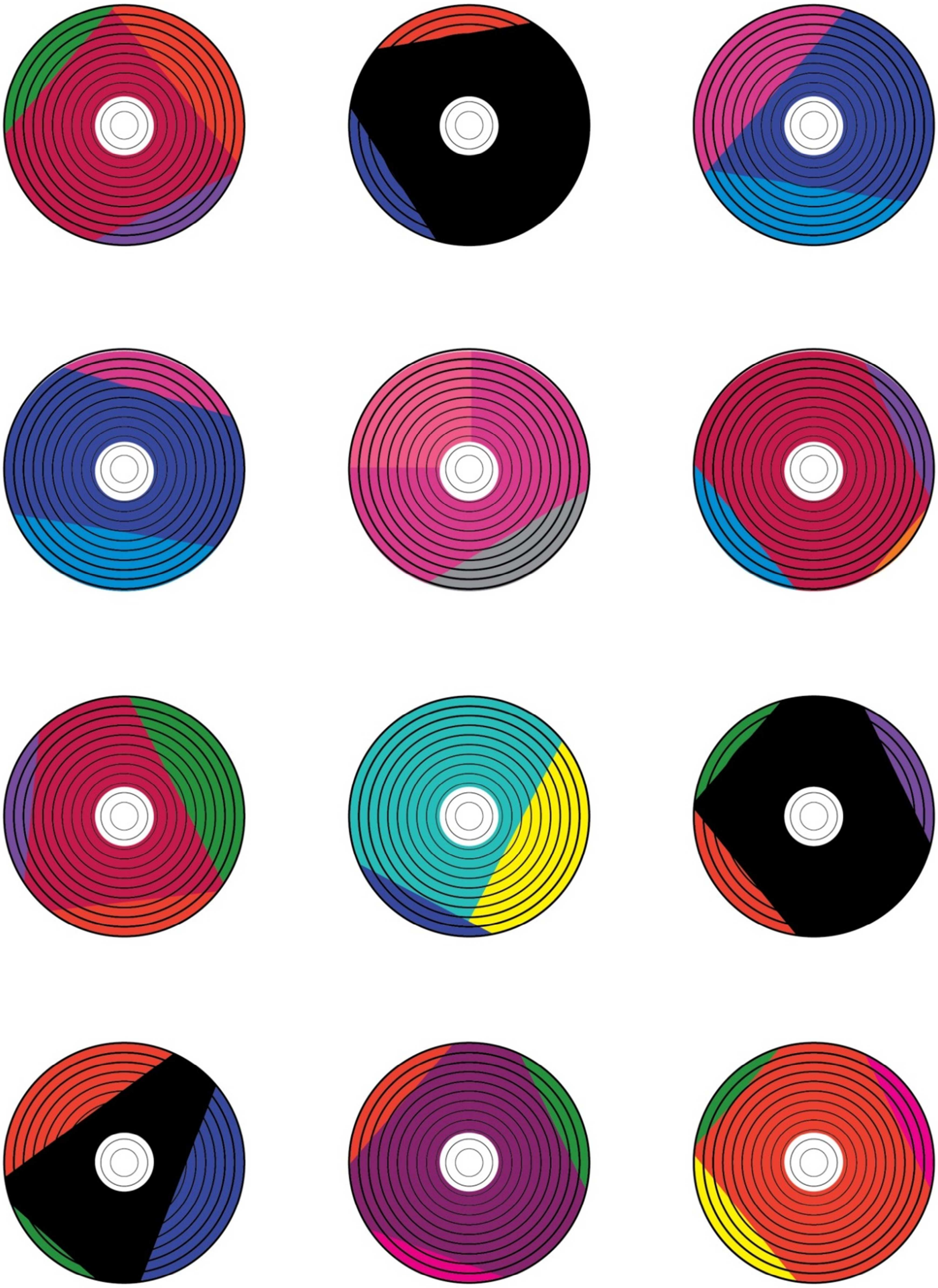
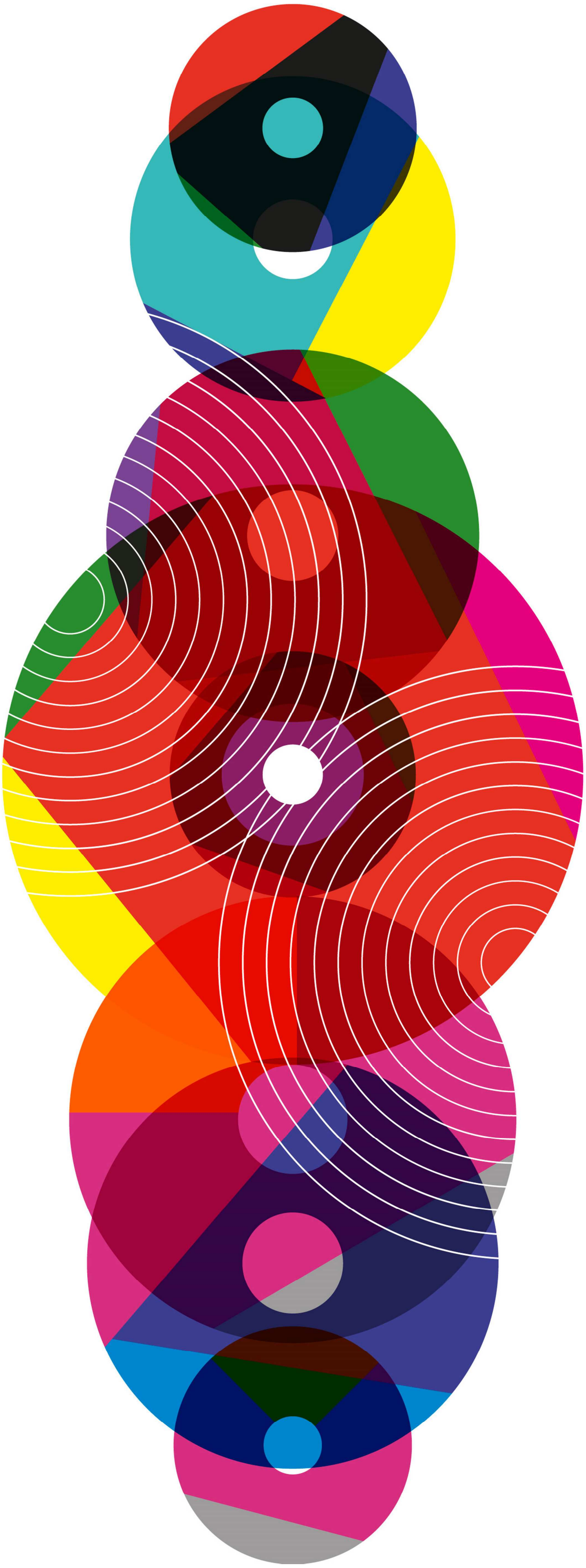


SONAE

FINANCIAL STATEMENTS 2012

01

CONSOLIDATED FINANCIAL STATEMENTS



Consolidated Statement of Financial Position at 31 December 2012 and 2011 and 1 January 2011

(Amounts expressed in euro)
(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

ASSETS	Notes	31 December 2012	31 December 2011 Restated	01 January 2011 Restated
NON-CURRENT ASSETS:				
Tangible assets	10	2,603,109,778	2,672,406,896	2,715,382,100
Intangible assets	11	562,455,222	579,781,789	474,815,909
Investment properties		386,001	-	-
Goodwill	12	658,228,050	659,813,493	671,030,521
Investments in joint ventures and associates	6	456,446,288	534,134,089	575,397,829
Other investments	7, 9 and 13	59,877,723	40,940,837	43,298,704
Deferred tax assets	20	224,718,491	221,875,249	207,284,904
Other non-current assets	9 and 14	49,531,315	37,992,014	40,758,287
Total Non-Current Assets		4,614,752,868	4,746,944,367	4,727,968,254
CURRENT ASSETS:				
Inventories	15	538,486,177	650,705,703	682,067,028
Trade account receivables	9 and 16	171,053,729	175,080,053	164,401,336
Other debtors	9 and 17	117,941,848	92,701,931	123,247,935
Taxes recoverable	18	74,942,868	99,411,123	79,926,876
Other current assets	19	139,910,545	125,168,524	112,803,241
Investments	9 and 13	911,922	5,861,218	15,653,114
Cash and cash equivalents	9 and 21	376,635,163	420,169,386	219,624,321
Total Current Assets		1,419,882,252	1,569,097,938	1,397,723,851
Assets available for sale		720,338	720,338	9,500,686
TOTAL ASSETS		6,035,355,458	6,316,762,643	6,135,192,791
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	22	2,000,000,000	2,000,000,000	2,000,000,000
Own shares	22	(128,149,614)	(131,895,330)	(135,679,489)
Legal reserve		187,137,648	187,137,648	167,816,034
Reserves and retained earnings		(772,902,493)	(795,598,531)	(855,383,934)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		32,572,259	103,944,076	167,940,582
Equity attributable to the equity holders of the Parent Company		1,318,657,800	1,363,587,863	1,344,693,193
Equity attributable to non-controlling interests	23	349,901,121	336,803,275	318,520,043
TOTAL EQUITY		1,668,558,921	1,700,391,138	1,663,213,236
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	9 and 24	364,137,659	401,355,061	398,484,917
Bonds	9 and 24	1,287,944,455	1,349,434,313	1,614,604,272
Obligation under finance leases	9, 24 and 25	27,593,734	28,812,037	24,219,918
Other loans	9 and 24	7,084,062	11,134,184	14,540,928
Other non-current liabilities	9 and 27	87,958,431	147,564,117	165,953,103
Deferred tax liabilities	20	136,943,600	134,191,549	122,336,903
Provisions	32	114,470,445	91,036,377	62,636,516
Total Non-Current Liabilities		2,026,132,386	2,163,527,638	2,402,776,557
CURRENT LIABILITIES:				
Loans	9 and 24	65,557,681	226,882,229	101,667,085
Bonds	9 and 24	450,820,688	365,856,920	89,554,619
Obligation under finance leases	9, 24 and 25	7,037,038	6,894,512	4,909,984
Other loans	9 and 24	2,661,283	76,210	5,278,846
Trade creditors	9 and 29	1,221,772,727	1,244,537,123	1,235,246,906
Other creditors	9 and 30	227,781,624	142,699,263	167,753,084
Taxes and contributions payable	18	59,742,218	68,058,001	99,116,838
Other current liabilities	31	302,864,083	395,572,842	364,077,581
Provisions	32	2,426,809	2,266,767	1,598,055
Total Current Liabilities		2,340,664,151	2,452,843,867	2,069,202,998
TOTAL LIABILITIES		4,366,796,537	4,616,371,505	4,471,979,555
TOTAL EQUITY AND LIABILITIES		6,035,355,458	6,316,762,643	6,135,192,791

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

Consolidated Income Statements for the period ended 31 December 2012 and 2011

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

	Notes	31 December 2012	31 December 2011 Restated
Sales	35	4,552,547,876	4,677,785,256
Services rendered	35	825,974,638	863,065,082
Value created on investment properties		-	(377,178)
Investment income	36	15,995,991	24,955
Financial income	37	12,511,831	17,322,392
Other income	38	441,222,195	470,603,192
Cost of goods sold and materials consumed	15	(3,561,004,682)	(3,627,642,374)
Changes in stocks of finished goods and work in progress		(666,354)	688,948
External supplies and services	39	(968,190,488)	(1,017,120,447)
Staff costs	40	(656,383,176)	(678,337,539)
Depreciation and amortisation	10 and 11	(333,108,546)	(332,345,313)
Provisions and impairment losses	32	(48,931,954)	(48,739,516)
Financial expense	37	(106,687,966)	(98,908,527)
Other expenses	41	(51,877,587)	(72,951,179)
Share of results of joint ventures and associated undertakings	6	(24,382,535)	(2,057,015)
Profit/(Loss) before taxation		97,019,243	151,010,737
Taxation	42	(25,328,860)	(24,107,183)
Profit/(Loss) after taxation		71,690,383	126,903,554
Attributable to:			
Equity holders of the Parent Company		32,572,259	103,944,076
Non-controlling interests	23	39,118,124	22,959,478
Profit/(Loss) per share			
Basic	44	0.017393	0.055518
Diluted	44	0.017346	0.055267

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

Consolidated Statements of Comprehensive Income for the periods ended 31 December 2012 and 2011

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

	31 December 2012	31 December 2011 Restated (Note 4)
Net Profit / (Loss) for the period	71,690,383	126,903,554
Exchange differences arising on translation of foreign operations	(4,209,464)	(3,582,612)
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	(20,338,090)	(26,976,485)
Loss of significant influence	3,376,172	-
Changes on fair value of available-for-sale financial assets (Note 7)	1,334,793	(2,324,000)
Changes in hedge and fair value reserves	(34,319)	7,757,008
Deferred related to changes in fair values reserves	706,717	(1,370,575)
Others	(1,122,547)	(580,561)
Other comprehensive income for the period	(20,286,737)	(27,077,225)
Total comprehensive income for the period	51,403,646	99,826,329
Attributable to:		
Equity holders of parent company	16,001,551	77,575,933
Non-controlling interests	35,402,094	22,250,396

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

Consolidated Statements of Changes in Equity for the periods ended 31 December 2012 1nd 2011

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

	Attributable to Equity Holders of Parent Company											
				Reserves and Retained Earnings								
	Share Capital	Own Shares	Legal Reserve	Currency Translation Reserve	Investments Fair Value Reserve	Hedging Reserve	Other Reserves and Retained Earnings	Total	Net Profit/(Loss)	Total	Non-controlling Interests (Note 23)	Total Equity
Balance as at 1 January 2011 - restated	2,000,000,000	(135,679,489)	167,816,034	8,783,221	4,829,654	(9,770,493)	(859,226,316)	(855,383,934)	167,940,582	1,344,693,193	318,520,043	1,663,213,236
Total compreensive income for the period	-	-	-	(1,831,678)	(2,324,000)	6,335,536	(28,548,001)	(26,368,143)	103,944,076	77,575,933	22,250,396	99,826,329
Appropriation of profit of 2010:												
Transfer to legal reserves and retained earnings	-	-	19,321,614	-	-	-	148,618,968	148,618,968	(167,940,582)	-	-	-
Dividends distributed	-	-	-	-	-	-	(62,001,571)	(62,001,571)	-	(62,001,571)	(8,158,858)	(70,160,429)
Disposal of own shares/ attribution to employees	-	3,784,159	-	-	-	-	1,649,006	1,649,006	-	5,433,165	265,648	5,698,813
Partial disposal or aquisitions of affiliated companies	-	-	-	-	-	-	283,893	283,893	-	283,893	3,991,032	4,274,925
Aquisitions of affiliated companies	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	(2,396,750)	(2,396,750)	-	(2,396,750)	(64,986)	(2,461,736)
Balance as at 31 December 2011 - restated	2,000,000,000	(131,895,330)	187,137,648	6,951,543	2,505,654	(3,434,957)	(801,620,771)	(795,598,531)	103,944,076	1,363,587,863	336,803,275	1,700,391,138
Balance as at 1 January 2012 - restated	2,000,000,000	(131,895,330)	187,137,648	6,951,543	2,505,654	(3,434,957)	(801,620,771)	(795,598,531)	103,944,076	1,363,587,863	336,803,275	1,700,391,138
Total compreensive income for the period	-	-	-	(2,114,599)	(585,046)	740,563	(14,611,626)	(16,570,708)	32,572,259	16,001,551	35,402,094	51,403,645
Appropriation of profit of 2011:												
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	103,944,076	103,944,076	(103,944,076)	-	-	-
Dividends distributed	-	-	-	-	-	-	(61,989,385)	(61,989,385)	-	(61,989,385)	(11,481,147)	(73,470,532)
Income distribution	-	-	-	-	-	-	-	-	-	-	(5,986,265)	(5,986,265)
Aquisition and disposal of own shares/ attribution to employees	-	3,745,716	-	-	-	-	(1,859,506)	(1,859,506)	-	1,886,210	(257,882)	1,628,328
Partial disposal or aquisitions of affiliated companies	-	-	-	-	-	-	(1,132,049)	(1,132,049)	-	(1,132,049)	(20,745,608)	(21,877,657)
Aquisitions of affiliated companies	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	303,610	303,610	-	303,610	16,166,654	16,470,264
Balance as at 31 December 2012	2,000,000,000	(128,149,614)	187,137,648	4,836,944	1,920,608	(2,694,394)	(776,965,651)	(772,902,493)	32,572,259	1,318,657,800	349,901,121	1,668,558,921

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

Consolidated Statement of Cash Flows for the periods ended 31 December 2012 and 2011

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

	Notes	31 December 2012	31 December 2011 Restated
OPERATING ACTIVITIES			
Cash receipts from trade debtors		5,347,329,798	5,473,433,045
Cash paid to trade creditors		(4,011,203,641)	(4,246,523,328)
Cash paid to employees		(667,073,692)	(691,771,901)
Cash flow generated by operations		669,052,465	535,137,816
Income taxes (paid) / received		(32,701,612)	(64,236,214)
Other cash receipts and (payments) relating to operating activities		(1,556,520)	(14,108,427)
Net cash flow from operating activities (1)		634,794,333	456,793,175
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	45	5,863,972	12,055,249
Tangible assets and investment properties		17,748,276	110,471,113
Intangible assets		541,879	1,656,390
Interest and similar income		9,089,453	12,528,652
Loans granted		12,703,189	1,515,554
Dividends		12,183,294	595,673
Others		31,275,257	29,954
		89,405,320	138,852,585
Cash Payments arising from:			
Investments	45	(39,496,295)	(13,766,401)
Tangible assets and investment properties		(195,931,097)	(262,823,314)
Intangible assets		(139,576,585)	(49,930,359)
Loans granted		(17,433,995)	-
Others		(15,005,500)	(42,204,197)
		(407,443,472)	(368,724,271)
Net cash used in investment activities (2)		(318,038,152)	(229,871,686)
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		5,199,568,253	5,522,029,849
Capital increases, additional paid in capital and share premiums		15,882,000	-
Others		2,444,713	1,470,000
		5,217,894,966	5,523,499,849
Cash Payments arising from:			
Loans obtained		(5,395,770,802)	(5,378,072,189)
Interest and similar charges		(98,801,011)	(91,343,702)
Dividends		(83,878,895)	(74,594,979)
Purchase of own shares		(2,612,424)	(289,862)
Others		(5,308,697)	(4,921,182)
		(5,586,371,829)	(5,549,221,914)
Net cash used in financing activities (3)		(368,476,863)	(25,722,065)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(51,720,682)	201,199,424
Effect of foreign exchange rate		368,525	(1,586,253)
Cash and cash equivalents at the beginning of the period	21	415,457,116	212,671,439
Cash and cash equivalents at the end of the period	21	363,367,909	415,457,116

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2012

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

1 INTRODUCTION

SONAE, SGPS, SA ("Sonae Holding"), has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal, and is the parent company of a group of companies, as detailed in Notes 5 to 7 the Sonae Group ("Sonae"). Sonae's operations and operating segments are described in Note 47 and in the management report.

During the period the Group changed the following accounting policies:

1.1 Change in consolidation method for jointly controlled entities from proportionate consolidation method to equity method

IFRS 11 - Joint arrangements, has already been issued by the IASB and endorsed by the European Union with mandatory application for financial years beginning on or after 1 January 2014. The application of this standard was, until 31 December 2011, expected to have a significant impact on the consolidated financial statements, in particular with regard to the extinction of the proportionate consolidation method for jointly controlled entities, which would produce a significant impact on the Group's Shopping Centres Segment.

During the year ended 31 December 2012, Sonae decided, anticipating the predictable impacts of this standard and to facilitate future comparison of its financial statements, to report all of its jointly controlled entities according to the equity method as from 1 January 2012, currently an option under IAS 31 - joint Ventures, which is an approximation to the established by IFRS 11.

1.2 Capitalization of the costs related with customers' loyalty contracts

Additionally, during the period ended at 31 December 2012, the Group, aligned with the best practices in the telecommunications sector, changed its accounting criteria for costs related to customers' loyalty contracts. To date, these were recorded as an expense in the year they occurred. From 1 January 2012 onwards, the costs incurred for customers' loyalty contracts, which include compensation clauses in the event of early termination, are capitalized as "Intangible Assets" and amortized over the period of the contracts. This change occurs because it is now possible to apply a reliable cost allocation to the respective contract, as well as the revenue generated by each contract, so fulfilling the criteria for capitalization required by IAS 38. When a contract is terminated the net value of intangible assets associated with this contract is immediately recognized as an expense in the income statement.

This accounting policy allows a more true, fair and reliable the financial position and presentation of the financial statements, as it enables the alignment of costs associated with customer loyalties' contracts with the revenue generated. In addition, and in accordance with the relevant periodicity, impairment tests are made to the intangible assets in order to ensure that the current value of revenues estimated for each customer loyalties' contracts is higher than the amount capitalized on that contract.

The impacts of these changes are disclosed in Note 4.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accompanying consolidated financial statements are as follows:

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as at the consolidated financial statements issuance date.

The accompanying consolidated financial statements have been prepared from the books and accounting records of the Company, subsidiaries and joint ventures, adjusted in the consolidation process, on a going concern basis and under the historical cost convention, except for financial instruments and investment properties, which are stated at fair value.

New accounting standards and their impact on the consolidated financial statements:

Up to the financial statements approval date, the following Standards and Interpretations, some of which become effective during the year 2012, have been endorsed by the European Union:

With mandatory application in 2012:	Effective Date(for financial years beginning on/after)
IFRS 7 - Financial Instruments: Disclosures Amendments (issued 7 October 2010)	01-07-2011

The application of this standard had no material effect on the financial statements of the Group.

The following standards, interpretations, amendments and revisions were endorsed by the European Union and have mandatory application is mandatory in future financial years:

With mandatory application from 1 January 2013 onwards:	Effective Date(for financial years beginning on/or after)
IFRS 10 - (Consolidated Financial Statements) (*)	01-01-2014
IFRS 11 - (Joint arrangements) (*)	01-01-2014
IFRS 12 - (Disclosures of Interests in Other Entities) (*)	01-01-2014
IFRS 13 - (Fair Value Measurement)	01-01-2013
IAS 27 - (Separate Financial Statements) (*)	01-01-2014
IAS 28 - (Investments in Associates and Joint Ventures) (*)	01-01-2014
IAS 12 - Amendments (Deferred tax: Recovery of Underlying Assets) (**)	01-01-2013
IAS 19 - Amendments (Employee Benefits)	01-01-2013
IFRS 1 – Amendments (Hyperinflation)	01-01-2013

IAS 1 - Amendments (Presentation of Items of Other Comprehensive Income)	01-07-2012
IFRS 7 - Admendments (Disclosures of Financial Instruments)	01-01-2013
IAS 32 - Admendments (Offsetting Financial Assets and Financial Liabilities)	01-01-2014
IFRIC 20 - Interpretation (Stripping Costs in the Production Phase of a Surface Mine)	01-01-2013

(*) In accordance with the EU Regulation which approved the adoption of IFRS 10, 11 and 12 and the amendments to IAS 27 and IAS 28, an entity shall use these standards no later than periods beginning on or after 1 January 2014. The early adoption is however permitted;

(**) In accordance with the EU Regulation which approved this amendment to IAS 12, an entity shall apply the standard for periods beginning on or after 1 January 2013. The early adoption is permitted;

The Group did not proceed to earlier adoption of any of these standards on the financial statements for the year ended 31 December 2012. No significant impacts are expected in the financial statements resulting from the adoption of these standards, manely because the Group has amended the measurement of investments in jointly controlled entities by applying the equity method (Note 4).

2.2 Consolidation principles

The main accounting policies adopted by Sonae are as follows:

a) Investments in Sonae companies (subsidiaries)

Investments in companies in which Sonae owns, directly or indirectly, more than 50% of the voting rights at Shareholders' General Meetings or is able to establish financial and operational policies so as to benefit from its activities (definition of control normally used by Sonae), are included in the consolidated financial statements using the full consolidation method. Equity and net profit attributable to minority shareholders are shown separately, under the caption Non-controlling interests, in the consolidated statement of financial position and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 5.

The comprehensive income of an associated is attributable to the Sonae Group Owners and non-controlling interests, even if the situation results in a deficit balance at the level of non-controlling interests.

Assets and liabilities of each Sonae subsidiary are measured at their fair value at the acquisition date or control assumption. The excess of the consideration transferred plus the fair value of any previously held interests and non-controlling interests over the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.c). Any excess of fair value of identifiable assets over consideration transferred, previously held interest and non-controlling interests recognized as income in profit or loss for the period of acquisition in the caption "Other income", after reassessment of the estimated fair value attributed to the net assets acquired. The Group will choose on transaction-by-transaction basis, the fair measurement of non-controlling interests, (i) according to the non-controlling interests share assets, liabilities and contingent liabilities of the acquire, or (ii) according to their fair value.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of gain of control or up to the effective date of loss of control, as appropriate.

Adjustments to the financial statements of Sonae companies are performed, whenever necessary, in order to adapt accounting policies to those used by Sonae. All intra-group transactions, balances, income and expenses and distributed dividends are eliminated on consolidation.

Whenever Sonae has, in substance, control over other entities created for a specific purpose, even if no share capital interest is directly held in those entities, these are consolidated by the full consolidation method. Such entities, when applicable, are disclosed in Note 5.

b) Investments in jointly controlled companies and associated companies

Investments in jointly controlled entities are recorded using the equity method (Notes 1 and 4). Investments in jointly controlled companies are classified as such based on shareholders' agreements that establish joint control.

Investments in associated companies (companies where Sonae exercises significant influence but does not establish financial and operational policies – usually corresponding to holdings between 20% and 50% in a company's share capital) are also accounted in accordance with the equity method.

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to Sonae in comprehensive income (including net profit for the period) of jointly controlled entities and associates, against the group's comprehensive income or gains or losses for the year as applicable, and dividends received.

Any excess of the cost of acquisition over Sonae's share in the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.c)), which is included in the caption Investment in jointly controlled and associated companies. Any excess of Sonae's share in the fair value of the identifiable net assets acquired over cost are recognized as income in the profit or loss for the period of acquisition, after reassessment of the estimated fair value of the net assets acquired under the caption "Share of results of joint ventures and associated undertakings".

An assessment of investments in jointly controlled and associated companies is performed when there is an indication that the asset might be impaired. Any impairment loss is recorded in the income statement. Impairment losses recorded in prior years that are no longer justifiable are reversed.

When Sonae's share of losses exceeds the carrying amount of the investment, the investment is reported at nil value and recognition of losses is discontinued, unless Sonae is committed beyond the value of its investment. In these situations impairment is recorded for that amount.

The Sonae's share in unrealized gains arising from transactions with jointly controlled and associated companies is eliminated. Unrealized losses are eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

Investments in jointly controlled and associated companies are disclosed in Note 6.

c) Goodwill

The excess of consideration transferred in the acquisition of investments in subsidiaries, jointly controlled and associated companies plus the amount of any non-controlling interests (in the case of affiliated companies) over Sonae's share in the fair value of the identifiable assets, liabilities and contingent liabilities of those companies at the date of acquisition, when positive, is shown as goodwill (Note 12) or as Investments in jointly controlled and associated entities (Note 6). The excess of the consideration transferred in the acquisition of investments in foreign companies plus the amounts of any non-controlling interests (in the case of affiliated companies) over the fair value of their identifiable assets, liabilities and contingent liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Sonae's functional currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are recorded and disclosed in "Currency translation reserves".

Goodwill is not amortised, but it is subject to impairment tests on an annual basis. Net recoverable amount is determined based on business plans used by Sonae management or on valuation reports issued by independent entities namely for real estate assets. Impairment losses recognized in the period are recorded in the income statement under the caption "Provisions and impairment losses".

Impairment losses related with goodwill will not be reversed.

The goodwill, if negative is recognized as income in the profit or loss for the period, at the date of acquisition, after reassessment of the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

d) Translation of financial statements of foreign companies

Assets and liabilities denominated in foreign currencies in the financial statements of foreign companies are translated to euro using exchange rates at the statement of financial position date. Profit and loss and cash flows are converted to euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under

Translation reserves in "Other Reserves and retained earnings". Exchange rate differences that were originated prior to 1 January 2004 (date of transition to IFRS) were written-off through "Retained earnings".

Goodwill and fair value adjustments arising from the acquisition of foreign companies are recorded as assets and liabilities of those companies and translated to euro using exchange rates at the statement of financial position date.

Whenever a foreign company is sold (totally or partially), accumulated exchange rate differences are recorded in the income statement as a gain or loss on the disposal, in the caption Investment income, when there is a control loss; in the case where there is no control loss, it is transferred to non-controlling interests.

Exchange rates used on translation of foreign group, jointly controlled and associated companies are listed below:

	31 December 2012		31 December 2011 Restated	
	End of exercice	Average of exercise	End of exercice	Average of exercise
US Dollar	0.75792	0.77871	0.77286	0.71889
Swiss Franc	0.82836	0.82971	0.82264	0.81258
Pound Sterling	1.22534	1.23368	1.19717	1.15256
Brazilian Real	0.36988	0.39996	0.41392	0.43061
Australian Dollar	0.78670	0.80630	0.78600	0.74200
Chilean Peso	0.00160	0.00160	0.00150	0.00150
Mexican Peso	0.05820	0.05920	0.05540	0.05800
Singapore Dollar	0.62070	0.62320	0.59460	0.57190
Turkish Lira	0.42461	0.43242	0.40930	0.42996
Polish Zloty	0.24546	0.23910	0.22432	0.24357

2.3 Tangible assets

Tangible assets acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition or production cost, or revalued acquisition cost, in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Tangible assets acquired after that date is recorded at acquisition cost, net of depreciation and accumulated impairment losses.

Depreciation is calculated on a straight line basis, as from the date the asset is first used, over the expected useful life for each class of assets, and recorded against the income statement caption "Depreciation and amortisation".

Impairment losses detected on tangible assets are recorded in the year estimated against the income statement caption "Provisions and impairment losses".

The depreciation rates used correspond to the following estimated useful lives:

	Years
Buildings	10 to 50
Plant and machinery	10 to 20
Vehicles	4 to 5
Tools	4 to 8
Fixture and fittings	3 to 10
Other tangible assets	4 to 8

Maintenance and repair costs relating to tangible assets are recorded directly as expenses in the year they are incurred.

Tangible assets in progress represent fixed assets still under construction-development and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are completed or become ready for use.

Gains or losses on sale or disposal of tangible assets are calculated as the difference between the selling price and the carrying amount of the asset at the date of its sale-disposal. These are recorded in the income statement under either "Other income" or "Other expenses".

2.4 Investment properties

Investment properties consist of shopping centre buildings and other constructions that are held to earn rental income or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of business and are owned by Sonae Sierra and its subsidiaries which are recorded by the equity method (Note 6).

The investment properties, which do not fulfil the conditions to reliably measure their fair value are recorded at their historical or production cost, net from eventual impairment losses.

The investment property in progress considered investment property, within the scope of IFRS, when they fulfil the conditions to reliably measure their fair value.

It is considered that an Investment property in progress fulfil the conditions for its fair value to be reliably measured, when a there is a high probability that the project will be concluded in a short period. This probability is high when the following events are simultaneously accomplished:

– land is acquired

– construction license is obtained

– financing contract for the property is signed

– construction works of the property have started

– lease contracts with the main anchors stores or possible lessee are signed

Investment properties are recorded at their fair value based on half-yearly valuations performed by an independent valuer. Changes in fair values of investment properties are accounted for in the period in which they occur, in the income statement.

Sonae Sierra assets which qualify as investment properties are recognized as such when they start being used or, in the case of the investment properties in progress, when their development is considered irreversible, as mentioned in the above conditions. Until the moment the asset is qualified as investment property, the same asset is booked at historical or production cost in the same way as a tangible asset (Note 2.3). Since that moment, the investment properties in progress are recorded at their fair value. The difference between cost (of acquisition or production) and the fair value at that date is accounted for in the consolidated income statement.

Costs incurred with investment properties in use, such as maintenance, repairs, insurance and property taxes, are recognized in the income statement for the period to which they refer. Costs incurred with refurbishments-improvement which will generate estimated additional future economic benefits are capitalized.

2.5 Intangible Assets

Intangible assets are stated at acquisition cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognized if it is probable that future economic benefits will flow from them, if they are controlled by Sonae and if their cost can be reliably measured.

Expenditure on research associated with new technical knowledge is recognized as an expense recorded in the income statement when it is incurred.

Expenditure on development is recognized as an intangible asset if Sonae demonstrates the technical feasibility and its intention to complete the asset, its ability to sell or use it and the probability that the asset will generate future economic benefits. Expenditure on development which does not fulfil these conditions is recorded as an expense in the period in which it is incurred.

Internal costs associated with maintenance and development of software is recorded as an expense in the period in which they are incurred. Only costs directly attributable to projects for which the generation of future economic benefits is probable are capitalised as intangible assets.

The expenses incurred with the acquisition of client portfolio's (attributed value relating to the allocation of the purchasing price in business activity concentration) are stated as intangible assets and amortized on a straight-line bases, during the average estimated period of portfolio's client retention.

Mobile and fixed network operator licenses are amortised over the estimated period for which they were granted.

Brands and patents are recorded at their acquisition cost and are amortised on a straight-line basis over their respective estimated useful life. When the estimated useful life is undetermined, they are not depreciated but are subject to annual impairment tests.

Amortisation is calculated on a straight-line basis, as from the date the asset is first used, over the expected useful life which usually is between 3 and 6 years, except for property occupation rights and mobile and cable operator licenses which are amortised over the duration of the contract which establishes these rights. It is recorded in the caption of "Amortizations and depreciations", in the income statement.

The costs incurred for customers' loyalty contracts, which include compensation clauses in the event of early termination, are capitalized as 'Intangible Assets' and amortised over the period of their contracts. When a contract is terminated, the net value of intangible assets associated with this contract is immediately recognised as an expense in the income statement.

2.6 Accounting for leases

Lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

Whether a lease is classified as finance or an operating lease depends on the substance of the transaction rather than the form of the contract.

a) Accounting for leases where Sonae is the lessee

Assets acquired through finance lease contracts as well as the correspondent responsibilities, are posted by the financial method, posting in the statement of financial position the acquired asset and the pending debts according to the contractual financial plan at fair value or, if less, at the present level of payments. Both the finance charge and the depreciation expense for depreciable assets are taken to the income statement in the period in which they are incurred.

Lease payments under operating lease contracts are recognized as an expense on a straight-line basis over the lease term.

b) Accounting for leases where Sonae is the lessor

For operating Leases where Sonae acts as lessor, the value of allocated goods is kept on Sonae statement of financial position and income is recognized on a straight line basis over the period of the lease.

2.7 Non-current assets held for sale

The non-current assets (or disposal group) are recorded as held for sale if it is expected that the book value will be recovered through the sale and not through the use in the operations. This condition is achieved only if the sale is highly probable and the asset (or disposal group) is available for the immediate sale in the actual conditions. Additionally, there must be in progress actions that should allow concluding the sale within 12 months counting from the classification´s date in this caption. The non-current assets (or disposal group) recorded as held for sale are booked at the lower amount of the historical cost or the fair value deducted from costs, not being amortised after being classified as held for sale.

2.8 Government grants

Government grants are recorded at fair value when there is reasonable assurance that they will be received and that Sonae will comply with the conditions attaching to them.

Grants received as compensation for expenses, namely grants for personnel training, are recognized as income in the same period as the relevant expense.

Grants related to depreciable assets are disclosed as "Other non-current liabilities" and are recognized as income on a straight-line basis over the expected useful lives of those underlying assets.

2.9 Impairment of non-current assets, except for goodwill

Assets are assessed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement under Provisions and impairment losses.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognized in prior exercises is only recorded when it is concluded that the impairment losses recognized for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognized has been reversed. The reversal is recorded in the income statement as Operational income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.

2.10 Borrowing costs

Borrowing costs are usually recognized as an expense in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of tangible and intangible assets, real estate projects classified as inventories or investment properties are capitalised as part of the cost of the qualifying asset. Borrowing costs are capitalised from the beginning of preparation of the activities to construct or develop the asset up to the time the production or construction is complete or when asset development is interrupted. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the borrowing costs that qualify for capitalisation.

2.11 Inventories

Consumer goods and raw materials are stated at the lower of cost deducted from discounts obtained and net realisable value. Cost is determined on a weighted average basis.

Differences between cost and net realisable value, if negative, are shown as expenses under the caption "Cost of goods sold and materials consumed".

2.12 Provisions

Provisions are recognized when, and only when, Sonae has an obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the statement of financial position date to reflect the best estimate as of that date.

Restructuring provisions are recorded by Sonae whenever a formal and detailed restructuring plan exists and that plan has been communicated to the parties involved.

2.13 Financial instruments

Sonae classifies the financial instruments in the categories presented and conciliated with the Consolidated Statement of financial position disclosed in Note 9.

a) Investments

Investments are classified into the following categories:

– Held to maturity

– Investments measured at fair value through profit or loss

– Available-for-sale

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the statement of financial position date. Investments classified as held to maturity have defined maturities and Sonae has the intention and ability to hold them until the maturity date.

The investments measured at the fair value through profit or loss include the investments held for trading that Sonae acquires with the purpose of trading in the short term. They are classified in the consolidated statement of financial position as current investments.

Sonae classifies as available-for-sale investments those that are neither included as investments measured at fair value through profit or loss neither as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

All purchases and sales of investments are recognized on the trade date, independently of the settlement date.

Investments are initially measured at cost, which is the fair value of the consideration paid for them, including transaction costs apart from investment measured at fair value through results, in which the investments are initially recognized at fair value and transaction costs are recognized in the income statement.

Available-for-sale investments and investments measured at fair value through profit or loss are subsequently carried at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their listed market price at the statement of financial position date. Investments in equity instruments not listed and whose fair value cannot be reliably measured, are stated at cost less impairment losses.

Gains or losses arising from a change in fair value of available-for-sale investments are recognized directly in equity, under "Investments Fair value reserve", included in "Reserves and retained earnings" until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit or loss for the period.

Changes in the fair value of investments measured at fair value through profit or loss are included in the consolidated income statement for the period under financial expenses or financial income.

Held to maturity investments are carried at amortised cost using the effective interest rate, net of capital reimbursements and interest income received.

b) Loans and non-current accounts receivable

Loans and non-current accounts receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

These financial investments arise when Sonae provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the statement of financial position date, when they are classified as non-current assets. Loans and receivables are included in the captions presented in Note 9.

c) Trade accounts receivable and other accounts receivable

Trade accounts receivables and other accounts receivable are recorded at their nominal value and presented in the consolidated statement of financial position net of eventual impairment losses, recognized under the allowance account Impairment losses on accounts receivable , in order to reflect its net realisable value. These captions, when classified as current, do not include interests because the effect of discounting would be immaterial.

Impairment is recognized if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received. Therefore, each Sonae company takes into consideration market information that indicates:

– significant financial difficulty of the issuer or counterparty;

– default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

When it's not feasible to assess the impairment for every single financial asset, the impairment is assessed on a collective basis, namely in the Telecommunications segment. Objective evidence of impairment of a portfolio of receivables could include Sonae's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the receipt of the full amount is expected to be within one year the discount is considered null as it is immaterial.

d) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

Equity instruments are contracts that evidence a residual interest in the assets of Sonae after deducting all of its liabilities. Equity instruments issued by Sonae are recorded at the proceeds received, net of direct issue costs.

e) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.10. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Funding on the form of commercial paper are classified as non-current, when they have guarantees of placing for a period exceeding one year and it is the intention of the group to maintain the use of this form of financing for a period exceeding one year.

f) Trade accounts payable

Accounts payable are stated at their nominal value, as they do not bear interests and the effect of discounting is considered immaterial.

g) Derivatives

Sonae uses derivatives in the management of its financial risks to hedge such risks and-or in order to optimise the funding costs.

Derivatives classified as cash flow hedging instruments are used by the Sonae mainly to hedge interest risks on loans obtained and exchange rate. Conditions established for these cash flow hedging instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. The inefficiencies, if any, are accounted under financial expenses or financial income in the consolidated income statement.

Sonae's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

– the hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;

– the effectiveness of the hedge can be reliably measured;

– there is adequate documentation of the hedging relationships at the inception of the hedge;

– the transaction being hedged is highly probable.

Cash flow hedge instruments used by the Sonae to hedge the exposure to changes in interest and exchange rates of its loans are initially accounted for at cost, if any, which corresponds to its fair value, and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, and then recognized in the income statement over the same period in which the hedged instrument affects profit or loss.

The accounting of hedging derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption Hedging reserve are transferred to profit or loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction or stay in equity if there is a high probability that the hedge transaction will occur. Subsequent changes in fair value are recorded in the income statement.

Sonae also uses financial instruments with the purpose of cash flow hedging, that essentially refer to exchange rate hedging ("forwards") of loans and commercial operations. If they configure a perfect hedging relation, hedge accounting is used. In certain situations such as loans and other commercial operations, they do not configure perfect hedging relations, and so do not receive hedge accounting treatment , although they allows in a very significant way, the reduction of the loan and receivable-payable exchange volatility, nominated in foreign currency.

Sonae may agree to become part of a derivative transaction in order to hedge cash-flows related to exchange rate risk. In some cases, these derivatives may not fulfil the criteria for hedging accounting under IAS 39, and if so changes in their fair value are recognized in the income statement.

In some derivative transactions Sonae does not apply "hedge accounting", although they intend to hedge cash-flows (currency "forward", interest's rate option or derivatives including similar clauses). They are initially accounted for at value, and subsequently adjusted to the corresponding fair value, determined by specialized software. Changes in fair value of these instruments are recognized in the income statement under "Financial income" and "Financial expenses".

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics of the host contract, and these are not stated at fair value, gains and losses which are not realizable are recorded in the Income Statement.

Sonae may agree to become part of a derivative transaction in order to fair value hedge some interest rate exposure. In these cases, derivatives are recorded at fair value through profit or loss and the effective portion of the hedging relationship is adjusted in the carrying amount of the hedged instrument, if not stated at fair value (namely loans recorded at amortised cost), through profit or loss.

h) Treasury shares

Treasury shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of treasury shares are recorded in Reserves and retained earnings.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the statement of financial position caption Other Loans.

All the amounts included in this caption can be reimbursed at demand as there are no pledges or guarantees over these assets.

2.14 Share-based payments

Share-based payments result from deferred performance bonus plans that are referenced to Sonae share price and/or that of its publicly listed affiliated companies and vest within a period of 3 years after being granted.

When the plans set out by Sonae are settled through the delivery of treasury shares, the value of this responsibility is determined at the time of assignment based on the fair value of shares allotted and recognized during the period of deferment of each plan. The fair value of stock options is determined based on the model of "Black-Scholes". The responsibility is posted in equity, in the caption "Other revenues and retained earnings" against staff costs.

When the settlement is made in cash, the value of these responsibilities are determined on the grant date (usually in April of each year) and subsequently remeasured at the end of each reporting period, based on the number of shares or options granted and the corresponding fair value at the closing date. These obligations are stated as staff costs and other current and non-current liabilities on a straight line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates.

2.15 Contingent assets and liabilities

Contingent assets are not recorded in the consolidated financial statements but disclosed when future economic benefits are probable.

Contingent liabilities are not recorded in the consolidated financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.16 Income tax

The tax charge for the year is determined based on the taxable income of companies included on consolidation and considers deferred taxation.

Current income tax is determined based on the taxable income of companies included on consolidation, in accordance with the tax rules in force in the respective country of incorporation.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore are expected to apply when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each statement of financial position date a review is made of the deferred tax assets recognized, being reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in equity.

2.17 Revenue recognition and accrual basis

Revenue from the sale of goods is recognized in the income statement when the risks and benefits have been transferred to the buyer and the amount of the revenue can be measured reasonably. Sales are recognized net of sales taxes and discounts and other expenses arising from the sale, and are measured as the fair value of the amount received or receivable.

Revenue associated with extended warranties operations, which are granted for a period of 1 to 3 years, after the legally binding warranty of 2 years, by the Retail Segment, is recognized rateably over the warranty lifetime period. The revenue associated with warranties sold but for which the legal binding warranty hasn't yet expired is accounted under the captions of the Statement of Financial Position "Other non-current liabilities" and "other current liabilities ".

With regard to services rendered by travel agencies (done by Geostar and its subsidiaries and currently measured by the equity method), revenue is recognized with the issuance of invoice. At statement of financial position date, adjustments are made in order to accrue for revenue of the services already rendered but whose billing had not occurred yet, as well expenses associated with subcontracts. In transactions in which the Group operates as an agent, revenue relates to the commission. In transactions in which Sonae acts as principal (Package Programmes developed in their own name) revenue is the total amount billed to the client.

Revenue from Telecommunications services is recognized in the period in which it occurs. Such services are invoiced on a monthly basis. Revenues not yet invoiced, from the last invoicing cycle to the end of the month, are estimated and recorded based on actual traffic. Differences between the estimated and actual amounts, which are usually not material, are recorded in the following period. The income related to prepaid cards is recognized whenever the minutes are used. At the end of each period, the minutes still to be used are estimated and the amount of income associated with those minutes is deferred.

The income related to the commissions generated by the insurance mediation activity is recorded at the moment of the premium payment by the policyholder. No premium is accounted before it has been received. In that moment, Sonae posts a liability related with the obligation to transfer the insurance premium net of commissions, to the respective insurance company.

In cases where the premium is directly paid to the insurance company, Sonae records its commission in the moment in which is informed of the premium payment by the policyholder to the insurance company.

Dividends are recognized as income in the year they are attributed to the shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

Other current assets and other current liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses of future years, when they will be recognized in the income statement.

2.18 Balances and transactions expressed in foreign currencies

Transactions in currencies other than the euro, are translated to euro using the exchange rate as at the transaction date.

At each statement of financial position date, all monetary assets and liabilities expressed in foreign currencies are translated to the functional currency of each foreign company at the exchange rates as at that date. All non-monetary assets and liabilities recorded at fair value and stated in foreign currencies are converted to the functional currency of each company, using the exchange rate at the date the fair value was determined.

Exchange gains and losses arising from differences between historical exchange rates and those prevailing at the date of collection, payment or the date of the statement of financial position, are recorded as income or expenses of the period, except for those related to non-monetary assets or liabilities, for which adjustments to fair value are directly recorded under equity.

When Sonae wants to reduce currency exposure, it negotiates hedging currency derivatives (Note 2.13.g)).

2.19 Subsequent events

Events after the statement of financial position date that provide additional information about conditions that existed at the statement of financial position date (adjusting events), are reflected in the consolidated financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes when material.

2.20 Judgement and estimates

The most significant accounting estimates reflected in the consolidated income statements include:

a) Useful lives of the tangible and intangible assets;

b) Impairment analysis of goodwill and of tangible and intangible assets;

c) Recognition of adjustments on assets, provisions and contingent liabilities;

d) Assessment of responsibilities associated with customers' loyalty programs;

e) Determining the fair value of investment properties and derivative financial instruments;

f) Recoverability of deferred tax assets;

Estimates used are based on the best information available during the preparation of consolidated financial statements and are based on best knowledge of past and present events. Although future events are neither controlled by the Sonae nor foreseeable, some could occur and have impact on the estimates. Changes to the estimates used by the management that occur after the date of these consolidated financial statements, will be recognized in net income, in accordance with IAS 8, using a prospective methodology.

The main estimates and assumptions in relation to future events included in the preparation of consolidated financial statements are disclosed in the correspondent notes.

2.21 Insurance and reinsurance contracts

In order to optimise insurance costs, Sonae, through a wholly owned subsidiary, enters into reinsurance operations over non-life insurance contracts entered into by subsidiaries and related of the Efanor Group.

The subsidiary of Sonae acts like an intermediate in the assurance operations as a way to optimise insurance coverage and retention levels in accordance with the needs of each business, ensuring effective insurance management worldwide. The retained risk is immaterial in the context of reinsurance carried out.

Premiums written on non-life insurance contracts and associated acquisition costs are recognized as income and cost on a pro-rata basis over the term of the related risk periods, through changes in the provision for unearned premiums.

The provision for unearned premiums (Note 32) reflects the portion of non-life insurance premiums written attributable to future years, namely the portion corresponding to the period between the statement of financial position date and the end of the period to which the premium refers. It is calculated, for each contract in force.

The Provision for claims (Note 32) reflects the estimated amounts payable for claims, including claims that have been incurred but not reported and future administrative costs to be incurred on the settlement of claims under management. Provisions for claims recorded by Sonae are not discounted.

Reinsurer's share of technical provisions (Assets – Note 32) are determined by applying the above described criteria for direct insurance, taking into account the percentages ceded, in addition to other clauses existing in the treaties in force.

At each statement of financial position date, Sonae assess the existence of evidence of impairment on assets originated by insurance or reinsurance contracts.

2.22 Segment information

Information regarding operating segments identified is included in Note 47.

2.23 Legal reserves, other reserves and transited results

Legal reserves:

Portuguese commercial legislation requires that at least 5% of annual net profit must be appropriated to a legal reserve, until such reserve reaches at least 20% of the share capital. This reserve is not distributable, except in the case of liquidation of the Company, but it may be used to absorb losses, after all the other reserves are exhausted, or to increase the share capital.

Hedging reserve:

The Hedging reserve reflects the changes in fair value of "cash flow" hedging derivates that are considered as effective (Note 2.13.g)) and is not distributable or used to cover losses.

Currency translation reserve:

The currency translation reserve corresponds to exchange differences relating to the translation from the functional currencies of the Sonae's foreign subsidiaries and joint ventures into Euro, in accordance with the accounting policy described in Note 2.2.d).

Fair value reserve:

This reserve arises on the revaluation of available-for-sale financial assets as mentioned in Note 2.13.a).

3 FINANCIAL RISK MANAGEMENT

3.1 Introduction

The ultimate purpose of financial risk management is to support Sonae in the achievement of its strategy, reducing unwanted financial risk and volatility and mitigate any negative impacts in the income statement arising from such risks. Sonae's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

Due to its diversified nature Sonae is exposed to a variety of financial risks, consequently each Sub-holding is responsible for, where applicable, setting its own financial risk management policies, to monitor their own exposure and to implement their approved policies. Therefore for some risks there are not Sonae global risk management policies, but rather, where appropriate, customized risk management policies at Sub-holding level, existing, however, common guiding principles. Financial risk management policies are approved by each Executive Committee and exposures are identified and monitored by each Sub-holding Finance Department. Exposures are also monitored by the Finance Committee as mentioned in the Corporate Governance Report.

The Finance Committee coordinates and reviews, amongst other responsibilities, global financial risk management policies. The Finance Department of Sonae Holding is responsible for consolidating and measuring the Company's financial risk exposure, being also responsible for assisting each Sub-holding in managing their own currency, interest rate, liquidity and refinancing risks trough the Corporate Dealing Desk. Exposures are recorded in a main system (Treasury Management System). Risk control and reporting is carried out both at Sub-holding level, on a daily basis and on a consolidated basis for the monthly Finance Committee meeting.

3.2 Credit risk

Credit risk is defined as the probability of a counterparty defaulting on its contractual obligations resulting in a financial loss. It is shown in two main ways:

3.2.1) Credit risk arising from Financial Instruments

The credit risk, in what Financial Instruments is concerned, arises mainly from holding cash and cash equivalents instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities or from its lending activities to subsidiaries and associates in order to reduce the probability of counterpart default Sonae transactions (short term investments and derivatives) are only contracted in accordance with the following principles:

- Only carry out transactions (short term investments and derivatives) with counterparties that have a high national and international prestige and based on their respective rating notations taking into consideration the nature, maturity and size of the operations;

- Sonae only enters into eligible and approved financial instruments. The definition of the eligible instruments, for the investment of temporary excess of funds or derivatives, was made in a conservative approach (essentially consisting in short term monetary instruments, in what excess of funds is concerned and instruments that can be split into components and that can be properly fair valued, with a loss cap);

- In relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by existing relationships banks in order to reduce exposure on a net basis, and ii) may only be applied in pre-approved instruments;

- In some cases Sub-holdings can define more strict rules regarding counterparty exposure or more conservative policies;

- Any departure from the above mentioned policies needs to be pre-approved by the respective Executive Committee/Board of Directors.

Regarding to the policies and minimum credit rating, Sonae does not expect any material failure in contractual obligation from its external counterparties nevertheless exposure to each counterparty resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Sub-holding Finance Department and any departure is promptly reported to the respective Executive Committee/Board of Directors and to the Sonae Finance Committee.

3.2.2) Credit risk in operational and commercial activities of each business

In this case due to each business characteristics and consequently of different credit risk typology, each sub-holding determines the most appropriate policy, as described above. However the policies follow the same wide principles of: prudence, conservatism, and the implementation of control mechanisms.

- Retail

The credit risk in the relationship with customers is controlled through a system of collecting quantitative and qualitative information, provided by high prestige and liable entities that provide information on risks by obtaining suitable guarantees, aimed at reducing the risk of granting credit. Credit risk arises in the relationship with suppliers as a result of advances or debits for discounts and is mitigated by the expectation to maintain the business relationship.

- Shopping Centres (Sonae Sierra)

The credit risk results essentially of the risk of credit of the tenants of the commercial centres managed by Sub-holding and of the other debtors. Shopping Centre storekeepers credit risk monitoring is made by the adequate assessment of risk before the storekeepers are accepted and by the establishment of conservative credit limits for each storekeeper.

- Telecommunications

The Sub-holding exposure to credit risk is mainly associated with the accounts receivable related to current operational activities. The credit risk management purpose is to guarantee that the amounts owed by debtors are effectively collected within the periods negotiated without influencing the financial health of the Sub-holding. Sonaecom uses credit rating agencies and has specific departments responsible for risk control, collections and management of processes in litigation, which all contribute to the mitigation of credit risk.

- Investment Management

The credit risk in the context of the current operating activity is controlled through a system of collecting qualitative and financial information provided by recognized entities that supply information of risks, which allow to evaluate the viability of the of customers in fulfilling their obligations, aimed at reducing the risk of concession credit, fundamentally originated by the rendering of travel agencies services (Geostar business-joint venture).

- Sonae Holding

Sonae Holding is a company without any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalents instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) in accordance with the principles mentioned in note 3.2.1).

Additionally Sonae Holding may also be exposed to credit risk as a result of its portfolio manager activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis under the supervision of the Executive Committee (requesting bank guarantee, escrow accounts, obtaining collaterals, amongst others).

The amount related to customers, other debtors and other assets presented in Financial Statements, which are net of impairment losses represent Sonae exposure to credit risk.

3.3 Liquidity risk

Sonae has the need, regularly, to raise external funds to finance its activities and investing plans. It holds a long term diversified portfolio, essentially made of, mutual's and structured facilities, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2012 the total gross debt was 2,212 million euro (2,390 million euro as at 31 December 2011) excluding the contributions of Shopping Centres and Travel operating segments consolidated by the equity method.

The purpose of liquidity risk management is to ensure, at all times, that Sonae has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy. Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining with its relationship banks, a combination of short and medium term committed credit facilities, with sufficiently comfortable previous notice cancellation periods with a range that goes up to 360 days;

- Maintenance of commercial paper programs with different periods and terms, that allow, in some cases, to place the debt directly in institutional investors;

- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;

- Diversification of financing sources and counterparties;

- Ensuring an adequate average debt maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. At the end of 2012, Sonae's average debt maturity was approximately 2.2 years (2.3 years as at December 2011) excluding the contributions of Shopping Centres and Travel operating segments consolidated by the equity method;

- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;

- Where possible, by prefinancing forecasted liquidity needs, through transactions with an adequate maturity;

- Management procedures of short-term applications, assuring that the maturity of the applications will match with foreseen liquidity needs (or with a liquidity that allows to cover unprogrammed disbursements, concerning investments in assets), including a margin to hedge forecasting deviations. The margin of error needed in the treasury department prediction, will depend on the confidence degree and it will be determined by the business. The reliably of the treasury forecasts is an important variable to determinate the amounts and the periods of the market applications-borrowings.

The maturity of each major class of financial liabilities is presented in Notes 24, 25, 29, and 30, based on the undiscounted cash flows of financial liabilities based on the earliest date on which Sonae can be required to pay ("worst case scenario").

A liquidity reserve in form of credit lines with its relationship banks is maintained by Sonae, to ensure the ability to meet its commitments without having to refinance itself in unfavourable terms. The value of loans maturing in 2013 is of 524 million euro (600 million euro maturing in 2012) and as at 31 December 2012 Sonae had undrawn committed credit facilities of 410 million euro (410 million euro in 2011) cancellable within a previous notice of less than one year and 401 million euro (209 million euro in 2011) cancellable with a previous notice of no less than 360 days.

Additionally, Sonae held, as at 31 December 2012, cash and cash equivalents and current investments amounting to 378 million euro (426 million euro as at 31 December 2011). Consequentially, Sonae expects to meet all its obligations by means of its operating cash flows and its financial assets as well as from drawing existing available credit lines, if needed.

3.4 Interest rate risk

3.4.1) Policies

As each Sub-holding operates in different markets and in different business environments, there is no single policy applicable to Sonae, but rather policies adjusted to each Sub-holding exposure which one described below. As previously mentioned, Sonae exposure is regularly monitored by the Finance Committee, at a group level, and at each Sub-holding level. Although there is no wide risk management interest rate policy in what concerns the derivatives negotiation, there are principles that have to be followed by all the companies and that are referred below:

- Sonae hedging activities do not constitute a profit-making activity and derivatives are entered into without any speculation purpose;

- For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be consistent with the settlement dates of the hedging instruments to avoid any mismatch and hedging inefficiencies;

- Perfect match between the base rates: the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction;

- Since the beginning of the transaction, the maximum cost of the hedging operation is known and limited, even in scenarios of extreme change in market interest rates, so that the resulting interest rates are within the cost of the funds considered in Sonae's business plans (or in extreme scenarios are not worse than the underlying cost of the floating rate);

- The counterparties of hedging instruments are limited to institutions of high prestige, national and international recognition and based on respective credit ratings, as described in 3.2. above. It is Sonae policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae's relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions;

- In determining the fair value of hedging operations Sonae uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates, foreign exchange rates, volatility among others prevailing at the statement of financial position date. Comparative financial institution quotes for specific or similar instruments are used as benchmark for the valuation;

- All transactions have to be documented under ISDA's Agreements (International Swaps and Derivatives Association);

- All transactions which do not follow the rules mentioned above have to be individually approved by the respective Executive Committee/ Board of Directors, and reported to Finance Committee, namely transactions entered into with the purpose of optimising the cost of debt when deemed appropriate according to prevailing financial market conditions.

- Retail

Sub-holding exposure to interest rates arises mainly from long term loans which bear interests at Euribor plus spread.

Sonae Investimentos purpose is to limit cash-flows volatility and results, considering the profile of its operational activity, by using an appropriate mix of fixed and variable interest rate debt. Sonae Group policy allows the use of interest rate derivatives to decrease the exposure to Euribor fluctuations but does not allow for trading purposes.

- Shopping Centres

Sonae Sierra's income and operating cash-flows are substantially independent of changes in market interests rates, as its cash and cash equivalents and its financing granted to other companies of the Group are dependent only of the evolution of the interest rates in Euro, which have had a minimum change.

In relation to long-term borrowings and in order to hedge the volatility of long term interest rates, Sonae Sierra uses, whenever appropriate, cash flow hedge instruments in the form of swaps or zero cost collars, which represent perfect hedges of those long-term borrowings. In certain long-term borrowings Sonae Sierra chose to have a fixed interest rate in the first years of the financing agreement and will study afterwards the possibility to negotiate interest rate swaps or zero cost collars for the remaining period.

- Telecommunications

Sonaecom's total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility on the Group result or on its shareholders' equity is mitigated by the effect of the following factors (i) relatively low level of financial leverage; (ii) possibility of using interest rate hedging derivative instruments, as mentioned below; (iii) possible correlation between the market interest rates levels and economic growth, the latter having a positive effect on other lines of the Sub-holding consolidated results (namely operational), thus partially offsetting the increase of financial costs ("natural hedge"); and (iv) the availability of consolidated liquidity or cash, also bearing interests at variable rates.

Sonaecom only uses derivatives or similar transactions to hedge those interest rate risks considered significant. Sonaecom respects the same principles adopted by Sonae in determining and using instruments to hedge interest rate risks.

As all Sonaecom's borrowings (Note 49) bear interests at variable rates, interest rate swaps and other derivatives are used to hedge future changes in cash flow relating to interest payments. Interest rate swaps have the financial effect of converting the respective borrowings from floating rates to fixed rates. Under interest rate swaps, the Company agrees with third parties (banks) to exchange, in pre-determined periods, the difference between the amount of interest calculated at the fixed contract rate and the floating rate at the time of re-fixing, by reference to the respective agreed notional amounts.

Sonaecom's Board of Directors approves the terms and conditions of the funding with a significant impact on Sonaecom, based on an analysis of the debt structure, the inherent risks and the different options in the market, particularly as regards the type of interest rate (fixed / variable). Under this policy, the Executive Committee is responsible for decisions regarding the contracting of occasional interest rate hedging derivative financial instruments, through monitoring the conditions and alternatives that exist in the market.

- Investment management

The operating segment exposure to interest rate arises essentially from short-term bank loans or loans payable to shareholders, which bears interests at Euribor market rates. The impact of this volatility on income or equity is mitigated by the following factors: (i) controlled financial leverage with conservative use of bank lending; (ii) probable correlation between the market interest rate levels and economic growth, the latter having a positive effect on other lines of the operating segment results (namely operational), thus partially offsetting the increased financial costs ("natural hedge").

- Sonae Holding

Sonae Holding is exposed to cash flow interest rate risk in respect of items in the statement of financial position (Loans and Short Term Investments) and to fair value interest rate risk as a result of interest rate derivatives (swaps and options). A significant part of Sonae Holding debt bears variable interest rates, and interest rate derivatives may be entered into to convert part of the variable rate debt into fixed rate (usually through interest rate swaps), or to limit the maximum rate payable (usually through zero cost collars or purchased caps).

Sonae Holding mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve, since hedging interest rate risk usually has an opportunity cost associated. Therefore a more flexible approach is considered preferable to a more strict traditional approach. Part of the risk is also mitigated by the fact that Sonae Holding grants loans to its subsidiaries as part of its normal activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae Holding hedging activities do not constitute a profit-making activity and derivatives are deemed to be entered into without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into.

3.4.2.) Sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest rate financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, these instruments are included in the calculation of income-related sensitivities;

- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognized at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7;

- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;

- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity;

- Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IAS 39 affect other financial income or expense (gain/loss in change of the derivatives fair value) and are therefore taken into consideration in the sensitivity calculations for changes in interest rate;

- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;

- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under these assumptions, if euro interest rate of denominated financial instruments had been 75 basis points higher, the consolidated net profit before tax of Sonae for the period ended as at 31 December 2012 would decrease by approximately 12.9 million euro, (10 million euro decrease as at 31 December 2011). The impact in equity (including non-controlling interests and excluding net income), as a consequence of interest rate change effect according to interest rate risk, would be an increase as at 31 December 2012 of, approximately, 5.8 million euro (increase by approximately 8.1 million euro in 2011).

3.5 Exchange rate risk

3.5.1) Policies

Sonae operates at an international level, having subsidiaries that operate in different jurisdictions, and so it is exposed to foreign exchange rate risk. As each Sub-holding operates in different markets and in different business environments, there is no standard policy for Sonae, but rather individual policies for each Sub-holding which are stated below. Sonae's currency exposures are divided into two levels: transaction exposures (foreign exchange exposures relating to contracted cash flows and statement of financial position items where changes in exchange rates will have an impact on earnings and cash flows) and translation exposure (equity in foreign subsidiaries). Although there is not global management exchange rate risk policy in what concerns hiring derivatives to managing exchange interest risk, it also applies to all group companies, with the necessary adaptations, the principles referred at 3.4.1).

- Retail

The impact on the financial statements of changes in exchange rate is immaterial, as the most part of the transactions are denominated in euro. Sonae Investimentos is mainly exposed to exchange rate risk through transactions relating to acquisitions of goods in international markets, which are in US Dollars.

The exchange risk management purpose is to provide a stable decision platform when deciding and negotiating the purchases of inventories establishing fixed exchange rates. The hedging accompanies all the purchase process, since procurement up to the formal agreement of purchase.

The exchange risk exposure is monitored through the purchase of forwards with the goal of minimising the negative impacts of volatility in exposure level as a consequence of changes of the amounts of imports denominated in other currencies rather than euro.

- Shopping Centres

The main activity of each company is developed inside its country of origin and consequently the majority of the company transactions are maintained in its functional currency. The policy to hedge this specific risk is to avoid, if possible, the contracting of services in foreign currency.

- Telecommunications

The sub-holding operates internationally, having subsidiaries that operate in Brazil, United Kingdom, Poland, United States of America, Mexico, Australia, Egypt, Malaysia, Chile, Panama, Singapore among others and so it is exposed to foreign exchange rate risk.

Foreign exchange risk management seeks to minimise the volatility of investments and transactions made in foreign currency and contributes to reduce the sensitivity of Sonaecom results to changes in foreign exchange rates.

Whenever possible, Sonaecom uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such procedure is not possible, Sonaecom adopts derivatives financial hedging instruments.

Sonaecom exposure to exchange rate risk results mainly from the fact that some of its subsidiaries report in currencies other than the Euro, the risk relating to the operations being insignificant.

- Investment management

The impact on the financial statements of changes in exchange rate is immaterial, as most part of the transactions are denominated in euro.

Insurance brokerage activity is developed in different countries. When transactions are made in a different currency than the one in the country where the entity operates, exposure to exchange rate risk is minimized by hiring hedging derivatives.

- Sonae Holding

Due to the nature of holding company, Sonae Holding, has very limited transaction exposure to foreign exchange risk. Normally, when such exposures arise foreign exchange risk management seeks to minimize the volatility of such transactions made in foreign currency and to reduce the impact on the Profit and loss of exchange rate fluctuations. When significant material exposures occur with a high degree of certainty, Sonae Holding hedges such exposures mainly through forward exchange rate contracts. For uncertain exposures, options may be considered, subject to previous approval from the company's Executive Committee.

3.5.2) Exposure and Sensivity analysis

As at 31 December 2012 and 2011 the assets and liabilities denominated in a currency different from the subsidiary functional currency where the following (amounts in euro):

	Assets		Liabilities	
	31 December 2012	31 December 2011 Restated	31 December 2012	31 December 2011 Restated
Euro	-	-	4,828,279	5,408,878
Brazilian Real	12,040,467	15,631,230	7,071,362	7,864,882
British Pound	335,847	189,251	4,106,374	4,019,610
Turquish Lira	549,490	566,082	218,135	231,926
US Dollar	31,247,430	7,466,715	13,351,369	10,702,080
Other Currencies	585,396	335,262	1,014,312	1,265,526

The amounts presented above, only include assets and liabilities expressed in different currency than the functional currency used by the affiliated or jointly controlled company. Therefore it does not represent any risk of financial statements translation. Due to the short-term character of the majority of monetary assets and liabilities and the magnitude of its net value, the exposure to currency risk is immaterial and therefore a sensitivity analysis to changes in the exchange rate isn't presented.

3.6 Price and capital market risk

Sonae is exposed to equity price risk arising from equity investments, held for strategic rather than for trading purposes as the group does not actively trade these investments, which are disclosed in Note 7.

In 2007, Sonae entered into a Total Return Swap (TRS) with Sonae Holding shares as underlying. As explained in Note 22 the Total Return Swap precluded the derecognition of those treasury shares, and as such a change in the Sonae, and Sonae Capital, SGPS, SA share price will have an impact on the cash flows by means of TRS cash settlements. If Sonae price had been 1% higher/lower, it would have 847 thousand euro additional receiving/payments (as at 31 December 2011 the impact would be 580 thousand euro).

4 CHANGES IN ACCOUNTING POLICIES

Impact of changes in accounting policies described in Note 1.

As required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, policy changes were applied retrospectively, so changes were made in the Consolidated Statements of Financial Positions as at 1 January 2011 and 31 December 2011 and in the Consolidated Income Statement and Consolidated Statement of Cash Flows for the year ended 31 December 2011. The effects of these changes can be presented as follows:

Statement of financial position as at January 1, 2011

	Before change	Capitalization of cost costumer loyalty	Change in consolidation method from PROP to EQM	Restated
Total assets	7,551,813,932	18,009,890	(1,434,631,031)	6,135,192,791
Non-current assets	6,045,726,131	18,009,890	(1,335,767,767)	4,727,968,254
Investments	113,499,526	-	505,197,007	618,696,533
Goodwill	740,738,759	-	(69,708,238)	671,030,521
Investment Properties	1,733,205,596	-	(1,733,205,596)	-
Other non-current assets	3,458,282,250	18,009,890	(38,050,940)	3,438,241,200
Current assets	1,506,087,801	-	(98,863,264)	1,407,224,537
Equity	1,861,562,138	13,237,269	(211,586,171)	1,663,213,236
Attributable to the equity holders of the Parent-Company	1,337,473,198	7,135,338	84,657	1,344,693,193
Non-controlling interests	524,088,940	6,101,931	(211,670,828)	318,520,043
Total liabilities	5,690,251,794	4,772,621	(1,223,044,860)	4,471,979,555
Non-current liabilities	3,455,442,166	4,772,621	(1,057,438,230)	2,402,776,557
Loans	2,839,950,773	-	(788,100,738)	2,051,850,035
Deferred tax liabilities	371,308,829	4,772,621	(253,744,547)	122,336,903
Other liabilities	244,182,564	-	(15,592,945)	228,589,619
Current liabilities	2,234,809,628	-	(165,606,630)	2,069,202,998
Loans	264,464,248	-	(63,053,714)	201,410,534
Suppliers and other liabilities	1,970,345,380	-	(102,552,916)	1,867,792,464
Total equity and liabilities	7,551,813,932	18,009,890	(1,434,631,031)	6,135,192,791

Statement of financial position as at December 31, 2011

	Before change	Capitalization of cost costumer loyalty	Change in consolidation method from PROP to EQM	Restated
Total assets	7,740,715,012	17,692,621	(1,441,644,990)	6,316,762,643
Non-current assets	6,050,397,022	17,692,621	(1,321,145,276)	4,746,944,367
Investments	107,576,109	-	467,498,817	575,074,926
Goodwill	728,060,436	-	(68,246,943)	659,813,493
Investment Properties	1,679,859,268	-	(1,679,859,268)	-
Other non-current assets	3,534,901,209	17,692,621	(40,537,882)	3,512,055,948
Current assets	1,690,317,990	-	(120,499,714)	1,569,818,276
Equity	1,964,971,050	13,004,076	(277,583,988)	1,700,391,138
Attributable to the equity holders of the Parent-Company	1,356,845,014	7,088,613	(345,764)	1,363,587,863
Non-controlling interests	608,126,036	5,915,463	(277,238,224)	336,803,275
Total liabilities	5,775,743,962	4,688,545	(1,164,061,002)	4,616,371,505
Non-current liabilities	3,184,095,918	4,688,545	(1,025,256,825)	2,163,527,638
Loans	2,551,772,643	-	(761,037,048)	1,790,735,595
Deferred tax liabilities	382,609,963	4,688,545	(253,106,959)	134,191,549
Other liabilities	249,713,312	-	(11,112,818)	238,600,494
Current liabilities	2,591,648,044	-	(138,804,177)	2,452,843,867
Loans	644,296,261	-	(44,586,390)	599,709,871
Suppliers and other liabilities	1,947,351,783	-	(94,217,787)	1,853,133,996
Total equity and liabilities	7,740,715,012	17,692,621	(1,441,644,990)	6,316,762,643

Income statement for the Period Ended 31 December 2011

	Before change	Capitalization of cost costumer loyalty	Change in consolidation method from PROP to EQM	Restated
Turnover	5,738,153,991	-	(197,303,653)	5,540,850,338
Value created on investment properties	(18,932,562)	-	18,555,384	(377,178)
Investment income	(58,319)	-	83,274	24,955
Other income	482,506,776	-	(11,214,636)	471,292,140
Total income	6,201,669,886	-	(189,879,631)	6,011,790,255
Total expenses	(5,538,705,926)	22,488,804	120,165,583	(5,396,051,539)
	662,963,960	22,488,804	(69,714,048)	615,738,716
Depreciation and amortisation	(311,730,714)	(22,806,073)	2,191,474	(332,345,313)
Provisions and impairment losses	(56,504,634)	-	7,765,118	(48,739,516)
Profit before financial results and share of results of joint ventures and associated undertrakings	294,728,612	(317,269)	(59,757,456)	234,653,887
Finantial results	(109,229,902)	-	27,643,767	(81,586,135)
Share of results of joint ventures and associated undertakings	(9,902,057)	-	7,845,042	(2,057,015)
Profit before taxation	175,596,653	(317,269)	(24,268,647)	151,010,737
Taxation	(36,781,076)	84,076	12,589,817	(24,107,183)
Profit/(Loss) after taxation	138,815,577	(233,193)	(11,678,830)	126,903,554
Atributable to equity holders of the Parent Company	103,429,779	(127,114)	641,411	103,944,076
Atributable to non-controlling interests	35,385,798	(106,079)	(12,320,241)	22,959,478
Profit/(Loss) per share				
Basic	0.055244	-	0.000274	0.055518
Diluted	0.054989	-	0.000278	0.055267

Statement of comprehensive income for the period ended 31 december 2011

	Before change	Capitalization of cost costumer loyalty	Change in consolidation method from PROP to EQM	Restated
Net Profit / (Loss) for the period	138,815,577	-	(11,912,023)	126,903,554
Exchange differences arising on translation of foreign operations	(22,615,448)	-	19,032,836	(3,582,612)
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	3,408,587	-	(30,385,072)	(26,976,485)
Changes in hedge and fair value reserves	4,545,943	-	3,211,065	7,757,008
Deferred related to changes in fair values reserves	(740,622)	-	(629,953)	(1,370,575)
Others	(2,257,602)	-	(646,959)	(2,904,561)
Other comprehensive income for the period	(17,659,142)	-	(9,418,083)	(27,077,225)
Total comprehensive income for the period	121,156,435	-	(21,330,106)	99,826,329
Attributable to:				
Equity holders of parent company	92,278,102	-	(14,702,169)	77,575,933
Non-controlling interests	28,878,333	-	(6,627,937)	22,250,396

Statement of cash flows for the period ended 31 december 2011

	Before change	Capitalization of cost costumer loyalty	Change in consolidation method from PROP to EQM	Restated
Cash flows from operating activities	541,239,247	-	(84,446,072)	456,793,175
Cash flows from investing activities	(238,645,917)	-	8,774,231	(229,871,686)
Cash flows from financing activities	(50,810,964)	-	25,088,899	(25,722,065)
	251,782,366	-	(50,582,942)	201,199,424

5 GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by Sonae as at 31 December 2012 and 31 December 2011 are as follows:

			Percentage of capital held			
			31 December 2012		31 December 2011	
Company		Head Office	Direct	Total	Direct	Total
Sonae - SGPS, S.A.		Maia	HOLDING	HOLDING	HOLDING	HOLDING
Retail						
Arat Inmuebles, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%

BB Food Service, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Canasta - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Carnes do Continente - Indústria e Distribuição Carnes, SA	a)	Santarém	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Contibomba - Comércio e Distribuição de Combustíveis, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Continente Hipermercados, SA	a)	Lisbon	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Edições Book.it, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Estevão Neves - Hipermercados da Madeira, SA	a)	Madeira	100.00%	100.00%	100.00%	100.00%
Farmácia Seleção, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Fashion Division, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fashion Division Canárias, SL	a)	Tenerife (Spain)	100.00%	100.00%	100.00%	100.00%
Fozimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fozmassimo - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosede	a)	Maia	67.64%	67.64%	54.55%	54.55%
Fundo de Investimento Imobiliário Fechado Imosonae Dois	a)	Maia	99.89%	99.89%	100.00%	99.90%
Igimo – Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Iginha - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoconti - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoestrutura - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoresultado - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imosistema - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Infofield - Informática, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Marcas MC, Zrt	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
MJLF - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modalfa - Comércio e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modalloop – Vestuário e Calçado, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Modelo Continente Hipermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%

	Modelo Continente International Trade, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modelo.com - Vendas p/Correspond., SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Peixes do Continente - Indústria e Distribuição de Peixes, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmaconcept – Atividades em Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Predicomercial - Promoção Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1)	SDSR – Sports Division SR, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Selifa - Empreendimentos Imobiliários de Fafe, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sesagest - Proj.Gestão Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
	Socijofra - Sociedade Imobiliária, SA	a)	Gondomar	100.00%	100.00%	100.00%	100.00%
	Sociloures - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Soflorin, BV	a)	Amesterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
	Sonae Center Serviços II, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sonae Investimentos, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae MC – Modelo Continente SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae Retalho España - Servicios Generales, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Sonaegest-Soc.Gest.Fundos Investimentos, SA	a)	Maia	100,00%	90,00%	100,00%	90,00%
	Sonaerp – Retail Properties, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Sport Zone Canárias, SL	a)	Tenerife (Spain)	51.00%	51.00%	51.00%	51.00%
	Sonae Specialized Retail, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sondis Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sonvecap, BV	a)	Amesterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sport Zone España - Comércio de Articulos de Deporte, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Sport Zone spor malz.per.satis ith.ve tic.ltd.sti	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
	Têxtil do Marco, SA	a)	Marco de Canaveses	92.76%	92.76%	92.76%	92.76%
	Tlantic Portugal - Sistemas de Informação, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	100.00%	100.00%	100.00%	100.00%
	Todos os Dias - Com. Ret. Expl. C. Comer., SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Valor N, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%

	Worten - Equipamento para o Lar, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Worten España Distribución, S.L.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Worten Canárias, SL	a)	Tenerife (Spain)	51,00%	51,00%	51,00%	51,00%
	Zippy – Comércio e Distribuição, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Zippy - Comércio Y Distribución, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Zippy cocuk malz.dag.ith.ve tic.ltd.sti	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
	ZYEvolution-Invest.Desenv., SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Telecommunications						
	Be Artis - Concepção, Construção e Gestão de Redes de Comunicações, SA	a)	Maia	100.00%	54.57%	100.00%	54.51%
	Be Towering – Gestão de Torres de Telecomunicações, SA	a)	Maia	100.00%	54.57%	100.00%	54.51%
	Cape Tecnologies Limited	a)	Dublin (Ireland)	100.00%	54.57%	100.00%	54.51%
2)	Connectiv Solutions Inc	a)	Delaware (EUA)	100.00%	54.57%	-	-
	Digitmarket - Sistemas de Informação, SA	a)	Maia	75.10%	40.98%	75.10%	40.94%
	Lugares Virtuais, SA	a)	Maia	100.00%	54.57%	100.00%	54.51%
	Magma - Operação de Titularização de Créditos	c)	Portugal	100.00%	54.57%	100.00%	54.51%
	Mainroad Serviços em Tecnologias de Informação, SA	a)	Maia	100.00%	54.57%	100.00%	54.51%
	Miauger - Org. Gestão Leilões Electrónicos, SA	a)	Maia	100.00%	54.57%	100.00%	54.51%
	Optimus - Comunicação, SA	a)	Maia	100.00%	54.57%	100.00%	54.51%
3)	Optimus SGPS, SA	a)	Maia	100.00%	54.57%	100.00%	54.51%
	PCJ-Público, Comunicação e Jornalismo, SA	a)	Maia	100.00%	54.57%	100.00%	54.51%
	Per-Mar - Sociedade de Construções, SA	a)	Maia	100.00%	54.57%	100.00%	54.51%
	Praesidium Services Limited	a)	Berkshire (U.K.)	100.00%	54.57%	100.00%	54.51%
	Público - Comunicação Social, SA	a)	Porto	100.00%	54.57%	100.00%	54.51%
	Saphety Level - Trusted Services, SA	a)	Maia	86.99%	47.47%	86.99%	47.42%
	Sonae Telecom BV	a)	Amesterdam (The Netherlands)	100.00%	54.57%	100.00%	54.51%
4)	Sonaecom – Serviços Partilhados, SA	a)	Maia	100,00%	54.57%	-	-
	Sonae Telecom, SGPS, SA	a)	Maia	100.00%	54.57%	100.00%	54.51%
	Sonaecom - Sistemas de Informação, SGPS, SA	a)	Maia	100.00%	54.57%	100.00%	54.51%
	Sonaecom - Sistemas de Información España, SL	a)	Madrid	100.00%	54.57%	100.00%	54.51%
	Sonaecom, SGPS, SA	a)	Maia	55.63%	54.57%	55.69%	54.51%
	Sonaetelecom, BV	a)	Amesterdam (The Netherlands)	100.00%	54.57%	100.00%	54.51%
	Sontária - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	54.57%	100.00%	54.51%
	Tecnológica Telecomunicações, Ltda	a)	Rio de Janeiro (Brazil)	99.99%	54.46%	99.99%	54.49%

	We Do Consulting - Sistemas de Informação, SA	a)	Maia	100.00%	54.57%	100.00%	54.51%
	We Do Brasil Soluções Informáticas, Ltda	a)	Rio de Janeiro (Brazil)	99.91%	54.46%	99.91%	54.49%
	We Do Poland Sp.Z.o.o.	a)	Posnan (Poland)	100.00%	54.57%	100.00%	54.51%
	We Do Tecnologies Americas, Inc.	a)	Wilmington (USA)	100.00%	54.57%	100.00%	54.51%
	We Do Technologies Australia PTY Limited	a)	Sidnei (Australia)	100.00%	54.57%	100.00%	54.51%
	We Do Tecnologies BV	a)	Amesterdam (The Netherlands)	100.00%	54.57%	100.00%	54.51%
	We Do Technologies Chile, SpA	a)	Santiago (Chile)	100.00%	54.57%	100.00%	54.51%
	We Do Technologies Egypt Limited Liability Company	a)	Cairo (Egypt)	100.00%	54.57%	100.00%	54.51%
	We Do Technologies Mexico S. de RL	a)	Mexico City	100.00%	54.57%	100.00%	54.51%
	We Do Technologies Panamá SA	a)	Panama City	100.00%	54.57%	100.00%	54.51%
	We Do Technologies Singapore PTE. LDT	a)	Singapore	100.00%	54.57%	100.00%	54.51%
	We Do Technologies (UK) Limited	a)	Berkshire (U.K.)	100.00%	54.57%	100.00%	54.51%
	Investment Management						
	ADD Avaliações Engenharia de Avaliações e Perícias, Ltda	a)	Brazil	100.00%	50.00%	100.00%	50.00%
5)	ADDmakler Administração e Corretagem de Seguros, Ltda	a)	Brazil	99.98%	50.00%	99.98%	50.00%
5)	ADDmakler Administradora, Corretora de Seguros Partic. Ltda	a)	Brazil	100.00%	50.00%	100.00%	50.00%
	Herco Consultoria de Risco e Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
6)	Herco, Consultoria de Risco, SA	a)	Maia	100.00%	50.01%	100.00%	50.01%
	Highdome - HighDome PCC Limited	a)	Malta	99.99%	50.01%	100.00%	50.01%
	Larim Corretora de Resseguros Ltda	a)	Brazil	99.99%	50.01%	99.99%	50.01%
	Lazam/mds Correctora Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
	MDS - Corretor de Seguros, SA	a)	Porto	100.00%	50.01%	100.00%	50.01%
	MDS Affinity - Sociedade de Mediação, SA	a)	Porto	100.00%	50.01%	100.00%	50.01%
4)	MDS Africa, SGPS, SA	a)	Porto	100.00%	50.01%	-	-
5) 7)	MDS Associações Corretora de Seguros Ltda	a)	Brasil	99.99%	50.01%	99.99%	50.01%
	MDS Auto – Mediação de Seguros, SA	a)	Brasil	50.01%	25.01%	50.00%	25.01%
	Mds Knowledge Centre, Unipessoal, Lda	a)	Lisbon	100.00%	50.01%	100.00%	50.01%
	MDS Malta Holding Limited	a)	Malta	100.00%	50.01%	100.00%	50.01%
	MDS, SGPS, SA	a)	Maia	50.01%	50.01%	50.01%	50.01%
	Miral Administração e Corretagem de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
	Modelo - Distribuição de Materiais de Construção, SA	b)	Maia	50.00%	50.00%	50.00%	50.00%
8)	Polinsur - Mediação de Seguros, Lda	a)	Oeiras	100.00%	50.01%	100.00%	50.01%

	Quorum Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
	RSI Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
8)	Serenitas - Soc. Mediação Seguros, Lda	a)	Lisbon	100.00%	50.01%	100.00%	50.01%
9)	Terra Nossa Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
	Others						
	Libra Serviços, Lda	a)	Funchal	100.00%	100.00%	100.00%	100.00%
	Sonae Investments, BV	a)	Amesterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sonae RE, SA	a)	Luxembourg	99.92%	99.92%	99.92%	99.92%
	Sonaecenter Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sontel, BV	a)	Amesterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%

a) Control held by majority of voting rights;

b) Control held by Management control;

c) Control determined in accordance with SIC 12 - Special purpose entities.

1) Ex- Sport Zone – Comércio de artigos de Desporto, SA;

2) Company acquired on 1 May 2012;

3) Ex- Sonae Telecom, SGPS, SA;

4) Companies created during the period;

5) Companies merged into Lazam/mds Correctora Ltda at 1 Augoust 2012;

6) Ex- MDS Consulting, SA;

7) Ex- Fontana Corretora de Seguros Ltd;

8) Companies merged into MDS - Corretor de Seguros, SA at 1 September 2012;

9) Companies merged into Lazam/mds Corretora, Ltda com at 1 July 2012.

These entities are consolidated using the full consolidation method.

6 JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES

Jointly controlled entities and associated companies included in the consolidated financial statements, their head offices and the percentage of share capital held by Sonae as at 31 December 2012 and 31 December 2011 are as follows:

6.1 Jointly controlled entities

	Company	Head Office	Percentage of share capital held			
			31 December 2012		31 December 2011	
			Direct	Total	Direct	Total
	Shopping Centres					
	8ª avenida Centro Comercial, SA	Maia	100.00%	23.75%	100.00%	23.75%
1)	3DO Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	3shoppings - Holding, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Adlands BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	Aegean Park, SA	Athens(Greece)	100.00%	25.00%	100.00%	25.00%
	Airone - Shopping Centre, Srl	Milan (Italy)	100.00%	25.05%	100.00%	25.05%
	ALBCC – Albufeirashopping – Centro Comercial, SA	Maia	50.00%	11.88%	50.00%	11.88%
	ALEXA Administration GmbH	Berlin (Germany)	100.00%	25.00%	100.00%	25.00%
	Alexa Asset GmbH & Co	Dusseldorf (Germany)	9.00%	4.50%	9.00%	4.50%
	ALEXA Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	ALEXA Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Algarveshopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	ARP Alverca Retail Park, SA	Maia	50.00%	25.00%	50.00%	25.00%
	Arrábidashopping - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Avenida M-40, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Beralands BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Campo Limpo Lda	S. Paulo (Brazil)	20.00%	3.33%	20.00%	3.33%
	Cascaishopping - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Cascaishopping Holding I, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
	CCCB Caldas da Rainha - Centro Comercial,SA	Maia	100.00%	50.00%	100.00%	50.00%
	Centro Colombo - Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
	Centro Vasco da Gama - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Coimbrashopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Colombo Towers Holding, BV	The Hague (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	Craiova Mall BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%

	Dortmund Tower GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Dos Mares - Shopping Centre, BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Dos Mares - Shopping Centre, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Estação Viana - Centro Comercial, SA	Viana do Castelo	100.00%	25.05%	100.00%	25.05%
	Freccia Rossa - Shopping Centre, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
2)	Fundo de Investimento Imobiliário Parque Dom Pedro Shopping Center (FundII)	São Paulo (Brazil)	50.00%	10.34%	50.00%	3.99%
2)	Fundo de Investimento Imobiliário Shopping Parque Dom Pedro Shopping	São Paulo (Brazil)	87.61%	15.78%	87.61%	16.90%
	Gaiashopping I - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Gaiashopping II - Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
	Gli Orsi Shopping Centre 1, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Guimarãeshopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Harvey Dos Iberica, SL	Madrid (Spain)	50.00%	12.53%	50.00%	12.53%
	Iberian Assets, SA	Madrid (Spain)	49.78%	12.47%	49.78%	12.48%
	Inparsa - Gestão de Galeria Comerc., SA	Maia	100.00%	50.00%	100.00%	50.00%
	Ioannina Development of Shopping Centres, SA	Athens(Greece)	100.00%	50.00%	100.00%	50.00%
	La Farga - Shopping Centre, SL	Madrid (Spain)	100.00%	12.48%	100.00%	12.48%
	Larissa Development of Shopping Centres, SA	Athens(Greece)	100.00%	25.00%	100.00%	25.00%
	LCC – Leiriashopping – Centro Comercial, SA	Maia	100.00%	23.75%	100.00%	23.75%
	Le Terrazze – Shopping Centre 1, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
	Loop 5 - Shopping Centre Gmbh	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
	Loureshopping – Centro Comercial, SA	Maia	50.00	11.88%	50.00	11.88%
	Luz del Tajo - Centro Comercial, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Luz del Tajo, BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Madeirashopping - Centro Comercial, SA	Funchal (Madeira)	50.00%	12.53%	50.00%	12.53%
	Maiashopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Münster Arkaden, BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Norte Shopping Retail and Leisure Centre, BV	Amesterdam (The Netherlands)	50.00%	12.53%	50.00%	12.53%
	Norteshopping - Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
	Pantheon Plaza BV	Amesterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	Paracentro - Gestão de Galerias Comerciais, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Park Avenue Developement of Shopping Centers, SA	Athens(Greece)	100.00%	25.00%	100.00%	25.00%

	Parque Atlântico Shopping - Centro Comercial SA	Ponta Delgada (Azores)	50.00%	12.53%	50.00%	12.53%
	Parque D. Pedro 1, BV Sarl	Luxembourg	100.00%	25.00%	100.00%	25.00%
	Parque de Famalicão - Empreendimentos Imobiliários, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Parque Principado, SL	Madrid (Spain)	50.00%	12.53%	50.00%	12.53%
	Pátio Boavista Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Goiânia Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Londrina Empreendimentos e Participações, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Penha Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio São Bernardo Shopping Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Sertório Shopping Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Uberlândia Shopping Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Plaza Eboli - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Plaza Eboli, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Plaza Mayor Holding, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ócio, BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ócio, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Shopping, BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Shopping, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	PORTCC – Portimãoshopping – Centro Comercial, SA	Maia	50.00%	11.88%	50.00%	11.88%
	Project 4, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Project SC 1, BV	Amesterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	Project SC 2, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 10 BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
3)	Project Sierra 11 BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
4)	Project Sierra 12 BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 2, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 6, BV	Amesterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%

	Project Sierra 8 BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Project Sierra Four SRL	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany 2 (two), Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany 3 (three), Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany 4 (four), Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 2 - Development of Shopping Centres, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
5)	Project Sierra Portugal VIII - Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 1, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 2 - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 2, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
6)	Project Sierra Spain 3 - Centro Comercial, SA	Madrid (Spain)	50.00%	25.00%	50.00%	25.00%
	Project Sierra Spain 3, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 7 - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Two Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Rio Sul – Centro Comercial, SA	Lisbon	50.00%	11.88%	50.00%	11.88%
	River Plaza BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	River Plaza Mall, Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
7)	S.C. Caelum Development Srl	Bucharest (Romania)	50.00%	25.00%	-	-
	S.C. Microcom Doi Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	SC Aegean, BV	Amesterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	SC Mediterranean Cosmos, BV	Amesterdam (The Netherlands)	50.00%	12.53%	50.00%	12.53%
	Serra Shopping – Centro Comercial, SA	Covilhã	50.00%	11.88%	50.00%	11.88%
	Shopping Centre Colombo Holding, BV	Amesterdam (The Netherlands)	50.00%	12.53%	50.00%	12.53%
	Shopping Centre Parque Principado, BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
8)	Sierra Air Retail BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Berlin Holding BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Brazil 1, BV	Amesterdam	100.00%	25.00%	100.00%	25.00%

		(The Netherlands)				
	Sierra Central, S.A.S.	Santiago de Cali(Colombia)	50.00%	25.00%	50.00%	25.00%
	Sierra Cevital Shopping Center, Spa	Argelia	49.00 %	24.50%	49.00 %	24.50%
	Sierra Corporate Services Holland, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Development of Shopping Centres Greece, SA	Athens(Greece)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Holding, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Enplanta, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Sierra European Retail Real Estate Assets Holdings, BV	Amesterdam (The Netherlands)	50.10%	25.05%	50.10%	25.05%
	Sierra Germany GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Sierra GP, Limited	Guernesey (U.K.)	100.00%	50.00%	100.00%	50.00%
	Sierra Investimentos Brasil Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Sierra Investments (Holland) 1, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments (Holland) 2, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments Holding, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Italy Holding, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Sierra Management, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Portugal, SA	Lisbon	100.00%	50.00%	100.00%	50.00%
	Sierra Property Management Greece, SA	Athens(Greece)	100.00%	50.00%	100.00%	50.00%
9)	Sierra Property Management, Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
10)	Sierra Romania Shopping Centers Services, SRL	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Sierra Solingen Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Sierra Spain – Shopping Centers Services, SL	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
11)	Sierra Spain 2 Services, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Solingen Shopping Center GmbH	Dusseldorf (Germany)	50.00%	25.00%	100.00%	50.00%
	Sonae Sierra Brasil, SA	São Paulo (Brazil)	66.65%	16.66%	66.65%	16.66%
	Sonae Sierra Brazil, BV Sarl	Luxembourg	50.00%	25.00%	50.00%	25.00%

	Sonae Sierra, SGPS, SA	Maia	50.00%	50.00%	50.00%	50.00%
	SPF - Sierra Portugal	Luxembourg	100.00%	50.00%	100.00%	50.00%
	SPF - Sierra Portugal Real Estate, Sarl	Luxembourg	47.50%	23.75%	47.50%	23.75%
	Torre Ocidente - Imobiliária, SA	Maia	50.00%	12.50%	50.00%	12.50%
	Unishopping Administradora, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Unishopping Consultoria Imobiliária, Ltda	São Paulo (Brazil)	99.98%	16.66%	99.98%	16.66%
	Valecenter, Srl	Milan (Italy)	100.00%	25.05%	100.00%	25.05%
	Via Catarina - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Vuelta Omega, S.L.	Madrid (Spain)	100.00%	12.53%	100.00%	12.53%
	Weiterstadt Shopping BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Zubiarte Inversiones Inmobiliarias, SA	Madrid (Spain)	49.83%	12.48%	49.83%	12.48%
	Telecommunications					
	Unipress - Centro Gráfico, Lda	Vila Nova de Gaia	50.00%	27.28%	-	-
12)	Infosystems – Sociedade de Sistemas de Informação, S.A.	Luanda (Angola)	50.00%	27.28%	-	-
	SIRS – Sociedade Independente de Radiodifusão Sonora, SA	Porto	45.00%	24.56%	45.00%	24.53%
7)	SSI Angola, S.A.	Luanda (Angola)	100.00%	27.28%	-	-
12)	ZOPT, SGPS, SA	Porto	50.00%	50.00%	-	-
	Investment Management					
	Equador & Mendes - Agência de Viagens e Turismo, Lda	Lisbon	50.00%	37.50%	50.00%	37.50%
	Marcas do Mundo - Viagens e Turismo, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
	Movimentos Viagens - Viagens e Turismo, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
	Nova Equador Internacional, Agência de Viagens e Turismo, Lda	Lisbon	50.00%	50.00%	50.00%	37.50%
13)	Puravida - Viagens e Turismo, SA	Lisbon	50.00%	50.00%	50.00%	50.00%
	Nova Equador P.C.O. e Eventos, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	50.00%	37.50%
	Raso SGPS, SA	Lisbon	50.00%	50.00%	50.00%	50.00%
	Raso - Viagens e Turismo, SA	Lisbon	50.00%	50.00%	50.00%	50.00%
	Viagens y Turismo de Geotur España, S.L.	Madrid (Spain)	50.00%	50.00%	50.00%	50.00%

1) Company merged into Sierra Solingen Holding GmbH with effects since 1 January 2012;

2) On October 2012, the subsidiary Fundo Investimento Imobiliário Parque Dom Pedro Shopping Center (Fund II) exercised its option to acquire from Sierra Investimentos Brasil Ltda 17.7% of the share capital of Fundo de Investimento Imobiliário Shopping Parque Dom Pedro (Fund I). On the same date Sierra Investimentos Brasil Ltda dues a capital increases in Fund II by the same amount;

3) Ex - Project Sierra Germany Shopping Centre 1 B.V.;

4) Ex - Project Sierra Germany Shopping Centre 2 B.V.;

5) Company merged into Project Sierra Germany 4 (four) - Shopping Centre, GmbH with effects since 1 January 2012;

6) Company liquidated during 2012;

7) Company acquired during 2012;

8) Ex - Project Sierra Spain 7 B.V;

9) Company merged into Sierra Romania Shopping Centers Services, SRL with effects since 30 June 2012;

10) Ex - Sierra Development Romania, Srl;

11) Ex - El Rosal Shopping, S.A.;

12) Companies created during the period;

13) Company merged into Movimentos Viagens – Viagens e Turismo, Sociedade Unipessoal, Lda with effects since 30 September 2012.

6.2 Associated companies

			Percentage of capital held			
			31 December 2012		31 December 2011	
	Company	Head Office	Direct	Total	Direct	Total
	Retail					
	Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%
	Mundo Vip - Operadores Turísticos, SA	Lisbon	33.34%	33.34%	33.34%	33.34%
	Investment Manegement					
1)	Cooper Gay Swett & Crawford Ltd	U.K.	9.72%	4.86%	25.10%	12.55%

1) Disposal of shares representing 15.38% of the share capital of the entity in October 2012, with loss of significant influence, after that date. At that time retained interests were recorded at fair value.

Jointly controlled companies and associated companies were included in the consolidated financial statements by the equity method.

The book value of investments in jointly controlled entities and associated companies can be presented as follows:

COMPANY	31 December 2012	31 December 2011 Restated
Shopping Centres		
Sonae Sierra SGPS, SA (consolidated financial statements)	448,355,598	503,322,781
Telecommunications		
Unipress - Centro Gráfico, Lda	453,620	661,185
Infosystems – Sociedade de Sistemas de Informação, S.A.	1,003	-
SIRS - Sociedade Independente de Radiodifusão Sonora, SA	-	-
SSI Angola, S.A.	-	-
ZOPT, SGPS, S.A.	25,000	-
Investment Management		
Raso SGPS, SA (consolidated financial statements)	6,713,236	9,475,661
Investments in joint ventures	455,548,457	513,459,627
Retail		
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	897,831	1,006,690
Mundo Vip - Operadores Turísticos, SA (Note 36)	-	1,101,337
Investment Management		
Cooper Gay Swett & Crawford Ltd	-	18,566,435
Investment in associated companies	897,831	20,674,462
Total	456,446,288	534,134,089

As at 31 December 2012 and 2011 aggregated values of main financial indicators of these companies are as follows:

	Assets		Liabilities	
	31 December 2012	31 December 2011 Restated	31 December 2012	31 December 2011 Restated
Retail	12,966,266	22,327,332	11,959,946	21,044,150
Shopping Centres	3,608,333,536	3,826,964,473	2,235,848,486	2,334,697,287
Telecommunications	6,162,864	7,115,708	5,089,640	6,008,405
Investment Management	65,247,647	676,395,425	35,392,945	732,213,964
Total	3,692,710,313	4,532,802,938	2,288,291,017	3,093,963,806

	Income		Expenses	
	31 December 2012	31 December 2011 Restated	31 December 2012	31 December 2011 Restated
Retail	63,465,069	76,183,218	63,608,550	76,283,915
Shopping Centres	286,912,729	382,282,886	331,581,034	347,758,579
Telecommunications	4,214,111	4,406,481	4,151,585	4,303,717
Investment Management	42,764,046	305,610,835	48,411,033	317,050,937
Total	397,355,955	768,483,420	447,752,202	745,397,148

During the periods ended as at 31 December 2012 and 2011, movements in Investments in joint ventures and associated companies are made up as follows:

	31 December 2012			31 December 2011 Restated		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Investments in associated companies						
Initial balance as at January,1	419,702,609	114,431,480	534,134,089	463,296,891	112,100,939	575,397,830
Acquisitions during the exercise	31,182	-	31,182	-	-	-
Loss of significant influence	13,174,585	(33,987,738)	(20,813,153)	-	-	-
Equity method	-	-	-	-	-	-
Share of result in associated companies	(22,841,079)	(1,541,456)	(24,382,535)	(2,057,015)	-	(2,057,015)
Distributed dividends	(10,666,052)	-	(10,666,052)	(12,230,783)	-	(12,230,783)
Effect in equity capital and non-controlling interests	(20,898,379)	142,472	(20,755,907)	(29,306,484)	3,829,308	(25,477,176)
Other effects in net income	688,418	(1,789,754)	(1,101,336)	-	(1,498,767)	(1,498,767)
	379,191,284	77,255,004	456,446,288	419,702,609	114,431,480	534,134,089

The effect on equity is mainly the result of currency translation figures of companies with functional currencies different from euro.

The goodwill effect recorded in equity corresponds to the recognition of exchange rate adjustments that were recorded directly in “Currency translation reserve”.

The caption "Loss of significant influence" is related to the loss of significant influence in Cooper Gay Sweet & Crawford Ltd on the disposal of shares representing 11.3% of the company share capital, followed by a capital increase of that company that implied a decrease in the percentage of ownership to 9.72%. This operation led to the recognition in the income statement, under the caption "Gains and losses relating to investments" of the amount of 15,227,674 euro (including the effect of remeasurement at fair value of retained interests at the date of the transaction in the amount of 3,471,588 euro). The disposal price of 20,535,907 euro (approximately 27.1 million US dollars), is accounted for in the statement of financial position, under the caption of “Other receivables” (Note 17) and was fully received in January 2013. The remaining amount was transferred to the statement of financial position under the caption "Other Investments".

7 GROUP COMPANIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES EXCLUDED FROM CONSOLIDATION AND OTHER NON-CURRENT INVESTMENTS

Group companies, jointly controlled companies and associated companies excluded from consolidation, their head offices, percentage of share capital held and book value as at 31 December 2012 and 2011 are as follows:

		Percentage of capital held				Book value	
		31 December 2012		31 December 2011 Restated			
Company	Head Office	Direct	Total	Direct	Total	31 December 2012	31 December 2011 Restated
Retail							
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	7.14%	7.14%	7.14%	7.14%	9,976	9,976
Insco - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	748,197	748,197
Telecommunications							
Lusa - Agên. de Notícias de Portugal, SA	Lisbon	1.38%	0.75%	1.38%	0.75%	197,344	197,344
Investment Management							
Cooper Gay Swett & Crawford ltd 1)	London	9.72%	4.86%	-	-	22,854,831	-
Other investments						36,067,375	39,985,320
Total (Note 13)						59,877,723	40,940,837

1) Disposal of shares representing 15.38% of the share capital in October 2012, with loss of significant influence. At the time of this transaction, retained interests were recorded at fair value.

As at 31 December 2012, the caption “Other Investments” includes:

- 33,716,476 euro(33,737,856 euro as at 31 December 2011) related to deposited amounts on an Escrow Account which are invested in investment funds with superior rating and guarantee contractual liabilities assumed by Sonae Investimentos which may arise from the sale of Sonae Distribuição Brasil, S.A. and for which provisions were recorded in the applicable situations (Note 32 and 33);

- Although in accordance with the deadlines contractually established, the Escrow Account should have already been released by the buyer, that didn’t happen as there are some points of disagreement on the use of the Escrow Account, namely as to whether or not, to retain the Escrow Account for ongoing fiscal procedures that have not yet been decided (Note 33). It is the understanding of the Board of Directors, based on legal opinions of Brazilian and Portuguese lawyers, that reason attends to Sonae; and

- 4,482,000 euro as at 31 December 2011 related to the fair value of Sonae Capital, SGPS, S.A. shares. These shares were measured at fair value in accordance with the market price at the date of the statement of financial position and were disposed during the year (Note 36);

All investments, with the exception of Cooper Gay Sweet & Crawford, Ltd and Sonae Capital, SGPS, SA, are recorded at acquisition cost less impairment losses, given the fact that these are investments in unlisted shares and whose fair value was not estimated because it is not reliable;

Financial investment in Cooper Gay Sweet & Crawford, Ltd was remeasured at the date of loss of significant influence, 31 December 2012. The valuation of this investment is based on the assumptions considered for valuation purposes of the transaction, based on EBITDA multiples supported by market multiples for listed companies operating in the insurance brokerage sector and using the relevant financial data of the company as at 31 December 2012;

During the period and between the date of loss of significant influence and 31 December 2012, the fair value of this investment had an increase in the amount of 3,840,447 euro which was recorded in equity under the caption "Fair value reserve".

8 CHANGES IN CONSOLIDATION PERIMETER

8.1 Main acquisitions of Companies over the period ended 31 December 2012 are as follows (Note 5):

COMPANY	Head Office	Percentage of capital held At acquisition date Direct	Total
Telecommunications			
Connectiv Solutions, Inc.	Delaware (USA)	100.00%	54.98%

Acquisitions mentioned above had the following impact on the consolidated financial statements for the period ended as at 31 December 2012:

	Telecommunications			
	At acquisition date	Fair value adjustments	At acquisition date	31 December 2012
Acquired net assets				
Tangible assets (Note 10 and 11)	625,758	3,190,109	3,815,867	3,848,266
Other assets	1,271,965	-	1,271,965	1,403,719
Cash and cash equivalents	315,304	-	315,304	1,303,877
Loans	(184,608)	-	(184,608)	(106,759)
Other liabilities	(1,144,459)	-	(1,144,459)	(811,395)
	883,960	3,190,109	4,074,069	5,637,708
Goodwill (Note 12)	8,357,884	(3,190,109)	5,167,775	
Acquisition price	9,241,844	-	9,241,844	
Payments made	6,285,976		6,285,976	
Accounts Payable	2,955,868		2,955,868	
	9,241,844		9,241,844	
Net cash outflow arising from acquisition				
Cash consideration paid	6,285,976		6,285,976	
Cash and cash equivalents acquired	(315,304)		(315,304)	
	5,970,672		5,970,672	

Following the acquisition of Connectiv Solutions, the company carried out a preliminary assessment of the fair value of acquired assets and liabilities, which led to the recognition of software and clients portfolio in the amount of 3,190,109 euro.

As usual on mergers and acquisitions, namely in the acquisition of Connectiv, there was a part of the acquisition price which was not possible to be allocated to the fair value of some identified assets and liabilities, that was considered as Goodwill. This Goodwill is related to a number of different elements, which cannot be individually quantified and isolated in a viable way and include, for example, synergies, qualified workforce, technical skills and market power. The total amount of this Goodwill will be considered as fiscal cost in Connectiv accounts, for a period of 15 years, according with the United States of America law.

The acquisition price includes a deferred amount 1.4 million euro (2 million US Dollars) to be paid in 2013 and 2014 and a contingent amount to be paid annually, during 4 years, depending on revenues of the company, which were estimated in about 1.4 million euro (2 million US Dolars).

The allocation of the acquisition price is still subject to changes until the conclusion of one year period from the date of acquisition in accordance with IFRS 3 - Business Combinations.

Nevertheless, the company does not expect significant changes in its financial position as a result of any changes to the allocation made.

9 FINANCIAL INSTRUMENTS BY CLASS

The financial instruments classification according to policies disclosed in note 2.13, is as follows:

Financial Assets	Notes	Loans and accounts receivable	Available for sale	Derivates (Note 26)	Sub-total	Assets not within scope of IFRS 7	Total
As at 31 December 2012							
Non-current assets							
Other investments	7 and 13	33,716,476	26,161,247	-	59,877,723	-	59,877,723
Other non-current assets	14	27,312,961	-	-	27,312,961	22,218,354	49,531,315
		61,029,437	26,161,247	-	87,190,684	22,218,354	109,409,038
Current assets							
Trade receivables	16	171,053,729	-	-	171,053,729	-	171,053,729
Other debtors	17	117,941,848	-	-	117,941,848	-	117,941,848
Investments	13	881,581	-	30,341	911,922	-	911,922
Cash and cash equivalents	21	376,635,163	-	-	376,635,163	-	376,635,163
		666,512,321	-	30,341	666,542,662	-	666,542,662
		727,541,758	26,161,247	30,341	753,733,346	22,218,354	775,951,700
As at 31 December 2011 Restated							
Non-current assets							
Other investments	7 and 13	33,737,855	7,202,982	-	40,940,837	-	40,940,837
Other non-current assets	14	27,003,960	-	-	27,003,960	10,988,054	37,992,014
		60,741,815	7,202,982	-	67,944,797	10,988,054	78,932,851
Current assets							
Trade receivables	16	175,080,053	-	-	175,080,053	-	175,080,053
Other debtors	17	92,701,931	-	-	92,701,931	-	92,701,931
Investments	13	3,064,147	-	2,797,071	5,861,218	-	5,861,218
Cash and cash equivalents	21	420,169,386	-	-	420,169,386	-	420,169,386
		691,015,517	-	2,797,071	693,812,588	-	693,812,589
		751,757,332	7,202,982	2,797,071	761,757,384	10,988,054	772,745,439

Financial liabilities	Notes	Derivatives (Note 26)	Financial liabilities recorded at amortised cost	Sub-total	Liabilities not within scope of IFRS 7	Total
As at 31 December 2012						
Non-current liabilities						
Bank loans	24	-	364,137,659	364,137,659	-	364,137,659
Bonds	24	-	1,287,944,455	1,287,944,455	-	1,287,944,455
Obligations under finance leases	24 and 25	-	27,593,734	27,593,734	-	27,593,734
Other loans	24	6,993,896	90,166	7,084,062	-	7,084,062
Other non-current liabilities	27	-	54,308,839	54,308,839	33,649,592	87,958,431
		6,993,896	1,734,074,853	1,741,068,749	33,649,592	1,774,718,341
Current liabilities						
Bank loans	24	-	65,557,681	65,557,681	-	65,557,681
Bonds	24	-	450,820,688	450,820,688	-	450,820,688
Obligations under finance leases	24 and 25	-	7,037,038	7,037,038	-	7,037,038
Other loans	24	2,627,817	33,466	2,661,283	-	2,661,283
Trade creditors	29	-	1,221,772,727	1,221,772,727	-	1,221,772,727
Other creditors	30	-	227,781,624	227,781,624	-	227,781,624
		2,627,817	1,973,003,224	1,975,631,041	-	1,975,631,041
		9,621,713	3,707,078,077	3,716,699,790	33,649,592	3,750,349,382
As at 31 December 2011 Restated						
Non-current liabilities						
Bank loans	24	-	401,355,061	401,355,061	-	401,355,061
Bonds	24	-	1,349,434,313	1,349,434,313	-	1,349,434,313
Obligations under finance leases	24 and 25	-	28,812,037	28,812,037	-	28,812,037
Other loans	24	11,007,789	126,395	11,134,184	-	11,134,184
Other non-current liabilities	27	-	141,119,296	141,119,296	6,444,821	147,564,117
		11,007,789	1,920,847,102	1,931,854,891	6,444,821	1,938,299,712
Current liabilities						
Bank loans	24	-	226,882,229	226,882,229	-	226,882,229
Bonds	24	-	365,856,920	365,856,920	-	365,856,920
Obligations under finance leases	24 and 25	-	6,894,512	6,894,512	-	6,894,512
Other loans	24	42,744	33,466	76,210	-	76,210
Trade creditors	29	-	1,244,537,123	1,244,537,123	-	1,244,537,123
Other creditors	30	-	142,699,263	142,699,263	-	142,699,263
		42,744	1,986,903,513	1,986,946,257	-	1,986,946,257
		11,050,533	3,907,750,615	3,918,801,148	6,444,821	3,925,245,969

As at 31 December 2012 and 2011 the financial instruments at fair value through profit and loss are only derivatives that qualify as hedging instruments (Note 26).

Financial instruments recognized at fair value

The following table details the financial instruments that are measured subsequent to initial recognition at fair value, grouped into 3 levels based on the degree to which the fair value is observable.

Level 1: fair value measurements derived from quoted prices;

Level 2: fair value measurements determined from valuation techniques. The main inputs of the models are observable on the market;

Level 3: fair value measurements derived from valuation techniques, whose main inputs are not based on observable market data.

	31 December 2012			31 December 2011 Restated		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Investments	-	22,854,831	-	4,482,000	2,797,069	-
Derivatives	-	30,341	-	-	-	-
	-	22,885,172	-	4,482,000	2,797,069	-
Financial liabilities measured at fair value						
Derivatives	-	9,621,713	-	-	11,050,533	-
	-	9,621,713	-	-	11,050,533	-

10 TANGIBLE ASSETS

During the periods ended as at 31 December 2012 and 2011, movements in tangible assets as well as depreciation and accumulated impairment losses are made up as follows:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Other tangible assets	Tangible assets in progress	Total Tangible Assets
Gross costs:							
Opening balance as at 1 January 2011 Restated	1,954,539,711	2,089,794,841	21,773,707	301,500,395	43,169,579	83,389,267	4,494,167,500
Investment	5,690,061	9,612,724	128,208	15,606,580	342,735	214,632,245	246,012,553
Acquisitions of subsidiaries	666,625	15,936	89,925	304,138	12,528	-	1,089,152
Disposals	(32,711,103)	(101,838,757)	(872,744)	(15,384,988)	(1,454,397)	(905,368)	(153,167,357)
Exchange rate effect	(23,085)	(128,544)	(44,806)	(321,312)	(14,452)	(10,493)	(542,692)
Transfers	15,438,329	192,228,337	860,841	14,565,230	3,091,166	(232,557,983)	(6,374,080)
Opening balance as at 1 January 2012	1,943,600,538	2,189,684,537	21,935,131	316,270,043	45,147,159	64,547,668	4,581,185,076
Investment	3,946,530	8,062,867	89,529	17,113,479	46,127	186,179,820	215,438,352
Acquisitions of subsidiaries (Note 8)	-	103,084	-	1,004,738	-	-	1,107,822
Disposals	(4,224,270)	(89,596,736)	(969,701)	(14,164,383)	(1,354,215)	(2,374,690)	(112,683,995)
Exchange rate effect	(14,782)	(173,673)	(52,162)	(426,686)	16,015	(43,617)	(694,905)
Transfers	942,580	161,205,855	674,169	5,626,851	1,648,853	(195,618,231)	(25,519,924)
Closing balance as at 31 December 2012	1,944,250,596	2,269,285,934	21,676,966	325,424,042	45,503,939	52,690,950	4,658,832,426
Accumulated depreciation and impairment losses							
Opening balance as at 1 January 2011	382,594,714	1,100,870,423	16,940,195	244,854,845	33,525,223	-	1,778,785,400
Depreciation and impairment losses	37,039,414	169,699,260	1,567,636	31,158,037	5,213,367	-	244,677,714
Acquisitions of subsidiaries	55,875	15,936	66,203	291,367	8,735	-	438,116
Disposals	(5,151,651)	(88,859,563)	(839,148)	(15,144,481)	(1,426,371)	-	(111,421,214)
Exchange rate effect	(6,519)	(77,328)	(27,897)	(153,785)	(140)	-	(265,669)
Transfers	221,128	(3,384,877)	(73,121)	(111,030)	(88,267)	-	(3,436,167)
Opening balance as at 1 January 2012	414,752,961	1,178,263,851	17,633,868	260,894,953	37,232,547	-	1,908,778,180
Depreciation and impairment losses	35,914,835	170,277,222	1,397,600	30,492,896	3,948,955	-	242,031,508
Acquisitions of subsidiaries (Note 8)	-	90,165	-	441,202	-	-	531,367
Disposals	(2,143,516)	(73,678,088)	(931,824)	(13,701,428)	(1,290,821)	-	(91,745,677)
Exchange rate effect	(11,584)	(110,105)	(37,574)	(251,304)	-	-	(410,567)
Transfers	(142,103)	(662,838)	(345,316)	(2,231,555)	(80,351)	-	(3,462,163)
Closing balance as at 31 December 2012	448,370,593	1,274,180,207	17,716,754	275,644,764	39,810,330	-	2,055,722,648
Carrying amount							
As at 31 December 2011	1,528,847,577	1,011,420,686	4,301,263	55,375,090	7,914,612	64,547,668	2,672,406,896
As at 31 December 2012	1,495,880,003	995,105,727	3,960,212	49,779,278	5,693,609	52,690,950	2,603,109,778

The increases occurred during the years ended 31 December 2012 and 2011 included, approximately, 75 million euro (57 million euro in 2011) relating to assets associated with the UMTS operation (Universal Mobile Telecommunications Service), HSDPA (Kanguru Express), GSM (Global Standard for Mobile Communications), GPRS (General Packet Radio Service), FTTH (Fibre-to-the-Home) and LTE (Long Term Evolution), some of which are associated with ongoing projects, so it remains registered in "Tangible assets in progress".

Major amounts included in the caption tangible assets in progress refer to the following projects:

	31 December 2012	31 December 2011 Restated
Refurbishment and expansion of stores in the retail businesses located in Portugal	22,221,243	14,405,432
Refurbishment and expansion of stores in the retail businesses located in Spain	842,420	4,028,693
Projects "Continente" stores for which advance payments were made	8,274,617	9,184,617
Development of mobile network	15,652,408	27,787,877
Development of fixed network	1,514,961	1,326,769
Others	4,185,301	7,814,280
	52,690,950	64,547,668

At 31 December 2012, the caption 'Tangible assets' included an amount of 25.1 million euro (23.3 million euro in 2011) regarding to the net book value of the telecommunications equipment delivered to customers under free lease agreements with a pre-defined period, which are being amortized over the duration of their contracts.

At 31 December 2011, the amount of disposals in "Tangible assets" includes 25.7 million euro relating to the sale & leaseback operation of company stores Continente and Worten located at Vasco da Gama Shopping Centre. The operation was followed by the beginning of an operating lease for an initial period of 20 years, automatically renewable at the option of the lessee, for two consecutive periods of 10 years each.

During the years ended at 31 December 2012 and 2011, and regarding the Telecommunications operating segment, disposals include the sale of a set of assets related with 2G, 3G and Micro-Wave network amounting to, approximately, 11.6 million euro. These disposals did not generate significant capital gains.

The transfers and write-offs include the amount of about 8.9 million euro related to the sites decommissioning. The amount is due to the update to the present value of the provision for sites decommissioning, taking into consideration the expected dates of its utilization (Note 32).

As at 31 December 2012 and 2011, the telecommunications operating segment, presents a value of commitments assumed with third parties, relating to investments to be made, that can be detailed as follows:

	31 December 2012	31 December 2011 Restated
Technical Investments	9,344,084	26,716,979
Investments in information systems	997,717	1,272,257
	10,341,801	27,989,236

11 INTANGIBLE ASSETS

During the periods ended as at 31 December 2012 and 2011, movements in intangible assets as well as amortisation and accumulated impairment losses are made up as follows:

	Patents and other similar rights	Software	Other intangible assets	Intangible assets in progress	Total intangible assets
Gross assets:					
Opening balance as at 1 January 2011	454,452,874	408,280,275	48,956,308	32,135,978	943,825,435
Investment	26,691,792	2,446,920	2,995,528	153,523,507	185,657,747
Acquisition of subsidiaries	-	-	1,765,891	-	1,765,891
Disposals	(19,795,375)	(8,730,283)	-	(450,213)	(28,975,871)
Disposal of subsidiaries	-	-	6,707,040	-	6,707,040
Exchange rate effect	(5,518)	(341,825)	(2,906,622)	(141)	(3,254,106)
Transfers	50,586	53,097,083	(26,142)	(50,253,309)	2,868,218
Opening balance as at 1 January 2012	461,394,359	454,752,170	57,492,003	134,955,822	1,108,594,354
Investment	24,156,887	1,772,860	110,563	42,349,366	68,389,676
Acquisition of subsidiaries (Note 8)	1,608,263	1,686,153	-	-	3,294,416
Disposals	(12,808,851)	(993,025)	(795,628)	(907,764)	(15,505,268)
Exchange rate effect	(2,983)	(424,996)	(3,589,201)	(14,305)	(4,031,485)
Transfers	100,123,221	42,630,156	(4,521,369)	(132,265,679)	5,966,329
Closing balance as at 31 December 2012	574,470,896	499,423,318	48,696,368	44,117,440	1,166,708,022
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2011	146,812,550	302,964,449	19,232,527	-	469,009,526
Depreciation of the period	44,828,017	40,508,487	3,828,028	-	89,164,532
Disposals	(19,795,375)	(8,690,796)	-	-	(28,486,171)
Disposal of subsidiaries	-	-	212,531	-	212,531
Exchange rate effect	295	(238,859)	(468,576)	-	(707,140)
Transfers	(340,186)	167,499	(208,026)	-	(380,713)
Opening balance as at 1 January 2012	171,505,301	334,710,780	22,596,484	-	528,812,565
Depreciation of the period	46,596,030	41,167,126	3,313,882	-	91,077,038
Acquisition of subsidiaries	-	55,004	-	-	55,004
Disposals	(12,425,614)	(860,640)	(795,628)	-	(14,081,882)
Exchange rate effect	(1,849)	(344,377)	(918,268)	-	(1,264,494)
Transfers	303,814	(8,882)	(640,363)	-	(345,431)
Closing balance as at 31 December 2012	205,977,682	374,719,011	23,556,107	-	604,252,800
Carrying amount					
As at 31 December 2011	289,889,058	120,041,390	34,895,519	134,955,822	579,781,789
As at 31 December 2012	368,493,214	124,704,307	25,140,261	44,117,440	562,455,222

Under the agreed terms resulting from the grant of the UMTS License, Optimus – Comunicações, S.A., committed to contribute to the promotion and development of an 'Information Society' in Portugal. The total amount of the obligations assumed arose to 274 million euro which will have to be realised until the end of 2015.

In accordance with the Agreement established on 5 June 2007 with the Ministry of Public Works, Transportation and Communications (MOPTC), part of these commitments, up to 159 million euro, would be realised through own projects eligible as contributions to the 'Information Society' which will be incurred under the normal course of Optimus – Comunicações, S.A.'s business (investments in network and technology, if not directly related with the accomplishment of other obligations inherent to the attribution of the UMTS License, and activities of research, development and promotion of services, contents and applications). These own projects must be recognised by the MOPTC and by entities created specifically for this purpose. At 31 December 2012, the total amount was already incurred and validated by the above referred entities, so, at this date, there are no additional responsibilities related to these commitments. These charges were recorded in the attached financial statements at the moment the projects were carried out and the estimated costs became known.

The remaining commitments, up to 116 million euro, has been realised, as agreed between Optimus – Comunicações S.A. and MOPTC, through contributions to the 'Iniciativas E' project (modem offers, discounts on tariffs, cash contributions, among others, assigned to the widespread use of broadband internet for students and teachers). These contributions are made through the 'Fund for the Information Society', now known as the 'Fundação para as Comunicações Móveis' (Foundation for Mobile Communications), established by the three mobile operators with businesses in Portugal. All responsibility is recognised as an additional cost of UMTS license, against an entry in the captions 'Other non-current liabilities' and 'Other current liabilities'. Thus, at 31 December 2012, all the responsibilities with such commitments are fully recorded in the attached consolidated financial statements (Notes 27 and 31).

Intangible assets as at 31 December 2012, include an amount of approximately 110 million euro, corresponding to the current value of future payments related with the acquisition of rights of use for frequency (spectrum) bands of 800 MHz, 1800 MHz and 2600 MHz, which will be used to develop 4th generation services (LTE - Long Term Evolution). The payable amount totals 113 million euro. In January 2012, an amount of 83 million euro was already paid. The remaining amount can be paid in five annual instalments of 6 million euro, having the company, at each annual payment, the option to anticipate the payment of the amount in debt. During the year ended 31 December 2012, considering the availability of LTE (Long Term Evolution) technology (although subject to restrictions in some areas of the country) and the subsequent launching the commercial operation, a fraction of the present value of future payments related to the acquisition of rights of use for 4th generation frequencies services was transferred from work in progress (92.9 million euro) and the amortization was started, for an estimated period until 2041.

At 31 December 2012 and 2011, the Group kept recorded under the heading 'Intangible assets – brands and contents' the amounts of 170,425,449 euro and 180,271,530 euro, respectively, that correspond to the investments net of depreciations made in the development of the UMTS network, including: (i) 54,005,186 euro (57,005,474 euro in 2011) related to the license; (ii) 18,045,113 euro (19,047,619 euro in 2011) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal; (iii) 5,542,199 euro (5,850,099 euro in 2011) related to a contribution to the 'Fundação para as Comunicações Móveis', established in 2007, under an agreement entered with 'MOPCT' and the three mobile telecommunication operators in Portugal; and (iv) 88,218,718 euro (93,497,759 euro in 2011) related with the programme 'Initiatives E', these last two associated to the commitments assumed by the Group in relation to the 'Information Society'.

The caption 'Brands and patents and other rights' includes also an amount of about 13.1 million euro (17.7 million euro in 2011) that corresponds to the costs incurred for customers' loyalty contracts from the subsidiary Optimus (Note 4).

Additionally this heading also includes the fair value attributed to a group of brands with indefinite useful lives among which the "Continente" brand amounts to 75,000,000 euro (the same amount as at December 2011).

The remaining amounts that make up the balance of intangible assets in progress relate mainly to projects and computer software development.

12 Goodwill

Goodwill is allocated to each one of the operating segments and within to each one of the homogeneous groups of cash generating units as follows:

- Retail Units - Goodwill is allocated to each business segment, Food based retail and Specialised retail, being afterwards distributed by each homogenous group of cash generating unit, namely to each insignia within each segment, and each of the properties in case of Retail real estate segment;

- Telecommunications - Goodwill is allocated by each business within this segment (Telecommunications, Média and Information Systems);

- Investment Management - This segment's Goodwill is mainly related to:(i) insurance clients portfolio, which was acquired previously to the adoption of IFRS, therefore explaining the non-recognition as an Intangible asset; and (ii) assets acquired in subsequent years, namely Lazam/MDS;

At 31 December 2011 and 2010, the caption "Goodwill" was as follows:

	31 December 2012	31 December 2011 Restated
Food based retail	472,932,511	472,932,511
Specialised Retail	87,653,701	87,653,701
Retail Real Estate	3,671,352	4,211,625
Telecommunications	48,829,978	43,778,086
Investment management	45,140,508	51,237,570
	658,228,050	659,813,493

During the years ended 31 December 2012 and 2011, movements in Goodwill as well as in the corresponding impairment losses, are as follows:

	31 December 2012	31 December 2011 Restated
Gross value:		
Opening balance	664,766,628	673,559,363
Re-allocation of Goodwill	-	(4,712,604)
New companies in the consolidation perimeter (Note 8)	5,167,775	561,100
Increases	-	1,583,656
Decreases	(1,604,413)	(2,535,422)
Currency translation	(3,827,285)	(3,675,627)
Write-off	-	(13,838)
Closing balance	664,502,705	664,766,628
Accumulated impairment losses:		
Opening balance	4,953,135	2,528,842
Increases (Note 32)	1,321,520	2,424,293
Closing balance	6,274,655	4,953,135
Carrying amount:	658,228,050	659,813,493

Sonae does annual impairment tests of Goodwill and whenever there are indications of goodwill impairment. During the reporting periods ended at 31 December 2012 and 2011, Sonae has tested the goodwill impairment, having as a result of that analysis, recognized impairment losses as follows:

	31 December 2012	31 December 2011 Restated
Food based retail	-	1,178,450
Specialised Retail	-	298,000
Retail Real Estate	540,273	-
Investment management	781,247	947,843
	1,321,520	2,424,293

The recoverable value of cash generating units except on the specialised retail formats, is determined based on its value in use, which is calculated taking into consideration the last approved business plans which are prepared using cash flow projections for periods of 5 years. The specialised retail formats are based on its value in use, obtained from business plans with projection periods of 10 years. In comparison with 2011, the projection periods suffered an increase of 5 to 10 years, assuming that it is the most realistic and appropriate term for the implementation of the internationalization strategy of Sonae in the specialized retail segment, taking into account not only the nature of the products in this business (more discretionary in character) but also current macro-economic conditions and the limited access to new financing, which limit a faster internationalization process.

The main assumptions used in the above mentioned business plans are detailed as follows for each of Sonae segments.

Retail

For this purpose each segments of the Retail area resort uses the internal valuation results of its business concepts, using annual planning methodologies, supported in business plans that consider cash flow projections for each unit which depend on detailed assumptions based properly supported. These plans take into consideration the impact of the main actions that will be carried out by each business concept as well as a study of the resources allocation of the company.

The case scenarios are elaborated with an average cost of capital and with a growth rate of cash-flows in perpetuity that can be detailed as follows:

	31 December 2012			31 December 2011 Restated		
	Average capital cost	Growth rate in perpetuity	Compound growth rate sales*	Average capital cost	Growth rate in perpetuity	Compound growth rate sales*
Food based Retail	9% to 10%	≤ 1%	3%	9% to 10%	≤ 1%	5%
Specialised Retail	9% to 11%	≤ 1%	10%	9% to 11%	≤ 1%	16%
Investment management (Excluding Insurance)	8% to 10%	≤ 1.5%	5%	8% to 9%	≤ 1.5%	9%

* Specialised retail operating segment compound sales growth rates considered in case scenarios correspond to compound rates for a period of 5 years in 2011 and for a period of 10 years in 2012.

Telecommunications

For this purpose each segment uses the internal valuation results of its business areas, using annual planning methodologies, supported in business plans that consider cash flow projections of 5 years periods for each unit, which depend on detailed assumptions based on historical performance of each business.

The discount rates used were based on the estimated weighted average cost of capital, which depends of the operating segment of each subsidiary, as indicated in the table below. In perpetuity, the Group considered a growth rate of around 3% and others considered more conservative.

The discount rates used are:

	31 December 2012	31 December 2011 Restated
Telecommunications	9.5%	9.5%
Multimedia	12.0%	10.0%
Information Systems	14.0%	11.5%

Insurance

Goodwill was exclusively allocated to business insurance client portfolio, as consequence, the impairment analysis is made using the estimated profitability of the mentioned portfolio, being the main assumptions as follows:

	31 December 2012		31 December 2011 Restated	
	Portugal	Brazil	Portugal	Brazil
Sales increase rate during the projected period	2% to 6%	8% to 12.3%	2% to 3.5%	15%
Perpetuity growth rate	2%	4.5%	2%	4.5%
Discount rate used	8.9% to 10.7%	13.9%	10.7%	13.9%

13 OTHER INVESTMENTS

As at 31 December 2012 and 2011, this caption is made up as follows:

	31 December 2012		31 December 2011 Restated	
	Non-current	Current	Non-current	Current
Investments in group companies, jointly controlled entities or associated companies excluded from consolidation				
Opening balance as at 1 January - restated	164,090	-	224,090	-
Acquisitions in the period	-	-	(60,000)	-
Closing balance as at 31 December	164,090	-	164,090	-
Accumulated impairment losses	-	-	-	-
	164,090	-	164,090	-
Other investments:				
Fair value (net of impairment losses) as at 1 January	40,776,747	3,064,147	43,074,613	15,195,954
Acquisitions in the period	580,805	177,247	118,142	-
Disposals in the period	(4,498,750)	(2,359,813)	(89,993)	(12,131,807)
Increase/(Decrease) in fair value	3,840,447	-	(2,324,000)	-
Transfers (Note 6)	19,014,384	-	(2,015)	-
Fair value (net of impairment losses) as at 31 December	59,713,633	881,581	40,776,747	3,064,147
			-	
Other investments	59,877,723	881,581	40,940,837	3,064,147
Derivative financial instruments (Note 26)				
Fair value as at 1 January	-	2,797,071	-	457,160
Increase/(Decrease) in fair value	-	(2,766,730)	-	2,339,911
Fair value as at 31 December	-	30,341	-	2,797,071
	59,877,723	911,922	40,940,837	5,861,218

The amount of increase in fair value and transfers in the caption "Other non-current investments" is related to the measurement at fair value of the investment in Cooper Gay Sweet & Crawford (Note 7).

The amount of decrease in the caption "Other non-current investments" is associated primarily to the disposal of Sonae Capital SGPS, SA shares (Note 7).

The financial investments in group companies, jointly controlled companies or associated companies excluded from consolidation are recorded at the acquisition cost net of impairment losses. It is Sonae understanding that no reliable fair value estimate could be made as there is no market data available for these investments. The heading of "Other non-current Investments" includes 3,306,383 euro (2,720,949 euro in 31 December 2011) of investments recorded at acquisition cost net of impairment losses for the same reasons.

The investments available for sale are net of impairment losses (Note 32) amounting 85,778 euro (94,406 euro in 31 December 2011).

Under the caption other non-current financial investments it is recorded an amount of 33,716,476 euro (33,737,856 euro in 31 December 2011) related to deposited amounts on an Escrow Account (Note 7).

14 OTHER NON-CURRENT ASSETS

As at 31 December 2012 and 2011, Other non-current assets are detailed as follows:

	31 December 2011			31 December 2011 Restated		
	Gross Value	Accumulated impairment losses (Note 32)	Carrying Amount	Gross Value	Accumulated impairment losses (Note 32)	Carrying Amount
Loans granted to related parties	10,001,942	(1,000,000)	9,001,942	9,140,430	-	9,140,430
Trade accounts receivable and other debtors						
Legal deposits	973,963	-	973,963	851,831	-	851,831
Recognition of the value to be received from Carrefour	9,468,476	-	9,468,476	10,595,846	-	10,595,846
Cautions	5,919,711	-	5,919,711	5,962,373	-	5,962,373
Others	1,948,869	-	1,948,869	453,480	-	453,480
	18,311,019	-	18,311,019	17,863,530	-	17,863,530
Total financial instruments (Note 9)	28,312,961	(1,000,000)	27,312,961	27,003,960	-	27,003,960
Reinsurer's' share of technical provisions	22,126,693	-	22,126,693	10,575,646	-	10,575,646
Other non-current assets	91,661	-	91,661	412,408	-	412,408
	50,531,315	(1,000,000)	49,531,315	37,992,014	-	37,992,014

Loans granted to related parties bear interests at usual market rates and do not have a defined maturity. The fair value of these loans is estimated to be similar to its carrying amount.

As a result of the agreements signed in 2005 by the former subsidiary - Sonae Distribuição Brasil, SA (sold to Wall-Mart in 2005) with Carrefour Comércio e Indústria Ltda, Sonae assumed the responsibility to compensate Carrefour for the expenses that would arise from the 10 stores licensing process, in the Brazilian state of São Paulo, that were sold to that entity. During 2010, Carrefour triggered a bank warranty "on first demand" amounting to 25,340,145.80 Brazilian real (approximately 9.5 million euro) for alleged expenses incurred with the mentioned stores and that, allegedly, arose from the need to remedy deficiencies cited by competent authorities for the licensing process. However no evidence of those expenses was presented to Sonae, or proof of the necessity of carrying out such costs for the licensing process as established on the mentioned agreements.

It is the understanding of the Board of Directors and the Group attorneys that the amount paid will be recovered, the company already established legal proceedings against Carrefour Comércio e Indústria, Ltda. to recover the above mentioned amount. It's the Board of Directors and the Group attorneys understanding that the above mentioned amount is recoverable, since Carrefour has never proved the existence of the costs that it claims and which validate the usage of the above mentioned warranty, or through the warranty expiration date (according the Brazilian law).

According to the Group attorneys, the amount improperly received by Carrefour for which a reimbursement will be requested (25,340,145.80 Brazilian real), will bear interests at the SELIC rate, and it's expected that the legal process will last up to 7 years.

The Reinsurer's' share of technical provisions refer to non-life insurance ceded to reinsurance companies by a captive subsidiary. The provision can be detailed as follows: Provision for unearned premiums 7,448,667 euro (8,962,478 euro as at December 2011) and Provisions for outstanding claims 14,678,026 euro (1,613,168 euro as at December 2011) (Note 32).

15 INVENTORIES

As at 31 December 2012 and 2011, inventories are as follows:

	31 December 2011	31 December 2011 Restated
Raw materials and consumables	1,447,061	1,569,737
Goods for resale	584,072,124	694,746,852
Finished and intermediate goods	318,157	707,206
Work in progress	187,376	455,467
	586,024,718	697,479,262
Accumulated impairment losses on Inventories (Note 32)	(47,538,541)	(46,773,559)
	538,486,177	650,705,703

Cost of goods sold as at 31 December 2012 and 2011 amounted to 3,561,004,682 euro and 3,627,642,374 euro, respectively, and may be detailed as follows:

	31 December 2011	31 December 2011 Restated
Opening balance	696,316,589	717,190,764
Purchases	3,472,629,581	3,624,587,836
Adjustments	(31,893,725)	(31,278,113)
Closing balance	585,519,185	696,316,589
	3,551,533,260	3,614,183,898
Impairment losses (Note 32)	16,762,583	16,974,333
Reversal of impairment losses (Note 32)	(7,291,161)	(3,515,857)
	3,561,004,682	3,627,642,374

The caption "adjustments" includes 22 million euro (23 million euro as at 31 December 2011) relating, essentially, to telecommunications terminal transfers from "Inventories" to "Tangible assets" under lending agreements established with customers of the Telecommunications operating segment. The remaining amount relates primarily to adjustments regarding donations to social welfare institutions conducted by the Retail operating segment.

16 TRADE ACCOUNTS RECEIVABLE

As at 31 December 2012 and 2011, trade accounts receivable are detailed as follows:

	31 December 2012			31 December 2011 Restated		
Trade accounts receivable and doubtful accounts	Gross Value	Accumulated impairment losses (Note 32)	Carrying Amount	Gross Value	Accumulated impairment losses (Note 32)	Carrying Amount
Food based Retail	25,511,894	(2,797,278)	22,714,616	30,048,533	(3,369,557)	26,678,976
Specialised Retail	6,791,166	(519,778)	6,271,388	6,678,364	(819,975)	5,858,389
Food based Retail	851,799	(47,024)	804,775	80,784	(47,024)	33,760
Telecommunications	221,226,998	(82,069,573)	139,157,425	217,923,496	(77,847,394)	140,076,102
Investment management	1,789,017	(60,266)	1,728,751	2,072,308	(71,972)	2,000,336
Sonae Holding	376,774	-	376,774	432,490	-	432,490
	256,547,648	(85,493,919)	171,053,729	257,235,975	(82,155,922)	175,080,053

Sonae's exposure to credit risk is attributed to accounts receivable relating to the operating activity of the Group. The amounts presented on the face of the statement of financial position are net of impairment losses which were estimated based on Sonae's past experience and on the assessment of present economic conditions. As a result, amounts disclosed in Trade Debtors are considered to reflect their fair value.

As at 31 December 2012 there is no indication that the debtors of trade accounts receivable not due will not fulfil their obligations on normal conditions, thus no impairment loss was recognized.

As at 31 December 2012 and 2011, the ageing of the trade receivables are as follows:

	Trade Receivables				
31 December 2012	Retail	Telecommunications	Investment Management	Sonae Holding	Total
Not due	10,640,201	51,700,564	312,850	376,480	63,030,095
Due but not impaired					
0 - 30 days	2,413,702	18,008,982	856,513	-	21,279,197
30 - 90 days	14,638,258	16,684,529	138,293	-	31,461,080
+ 90 days	1,615,641	24,279,347	421,095	294	26,316,377
Total	18,667,601	58,972,858	1,415,901	294	79,056,654
Due and impaired					
0 - 90 days	502,766	3,957,205	1,741	-	4,461,712
90 - 180 days	11,949	2,829,240	1,741	-	2,842,930
180 - 360 days	78,851	6,284,434	9,071	-	6,372,356
+ 360 days	3,253,491	97,482,697	47,713	-	100,783,901
Total	3,847,057	110,553,576	60,266	-	114,460,899
	33,154,859	221,226,998	1,789,017	376,774	256,547,648

	Trade Receivables				
31 December 2011	Retail	Telecommunications	Investment Management	Sonae Holding	Total
Not due	11,983,202	54,894,832	169,962	432,490	67,480,486
Due but not impaired					
0 - 30 days	2,671,330	19,527,816	1,022,640	-	23,221,786
30 - 90 days	15,622,057	6,184,611	588,418	-	22,395,086
+ 90 days	989,294	29,258,545	219,316	-	30,467,155
Total	19,282,681	54,970,972	1,830,374	-	76,084,027
Due and impaired					
0 - 90 days	679,451	4,015,724	964	-	4,696,139
90 - 180 days	676,692	6,519,847	964	-	7,197,503
180 - 360 days	187,768	2,172,959	-	-	2,360,727
+ 360 days	3,997,887	95,349,162	70,044	-	99,417,093
Total	5,541,798	108,057,692	71,972	-	113,671,462
	36,807,681	217,923,496	2,072,308	432,490	257,235,975

In determining the recoverability of trade receivables, Sonae considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the large number of customers. Accordingly, it is considered that the risk of not recovering the trade receivables is not higher than the allowance for doubtful debts.

Sonae considers that the maximum exposure to the credit risk is the amount presented in the consolidated statement of financial position.

17 OTHER DEBTORS

As at 31 December 2012 and 2011, Other debtors are as follows:

	31 December 2012	31 December 2011 Restated
Granted loans to related companies	7,947,797	4,350,253
Other debtors		
Trade creditors - debtor balances	30,250,465	40,525,100
Disposal of financial investments (Note 6)		
Special regime for payment of tax and social security debts	12,047,569	12,047,568
TRS related to own shares (Note 22)	12,693,574	2,283,134
"Iniciativas E" program	10,918,467	12,626,005
Dividends to be received of jointly controlled companies	10,567,050	11,867,610
Reinsurance operations	6,638,468	7,264,352
Vouchers and gift cards	2,231,940	3,286,352
Advances to agents	1,479,606	875,217
Advances to suppliers	1,406,353	3,516,899
VAT recoverable on real estate assets	1,143,779	444,020
Accounts receivable from the disposal of fixed assets	914,767	884,139
Exchange of equipment	805,280	-
Other current assets	14,072,095	13,793,028
	125,705,320	109,413,424
Accumulated impairment losses in receivables (Note 32)	(15,711,269)	(21,061,746)
Total of Financial Instruments (Note 9)	117,941,848	92,701,931

Granted loans to related companies bear interests at market rates and do not have defined maturity but are deemed to be received within 12 months.

The amounts disclosed as 'Trade creditors - debtor balances' relate with commercial discounts billed to suppliers, to be net settled with future purchases - mainly in the Retail segment.

The amount disclosed as 'Special regime for payment of tax and social security debts' corresponds to taxes which were disputed and subject to reimbursement claims. The Board of Directors is confident of the arguments presented by Sonae and expects court decisions to be in favour of Sonae.

As at 31 December 2011, the net position of the telecommunications operating segment with “Fundação para as Comunicações Móveis”, under “Iniciativas E” program, amounts to a receivable of 10,918,467 euro (12,626,005 euro as at 31 December 2011).

As at 31 December 2012, the amounts of 13,944,247 euro (2,253,107 euro in 2011) and 640,159 euro (15,793,539 euro in 2011), are recorded under the captions "Other non-current liabilities" and “Other current liabilities”, respectively and relate to the parcels estimated but not yet paid for, associated with the commitments made by Sonae under the ‘Iniciativas-E’ program.

At as 31 December 2012 and 2011, the ageing of other debtors is as follows:

	Other Debtors	
	31 December 2012	31 December 2011 Restated
Not due	61,107,297	32,813,221
Due but not impaired		
0 - 30 days	5,717,263	6,380,348
30 - 90 days	20,561,119	21,554,780
+ 90 days	22,608,372	27,126,263
Total	48,886,754	55,061,391
Due and impaired		
0 - 90 days	854,012	1,136,182
90 - 180 days	753,583	770,268
180 - 360 days	872,727	1,493,853
+ 360 days	13,230,947	18,138,509
Total	15,711,269	21,538,812
	125,705,320	109,413,424

As at 31 December 2012 there is no indication that the debtors not due will not fulfil their obligations on normal conditions, thus no impairment loss was recognized.

The carrying amount of other debtors is estimated to be approximately its fair value.

18 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2012 and 2011, Taxes recoverable and taxes and contributions payable are made up as follows:

	31 December 2012	31 December 2011 Restated
Tax recoverable		
Income taxation	41,227,464	37,615,583
VAT	31,316,124	59,420,551
Other taxes	2,399,280	2,374,989
	74,942,868	99,411,123
Taxes and contributions payable		
Income taxation	8,075,614	13,856,257
VAT	33,082,297	35,437,705
Staff income taxes withheld	5,760,480	6,139,642
Social security contributions	12,007,806	11,880,897
Other taxes	816,021	743,500
	59,742,218	68,058,001

19 OTHER CURRENT ASSETS

As at 31 December 2012 and 2011, Other current assets are made up as follows:

	31 December 2012	31 December 2011 Restated
Invoices to be issued	54,632,025	56,960,732
Commercial discounts	30,687,590	29,937,096
Prepayments of external supplies and services	24,864,876	18,552,692
Prepayments - Rents	6,459,176	6,563,537
Commissions to be received	1,926,548	1,794,095
Insurance indemnities	7,423,141	103,175
Other current assets	13,917,189	11,257,197
	139,910,545	125,168,524

The caption "Invoices to be issued" is essentially related to the Telecommunications operating segment and with invoices to be issued to customers and other telecommunications operators.

The caption "Commercial discounts" refers to promotional campaigns carried out in the Retail operating segment stores and reimbursed by Sonae suppliers (Note 38).

The caption "Insurance indemnities" reflects the best estimate, of Sonae, of the amount to be recovered from insurance institutions regarding a fire at one of "Continente" stores in Portimão.

20 DEFERRED TAX

Deferred tax assets and liabilities as at 31 December 2012 and 2011 are as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2012	31 December 2011 Restated	31 December 2012	31 December 2011 Restated
Difference between fair value and acquisition cost	3,914,608	3,408,306	38,686,766	40,380,932
Amortisation and Depreciation	6,690,907	7,018,308	68,360,997	60,359,533
Provisions and impairment losses not accepted for tax purposes	50,059,893	38,080,776	89,711	-
Write off of tangible and intangible assets	34,731,470	43,925,949	-	-
Write off of deferred costs	13,516,992	20,202,721	1,159,359	12,574
Valuation of hedging derivatives	107,198	9,426	48,946	582,921
Temporary differences arising from the securitization of receivable operation	3,220,000	6,440,000	-	-
Amortisation of Goodwill for tax purposes	-	-	23,732,055	22,336,051
Deferred costs related with loyalty contracts	-	-	995,025	4,688,545
Revaluation of tangible assets	-	-	1,737,802	1,845,556
Tax losses carried forward	100,082,810	96,826,480	-	-
Reinvested capital gains/(losses)	-	-	1,000,609	1,197,663
Tax Benefits	9,709,216	3,519,525	-	-
Others	2,685,397	2,443,758	1,132,330	2,787,774
	224,718,491	221,875,249	136,943,600	134,191,549

During the periods ended 31 December 2012 and 2011, movements in Deferred tax assets and liabilities are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2012	31 December 2011 Restated	31 December 2012	31 December 2011 Restated
Opening balance	221,875,249	207,284,904	134,191,549	122,336,903
Effects in net income:				
Difference between fair value and acquisition cost	511,651	762,990	(1,818,029)	(1,006,283)
Amortisation and Depreciation harmonisation adjustments	(348,110)	(188,921)	5,445,911	7,809,067
Provisions and impairment losses not accepted for tax purposes	11,606,575	18,892,209	93,775	(110,454)
Write-off of tangible and intangible assets	(9,227,386)	(3,662,373)	-	-
Write-off of deferred accrued costs	(6,685,729)	(6,015,326)	1,146,785	-
Revaluation of tangible assets	-	-	(143,299)	(126,252)
Tax losses carried forward	3,239,385	8,273,275	-	-
Temporary differences arising from the securitization of receivable operation	(3,220,000)	(3,220,000)	-	-
Amortization of Goodwill for tax purposes	-	-	1,396,003	1,396,003
Reinvested capital gains/(losses)	-	-	(205,410)	(141,278)
Changes in tax rates	734,663	939,076	3,640,629	2,309,496
Tax Benefits	6,189,691	(1,593,851)	-	-
Others	(54,201)	155,774	(4,852,839)	(649,360)
	2,746,539	14,342,853	4,703,526	9,480,939
Effects in equity:			-	
Valuation of hedging derivatives	130,612	(836,526)	(574,230)	282,308
Others	(33,909)	1,084,018	(1,377,245)	(375,000)
	96,703	247,492	(1,951,475)	(92,692)
Acquisitions of subsidiaries (Note 8)	-	-	-	471,963
Allocation of fair value on companies acquisitions	-	-	-	1,994,436
Closing balance	224,718,491	221,875,249	136,943,600	134,191,549

As at 31 December 2012 and 2011, in Portuguese companies, the tax rate used to calculate the deferred tax assets arising from tax losses carried forward was 25%. For deferred tax assets arising from temporary differences, the rate used was 26.5%, increased by approximately 3% for companies in which the tax surplus payment is expected in the periods of the reversal of related associated deferred taxes. For companies or branches located in other countries were used rates applicable in each jurisdiction.

As at 31 December 2012 and 2011, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarised as follows:

	31 December 2012			31 December 2011 Restated		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2007	1,223,112	305,778	2013	1,223,112	305,778	2013
Generated in 2008	1,399,902	349,975	2014	1,522,393	380,598	2014
Generated in 2009	22,658,706	5,664,676	2015	26,546,566	6,636,641	2015
Generated in 2010	99,670	24,918	2014	99,670	24,918	2014
Generated in 2011	1,214,539	303,635	2015	1,209,525	302,381	2015
Generated in 2012	87,055	21,764	2017	-	-	
	26,682,984	6,670,746		30,601,266	7,650,316	
Without limited time use	1,076,048	134,506		2,179,028	509,519	
With a time limit different from the above mentioned (a)	310,915,439	93,277,558		295,437,281	88,666,645	
	311,991,487	93,412,064		297,616,309	89,176,164	
	338,674,471	100,082,810		328,217,575	96,826,480	

(a) Includes, as at 31 December 2012, 76 million euro (72 million euro as at 31 December 2011) related to deferred tax assets for which the carry forward period hasn't started.

As at 31 December 2012 and 2011, deferred tax assets resulting from tax losses carried forward were assessed against each company's business plans, which are regularly updated, and available tax planning opportunities. Deferred tax assets have only been recorded to the extent that future taxable profits will arise which might be offset against available tax losses or against deductible temporary differences.

As at 31 December 2008, deferred tax assets were recorded in the amount of 16.1 million euro, in the Telecommunications operating segment, relating to the securitization of future receivables completed in December 2008. As a result of that operation, an amount of 100 million euro was added for purposes of determining the taxable income for the year 2008, thereby generating a temporary difference between accounting and taxable income result, which led to the recognition of a deferred tax asset to the extent that its use was, with reasonable safety, probable. Until 31 December 2012, an amount of 12.9 million euro was reversed corresponding to the reversal of the above mentioned temporary difference during the year.

In the year ended 31 December 2008, deferred tax assets were recorded amounting to approximately 18.3 million euro (18.2 million euro as at 31 December 2011), in the Specialised Retail operating segment, relating to tax losses of the subsidiary Worten España, SA, generated during the year and in previous years, of which 11.8 million euro, the same amount in 31 December 2011, are related to tax losses generated prior to the acquisition date, and so affecting the calculation of the negative goodwill computed at that date. In subsequent financial years deferred tax assets were recorded relating to tax losses generated in the amount of 17.6 million euro (27.2 million euro in 2011) in Worten Espanã, SA and 2.4 million euro (4.2 million euro in 2011) in Zippy España, SA recorded in Spanish income tax Group, as mentioned in the next paragraph. Additionally deferred tax assets of 14.2 million euro (14.2 million euro in 2011) were recorded by Sport Zone Espanã, SA. The deferred tax assets are supported by the companies business plans that estimate it's fully recoverability. In Sport Zone España, SA the reporting period of tax losses is 18 years and for the rest of the Spanish companies mentioned above the carry forward period is not yet defined. It's the Board of Directors understanding that such deferred tax assets are fully recoverable.

As at 31 December 2012 deferred tax assets related to tax losses generated in current and previous years, by Modelo Continente Hipermercados, S.A. Spanish Branch of Retail operating segment, amount to 57.7 million euro (54.1 million euro as at 31 December 2011). The mentioned tax losses can be recovered within the Income Tax Group established in Spain, according to Spanish law. Modelo Continente Hipermercados, S.A. Spanish Branch, as at 31 December 2012 and 2011, was the dominant entity within the group of companies taxed in accordance with the Spanish regime for taxing groups of companies. It is the understanding of The Board of Directors, based on existing business plans, for that the mentioned deferred tax assets are recoverable.

The recoverability of the deferred tax assets mentioned above, regarding Sonae operations in Spain, is conditioned by the fulfilment of the 10 year business plans, approved by the Board of Directors for those markets which assume an increase in sales growth after 2016, as well as in the number of stores.

Additionally Spanish law allows the annual deduction, for tax purposes, of 5% of goodwill recognized on the acquisition of foreign based companies before 21 December 2007, however in 2012 and 2013 this rate was reduced to 1%. Sonae, has accounted, within this scope, deferred tax liabilities relating to goodwill depreciation performed for tax purposes, generated with the acquisition to Continente Hipermercados (ex-Carrefour Portugal).

In 2010 and 2011, Spanish Tax authorities notified Modelo Continente S.A. Spanish Branch of a decrease in 2008 and 2009 tax losses incurred, amounting to approximately 23.3 million euro, challenging the deduction of Goodwill depreciation, generated on the acquisition of Continente Hipermercados for each of the mentioned years. That branch appealed to the proper Spanish Authorities (Tribunal Económico - Administrativo Central de Madrid) in 2010 and 2011 respectively, and it is the Board of Directors understanding that the decision will be favorable to the Group, thus maintaining the recognition of deferred tax assets and deferred tax liabilities related with Goodwill. In 2012 the Company interposed an appeal to the National Court in Spain ("Audiência Nacional Espanha"), due to a decision opposite to the claims and estimates of the Company, by the Economic and Administrative Central Court of Madrid, for the notification for fiscal year of 2008. As at 31 December 2012, tax losses arising from the depreciation of Goodwill, including 2008, amount to 79.1 million euro (74.5 million euro as at 31 December 2011). The company maintains recorded, related to this subject, deferred tax assets and deferred tax liabilities amounting to 23.7 million euro (22.3 million euro in December 2011).

As at 31 December 2012, there was tax losses carried forward, amounting to 322.6 million euro (401.9 million euro in 2011) for which no deferred tax assets were recognized due to uncertainties of their future use. These may be summarised as follows:

	31 December 2012			31 December 2011 Restated		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use						
Generated in 2006	-	-	2012	19,421,434	4,855,359	2012
Generated in 2007	55,856,584	13,964,147	2013	56,171,546	14,042,888	2013
Generated in 2008	9,842,086	2,460,522	2014	10,256,055	2,564,014	2014
Generated in 2009	18,025,218	4,506,304	2015	24,814,767	6,203,691	2015
Generated in 2010	15,161,998	3,790,499	2014	15,265,401	3,816,351	2014
Generated in 2011	7,520,471	1,880,118	2015	7,205,829	1,801,457	2015
Generated in 2012	11,693,227	2,923,307	2017	-	-	
	118,099,584	29,524,897		133,135,032	33,283,760	
Without limited time use	36,048,907	9,941,860		37,624,334	10,604,792	
With a time limit different from the above mentioned	168,461,162	43,067,009		231,159,040	57,635,615	
	322,609,653	82,533,766		401,918,406	101,524,167	

21 CASH AND CASH EQUIVALENTS

As at 31 December 2012 and 2011, Cash and cash equivalents are as follows:

	31 December 2012	31 December 2011 Restated
Cash at hand	7,117,200	7,167,909
Bank deposits	290,568,494	262,539,711
Treasury applications	78,949,469	150,461,766
Cash and cash equivalents on the statement of financial position	376,635,163	420,169,386
Bank overdrafts (Note 24)	(13,267,254)	(4,712,270)
Cash and cash equivalents on the statement of cash flows	363,367,909	415,457,116

Bank overdrafts are disclosed in the statement of financial position under Current bank loans.

22 SHARE CAPITAL

As at 31 December 2012, the share capital, which is fully subscribed and paid for, is made up of 2,000,000,000 ordinary shares, which do not have the right to a fixed dividend, with a nominal value of 1 euro each.

On 15 November 2007, Sonae Holding sold 132,856,072 Sonae Holding shares directly owned by the Company. The shares were sold in a market operation at the unit price of 2.06 euro per share and resulted on a cash inflow (net of brokerage commissions) of 273,398,877 euro.

On the same date, Sonae Investments, BV wholly owned by Sonae Holding entered into a derivative financial instrument - Cash Settled Equity Swap - over a total of 132,800,000 Sonae Holding shares, representative of 6.64% of its capital.

This transaction has strictly financial liquidation, without any duty or right for the Company or any of its associated companies in the purchase of these shares. This transaction allows Sonae to totally maintain the economic exposure to the sold shares.

In this context, although legally all the rights and obligations inherent to these shares have been transferred to the buyer. Sonae Holding did not derecognize their own shares, recording a liability in the caption "Other current liabilities" (Note 30). According to the interpretation made by Sonae of the IAS 39, applied by analogy to own equity instruments, the derecognition of own shares is not allowed as the group maintains the risks and rewards arising on the instruments sold.

Consequently, Sonae maintains the deduction from Equity amounting to the acquisition cost of the 132,800,000 shares (138,568,275 euro), and has accounted for the consideration received for the above mentioned sale of own shares in the caption Other non-current liabilities (273,568,000 euro).

Due to the detach of Sonae Capital SGPS. SA demerger rights attributable to the 132,800,000 Sonae SGPS. SA shares subject to the above mentioned agreement, the Group recognized an asset measured at its' fair value. This asset as not been derecognized as the Group also entered into a Cash Settled Equity Swap over the Sonae Capital SGPS, SA shares, and therefore a liability was recognized.

In the period from 2009 to 2012 Sonae Investments BV requested a partial cancellation of the Cash Settled Equity Swap for 9,561,419 Sonae Holding shares. Thereafter, the derivative financial instrument focused on 123,238,581 Sonae Holding shares.

On 19 October 2010 Sonae Investments BV came to an agreement with the above mentioned financial institution to extend the maturity date of the Cash Settled Equity Swap over Sonae Holding shares. The renewal of the maturity date was made for three additional years, until November 2013, keeping the settlement mechanism as strictly financial. The Cash Settled Equity Swap, over Sonae Capital SGPS, SA shares, at maturity date, was not renewed, as so Sonae acquired 16,600,000 Sonae Capital SGPS, SA shares at fair value, which corresponded to the amount of the liability recorded at the settlement date, representative of 6.6% of its capital. During the year ended 31 December 2012 Sonae Capital shares were disposed (Note 7).

Considering the operations mentioned above, the amount of the liability recorded amounts to 84,664,905 euro (58,219,905 euro as at 31 December 2011) reflecting the market value of Sonae Holding shares.

These liabilities are adjusted at the end of each month by the effect in Sonae Holding or Sonae Capital, SGPS, S.A. share price, as applicable, being recognized an asset/liability in order to present the right/obligation related to the cash settlement of the operation that resets monthly (Note 30). As at 31 December 2012, the receivable amount 12,693,574 euro (2,283,134 euro in 2011), results from the change in Sonae Holding shares price.

Additionally, the costs related to the "floating amount" based on Euribor 1 month are recognised in the income statement.

The value to get established on the basis of dividends distributed by Sonae is credited in equity to offset the charge of the distribution. The amount of dividends on Sonae SGPS, SA during the year ending 31 December 2012 amounted to 4,079,197 euro (4,198,429 euro in 2011), that was credited to equity.

The number of shares taken into consideration to calculate earnings per share includes the shares referred to above as a deduction to the shares issued by the Company (Note 44).

As at 31 December 2012, the following entities held more than 20% of the subscribed share capital:

Entity	%
Efanor Investimentos. SGPS. SA and subsidiaries	52.48

The capital structure is analysed in the Management Report section titled "Business Performance".

23 NON-CONTROLING INTERESTS

Movements in non-controlling interests during the periods ended as at 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011 Restated
Opening balance as at 1 January	336,803,275	318,520,043
Dividends	(11,481,147)	(8,158,858)
Income Distribution	(5,986,265)	-
Exchange rate effect	(2,094,864)	108,179
Increase of capital and premium on subsidiaries	1,166,629	1,276,562
Optional entries of capital	15,000,000	-
Increased shareholding by acquisitions	-	2,729,871
Decreased shareholding by disposals	(20,745,608)	-
Changes in hedge and fair value reserves	(68,165)	50,897
Aquisition and disposal of own shares / attribution to employees	(257,882)	265,648
Loss of significant influence (Cooper Gay)	1,775,180	-
Increase in the fair value of investments available for sale	1,919,839	-
Others	(5,247,995)	(948,545)
Profit for the period attributable to non-controlling interests	39,118,124	22,959,478
Closing balance as at 31 December 2012	349,901,121	336,803,275

24 LOANS

As at 31 December 2012 and 2011, Loans are made up as follows:

	31 December 2012		31 December 2011 Restated	
	Outstanding amount		Outstanding amount	
	Current	Non-current	Current	Non-current
Bank loans				
Sonae, SGPS, SA	1,961,683	75,000,000	-	-
Sonae, SGPS, SA - commercial paper	-	-	90,600,000	-
Sonae Investimentos, SGPS, S.A. - commercial paper	28,500,000	147,500,000	-	282,000,000
Sonae Holding affiliated	-	-	10,000,000	-
Sonae Investimentos affiliated	10,000,000	65,000,000	-	75,000,000
Sonaecom SGPS, SA commercial paper	-	30,000,000	118,000,000	-
MDS, SGPS, SA - commercial paper	1,250,000	17,400,000	-	14,400,000
Lazam, SA	-	18,863,880	-	21,109,920
Others	10,614,896	12,016,722	3,741,248	10,000,384
	52,326,579	365,780,602	222,341,248	402,510,304
Bank overdrafts (Note 21)	13,267,254	-	4,712,270	-
Up-front fees beard with the issuance of borrowings	(36,152)	(1,642,943)	(171,289)	(1,155,243)
Bank loans	65,557,681	364,137,659	226,882,229	401,355,061
Bonds				
Bonds Sonae / 05	100,000,000	-	-	100,000,000
Bonds Sonae / 2007/2014	-	150,000,000	-	150,000,000
Bonds Sonae / 2010/2015	-	250,000,000	-	250,000,000
Bonds Continente -7% -2015	-	200,000,000	-	-
Bonds Modelo Continente / 2005 / 2012	-	-	150,000,000	-
Bonds Modelo Continente / 2007 / 2012	-	-	200,000,000	-
Bonds Sonae Distribuição / 2007 / 2015	-	200,000,000	-	200,000,000
Bonds Sonae Distribuição / 2007 / 2015	155,000,000	155,000,000	-	310,000,000
Bonds Sonae Distribuição / 2009 / 2014	16,000,000	10,000,000	16,000,000	26,000,000
Bonds Sonae Investimentos / 2012 / 2017	-	170,000,000	-	-
Bonds Sonaecom / 2005/2013	150,000,000	-	-	150,000,000
Bonds Sonaecom / 2010/2013	30,000,000	-	-	30,000,000
Bonds Sonaecom / 2010/2015	-	40,000,000	-	40,000,000
Bonds Sonaecom / 2011/2015	-	100,000,000	-	100,000,000
Bonds Sonaecom / 2012/2015	-	20,000,000	-	-
Up-front fees beard with the issuance of borrowings	(179,312)	(7,055,545)	(143,080)	(6,565,687)
Bonds	450,820,688	1,287,944,455	365,856,920	1,349,434,313
Other loans	33,466	90,166	33,466	126,395
Derivative instruments (Note 26)	2,627,817	6,993,896	42,744	11,007,789
Other loans	2,661,283	7,084,062	76,210	11,134,184
Obligations under finance leases (Note 25)	7,037,038	27,593,734	6,894,512	28,812,037
	526,076,690	1,686,759,911	599,709,871	1,790,735,595

The average interest rate at 31 December 2012 of bonds and loans was of 2.83% (2.82% 31 December 2011).

The above mentioned loans estimated fair value is considered to be near its carrying amount. Loans fair value was determined by discounting estimated future cash flows, except for "Continente 7% - 2015" bond loan, which fair value was determined based on its market price at the statement of financial position date.

The derivative instruments are recorded at fair value (Note 26).

The loans face value, maturities and interests are as follows (including obligations under financial leases):

	31 December 2012		31 December 2011 Restated	
	Capital	Interests	Capital	Interests
N+1 a)	523,664,337	58,827,139	599,981,496	55,899,488
N+2	218,237,298	53,350,955	470,421,202	42,632,357
N+3	1,147,031,249	41,879,085	395,395,553	32,121,253
N+4	202,327,938	11,888,422	781,588,750	17,852,317
N+5	101,814,617	3,438,725	117,157,936	1,961,951
After N+5	19,053,401	644,212	22,885,295	505,162
	2,212,128,840	170,028,538	2,387,430,232	150,972,528

a) Includes amounts drawn under commercial paper programs when classified as current.

The maturities above were estimated in accordance with the contractual terms of the loans, and taking into account Sonae's best estimated regarding their reimbursement date.

As at 31 December 2012 in in the Retail units and Telecommunications operating segments, there are financial covenants included in borrowing agreements at market conditions. As at 31 December 2012 none of the mentioned covenants has been breached and it is the Board of Directors expectation that such covenants will not be breached.

As at 31 December 2012 and 2011, the available credit facilities are as follows:

	31 December 2012		31 December 2011 Restated	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities				
Retail	185,763,449	400,000,000	239,202,973	203,000,000
Telecommunications	69,000,000	-	106,430,000	-
Investment management	3,000,000	1,350,000	2,046,100	5,600,000
Sonae Holding	152,695,242	-	62,095,242	-
	410,458,691	401,350,000	409,774,315	208,600,000
Agreed credit facilities				
Retail	227,260,000	547,500,000	239,760,000	485,000,000
Telecommunications	69,000,000	30,000,000	224,430,000	-
Investment management	4,250,000	18,750,000	3,000,000	20,000,000
Sonae Holding	152,695,242	-	162,695,242	-
	453,205,242	596,250,000	629,885,242	505,000,000

25 OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2012 and 2011, Obligations under finance leases are as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
Amounts under finance leases:	31 December 2012	31 December 2011 Restated	31 December 2012	31 December 2011 Restated
N+1	8,854,409	8,266,278	7,037,038	6,894,512
N+2	5,889,151	5,504,005	4,743,290	4,260,537
N+3	6,215,015	4,905,117	5,249,632	3,821,740
N+4	5,230,293	4,797,748	4,504,835	3,889,058
N+5	2,743,611	4,725,458	2,201,459	3,993,460
After N+5	12,317,802	15,085,197	10,894,518	12,847,242
	41,250,281	43,283,803	34,630,772	35,706,549
Interests	(6,619,509)	(7,577,254)		
	34,630,772	35,706,549		
Current obligations under finance leases			7,037,038	6,894,512
Non-current obligations under finance leases			27,593,734	28,812,037

Finance leases are agreed at market interest rates, have defined periods and include an option for the acquisition of the related assets at the end of the period of the agreement (except for medium and long term agreements with suppliers of fibre optic network capacity).

The medium and long term agreements made with the suppliers of the fibre optic network capacity, under which Sonae has the right to use that network, which is considered as a specific asset, are recorded as finance leases in accordance with IAS 17 – "Leases" and IFRIC 4 – "Determining whether an arrangement contains a Lease". These contacts have a maturity between 15 and 20 years.

As at 31 December 2012 and 2011, the fair value of finance leases is close to its carrying amount.

Obligations under finance leases are guaranteed by related assets.

As at 31 December 2012 and 2011, accounting net value of assets acquired under finance leases can be detailed as follows:

	31 December 2012	31 December 2011 Restated
Assets acquired under finance leases		
Lands and buildings	17,740,946	18,078,328
Plant and machinery	19,627,978	18,354,222
Vehicles	18,775	11,861
Fixture and Fittings	6,766,188	9,929,487
Total tangible assets	44,153,887	46,373,898
Software	856,718	-
Total intangible assets	856,718	-
	45,010,605	46,373,898

As at 31 December 2012, the acquisition cost of Tangible and Intangible assets amounted to 73,081,529 euro (72,029,407 euro as at 31 December 2011).

26 DERIVATIVES

Exchange rate derivatives

Sonae uses exchange rate derivatives, essentially to hedge future cash flows.

Sonae entered into several exchange rate forwards and options in order to manage its exchange rate exposure.

As at 31 December 2012 there are no exchange rate derivatives which haven't been considered hedging instruments. The fair value of exchange rate derivatives hedging instruments, calculated based on present market value of equivalent financial instruments of exchange rate, is 953,531 euro as liabilities (42,744 euro as at 31 December 2011) and 30,341 euro as assets (2,797,071 euro as at 31 December 2011).

The computation of the fair value of these financial instruments was made taking into consideration the present value at statement of financial position date of the forward settlement amount in the maturity date of the contract. The settlement amount considered in the valuation, is equal to the currency notional amount (foreign currency) multiplied by the difference between the contracted forward exchange rate and the forward exchange market rate at that date as at the valuation date.

Losses in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment were recorded directly in the income statement in the captions "Financial income" or " Financial expenses"

Gains and losses for the year associated with the change in market value of derivative instruments is recorded under the caption "Hedging reserve" when considered cash flow hedging and when considered as fair value hedging are recorded under the caption" Other Operating Costs".

Interest rate derivatives

As at 31 December 2011, derivatives used by Sonae refer essentially to swaps and interest rate options ("cash flow hedges"). These were negotiated to hedge the interest rate risk of loans amounting to 250,000,000 euro (400,000,000 euro as at 31 December 2011). The net fair value of these derivatives amounts to -8,668,182 euro (-11,007,789 euro as at 31 December 2011), and was recorded as liabilities.

The derivatives were valuated considering the estimated future cash flows, assuming that the cancellation options by the counterparties would be exercised when the forward interest rates are higher than the established fixed interest rate. Sonae intends to keep these derivatives until their maturity date, therefore, this valuation is considered to be the most appropriate to estimate the future cash flows off these instruments.

These interest rate derivatives are valued at fair value, at the statement of financial position date, based on valuations performed by Sonae using specific software and on external valuations when this software does not deal with specific instruments. The fair value of swaps was computed, as at the statement of financial position date, based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg. The calculation of the fair value or options was based on the "Black-Scholes" and similar models. The estimation of future cash flows is made on the basis of quotations forward market curve are implicit in, and the respective discount to the present, is accomplished using the higher interest rate curve is representative of the market, based on information from credible sources provided by Bloomberg, amongst others. Comparative quotes from financial institutions for specific instruments or similar, are used as a benchmark for evaluation. This analysis assumes that all other variables remain constant.

Interest rate and exchange rate derivatives

As at 31 December 2012 no contracts existed related to interest rate and exchange rate derivatives at the same time.

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets		Liabilities	
	31 December 2012	31 December 2011 Restated	31 December 2012	31 December 2011 Restated
Hedging derivatives				
Exchange rate	30,341	2,797,071	953,531	42,744
Interest rate	-	-	8,668,182	11,007,789
	30,341	2,797,071	9,621,713	11,050,533

27 OTHER NON-CURRENT LIABILITIES

As at 31 December 2012 and 2011 Other non-current liabilities are made up as follows:

	31 December 2012	31 December 2011 Restated
Shareholders loans	22,678,988	36,639,791
Fixed assets suppliers	1,676,708	1,726,708
Spectrum for 4th generation	21,602,124	27,423,410
Other non-current liabilities	8,351,019	75,329,387
Financial instruments (Note 9)	54,308,839	141,119,296
"E-Initiatives" Program (Note 11)	13,944,247	2,253,107
Deferred revenue on the sale of the extended warranties	14,550,263	-
Accruals and deferrals	5,155,082	4,191,714
Other non-current liabilities	87,958,431	147,564,117

The caption “Shareholder loans” relates to loans in affiliated undertakings in the Retail, and Investment Management operating segments. These liabilities do not have a defined vesting date and bear interests at variable market rates.

The caption “Other non-current liabilities” includes the amount of 58,219,905 euro as at 31 December 2011 related to the fair value of the derivative on Sonae Holding shares referred to in Note 22, reclassified in 2012 to the caption Other current payables.

The caption “Spectrum for 4th Generation” refers to the current value of the amount to be paid in future years resulting from the allocation, to the subsidiary Optimus, of the frequency of services necessary for the development of 4th Generation (Note 11).

The carrying amount of “Other non-current liabilities” is estimated to be approximately its fair value.

28 SHARE-BASED PAYMENTS

In 2012 and in previous years, Sonae granted deferred performance bonuses to its directors and eligible employees. These are either based on shares to be acquired at nil cost or with discount, three years after they were attributed to the employee, or based on share options with the period price equal to the share price at the grant date, to be exercised three years later. In both cases, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year.

As at 31 December 2012, all Sonae Holding share plans responsibilities are accounted in the statement of financial position under "other reserves" and in the Profit and Loss statement under caption "staff costs". They are recognized at the shares fair value on the grant date, concerning the 2012, 2011 and 2010. Share-based payments costs are recognized on a straight line basis between the grant and the settlement date.

The share-based payment plans settled in cash, continue to be recorded in the statement of financial position, in the caption other liabilities and in staff costs in the income statement.

As at 31 December 2012 and 2011, the number of attributed shares related to the assumed responsibilities arising from share-based payments, which have not yet vested, can be detailed as follows:

			Number of participants		Number of shares			
					31 December 2012		31 December 2011 Restated	
	Grant year	Vesting year	Sonae SGPS	Sonaecom	Sonae SGPS	Sonaecom	Sonae SGPS	Sonaecom
Shares								
	2009	2012			-	-	5,989,246	3,469,227
	2010	2013	67*	5*	1,557,748	250,987	4,026,140	2,485,188
	2011	2014	436	365	4,112,348	2,944,458	3,806,013	2,938,055
	2012	2015	439	362	6,959,217	3,057,697	-	-
Total					12,629,313	6,253,142	13,821,399	8,892,470

* In December 2012, some Group companies paid this plan in advanced;

As at 31 December 2012 and 2011, the fair value of total liabilities on the date of allocation arising from share-based payments, which have not yet vested, may be summarised as follows:

		Fair Value			
		31 December 2012		31 December 2011 Restated	
Grant year	Vesting year	Sonae SGPS	Sonaecom	Sonae SGPS	Sonaecom
2009	2012	-	-	2,519,975	3,863,852
2010	2013	980,992	340,736	1,077,999	1,761,377
2011	2014	1,648,023	2,543,766	436,740	892,434
2012	2015	1,195,246	1,132,112	-	-
Total		3,824,261	4,016,614	4,034,714	6,517,663

As at 31 December 2012 and 2011 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	31 December 2012	31 December 2011 Restated
Staff costs	(440,586)	5,751,306
Recorded in previous years	8,513,785	9,631,305
	8,073,199	15,382,611
Recorded in other liabilities	534,457	641,749
Recorded value in Other reserves	7,538,742	14,740,862
	8,073,199	15,382,611

29 TRADE CREDITORS

As at 31 December 2012 and 2011, Trade creditors are as follows:

		Payable to	
	31 December 2012	up to 90 days	more than 90 days
Trade creditors - current account			
Food Retail based	648,181,889	647,644,599	537,290
Specialised Retail	329,929,456	329,124,500	804,956
Retail Real Estate	1,865,266	1,837,169	28,097
Telecommunications	131,179,782	101,266,174	29,913,608
Investment Management	9,989,163	9,896,898	92,265
Sonae Holding	183,564	183,564	-
	1,121,329,120	1,089,952,904	31,376,216
Trade creditors - Invoice Accruals	100,443,607	100,443,607	-
	1,221,772,727	1,190,396,511	31,376,216

		Payable to	
	31 December 2011	up to 90 days	more than 90 days
Trade creditors - current account			
Food Retail based	646,123,606	645,589,321	534,285
Specialised Retail	343,303,792	343,285,013	18,779
Retail Real Estate	3,885,117	3,858,761	26,356
Telecommunications	127,833,787	97,920,179	29,913,608
Investment Management	10,023,235	9,895,318	127,917
Sonae Holding	117,256	117,256	-
	1,131,286,793	1,100,665,848	30,620,945
Trade creditors - Invoice Accruals	113,250,330	113,250,330	-
	1,244,537,123	1,213,916,178	30,620,945

As at 31 December 2012 and 2011 this account includes amounts payable to suppliers resulting from Sonae operating activity. The Board of Directors believes that the fair value of their balances doesn't differ significantly its book value and the effect of discounting their amount is not material.

The caption 'Suppliers – current account' with more than 90 days maturity is related to the dispute between the subsidiary Optimus – Comunicações, S.A. and, essentially, the operator TMN – Telecomunicações Móveis Nacionais, S.A., in relation with interconnection tariffs of 2001 which were not objectively defined (Note 33).

Since the year 2010, a "confirming" program payments system was made available to a very limited number of suppliers of the Retail units Segment enabling suppliers to discount these payments in an early date, as at 31 December 2012, the "confirming" amounts to 71,680,001 euro (52,296,644 euro as at 31 December 2011).

30 OTHER CREDITORS

As at 31 December 2012 and 2011, Other creditors are as follows:

	31 December 2012	Payable to up to 90 days	Payable to 90 to 180 days	Payable to more than 180 days
Fixed assets suppliers	82,777,613	80,559,285	770,919	1,447,409
Other debts	144,551,555	41,610,534	7,354,070	95,586,951
	227,329,168	122,169,819	8,124,989	97,034,360
Related undertakings	452,456			
	227,781,624			

	31 December 2011 Restated	Payable to up to 90 days	Payable to 90 to 180 days	Payable to more than 180 days
Fixed assets suppliers	81,500,948	78,676,826	572,178	2,251,944
Other debts	60,213,370	41,388,078	9,969,793	8,855,499
	141,714,318	120,064,904	10,541,971	11,107,443
Related undertakings	984,945			
	142,699,263			

The caption Other debts includes:

- 84,664,905 euros relating to the fair value of the shares covered by Sonae Holding financial derivative referred to in Note 22 and reclassified from "Other non-current liabilities" in 2012;

- 22,632,350 euro (19,209,200 euro as at 31 December 2011) of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente";

- 8,690,788 euro (8,716,058 euro as at 31 December 2011) related to vouchers, gift cards and discount tickets owned by clients;

- 5,208,150 (5,828,261 euro as at 31 December 2011) related to amounts payable to Sonae Distribuição Brasil. S.A. buyer as result of responsibilities assumed with that entity (Note 33);

- 2,262,387 euro (2,824,896 euro as at 31 December 2011) relating to amounts payable to insurance companies, Insurance buyers and insurance agents;

- 7,309,099 euro (9,360,386 euro as at 31 December 2011) relating to amounts payable related to reinsurance operations;

As at 31 December 2012 and 2011, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interest. The Board of Directors understands that the fair value of these payables is similar to its book value and the result of discounting these amounts is immaterial.

31 OTHER CURRENT LIABILITIES

As at 31 December 2012 and 2011, Other current liabilities are made up as follows:

	31 December 2012	31 December 2011 Restated
Fixed assets accrued costs	10,940,733	87,109,212
Holiday pay and bonuses	115,799,220	114,622,709
Interest payable	16,796,482	16,085,067
Invoices to be issued	30,053,910	33,764,156
Commissions	2,858,892	4,107,730
Marketing expenses	17,812,013	15,219,486
Information society	640,159	15,793,539
Other external supplies and services	49,041,584	48,281,811
Advance receipts from Trade Receivables	24,547,723	27,305,184
Accrued income - rents	637,896	402,199
Others	33,735,471	32,881,749
	302,864,083	395,572,842

At 31 December 2012, the caption “Fixed assets accrued costs” includes 6.6 million euro (83 million euro in 2011) related to the amount payable in the short term, resulting from the allocation, to the subsidiary Optimus, of the frequencies necessary for the development of services from 4th Generation (Note 11).

The caption “Advances from customers” is related with pre-payable cards and minutes bought and not yet consumed, related with the Telecommunications operating segment.

As at 31 December 2012, the caption “Information society” includes 640,159 euro (15,793,539 euro in 2011) related to the short-term commitments assumed by the company under the “Iniciativas E” program.

32 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the period ended 31 December 2012 and 2011 are as follows:

Caption	Balance as at 31 December 2011 Restated	Increase	Decrease	Balance as at 31 December 2012
Accumulated impairment losses on investments (Note 6 and 13)	94,406	1,101,337	(8,628)	1,187,115
Accumulated impairment losses on other non current assets (Note 14)	-	1,000,000	-	1,000,000
Accumulated impairment losses on trade account receivables (Note 16)	82,155,922	20,784,764	(17,446,767)	85,493,919
Accumulated impairment losses on other debtors (Note 17)	21,061,746	8,231,857	(13,582,334)	15,711,269
Accumulated impairment losses on inventories (Note 15)	46,773,559	16,762,583	(15,997,601)	47,538,541
Non current provisions	91,036,377	36,324,755	(12,890,687)	114,470,445
Current provisions	2,266,767	235,726	(75,684)	2,426,809
	243,388,777	84,441,022	(60,001,701)	267,828,098

Caption	Balance as at 31 December 2010 Restated	Increase	Decrease	Balance as at 31 December 2011 Restated
Accumulated impairment losses on investments (Note 13)	4,413	91,119	(1,126)	94,406
Accumulated impairment losses on trade account receivables (Note 16)	74,282,757	24,159,129	(16,285,964)	82,155,922
Accumulated impairment losses on other debtors (Note 17)	18,970,459	5,980,111	(3,888,824)	21,061,746
Accumulated impairment losses on inventories (Note 15)	35,596,931	16,974,864	(5,798,236)	46,773,559
Non current provisions	62,636,516	33,735,920	(5,336,059)	91,036,377
Current provisions	1,598,055	700,000	(31,288)	2,266,767
	193,089,131	81,641,143	(31,341,497)	243,388,777

As at 31 December 2012 and 2011 increases in Provisions and impairment losses are as follows:

	31 December 2012	31 December 2011 Restated
Provisions and impairment losses	48,931,954	48,739,516
Impairment losses not included in this note		
Goodwill (Note 12)	(1,321,520)	2,424,293
Intangible assets	-	(1,496,000)
Provisions for losses in investments (Note 14)	1,101,337	-
Provisions for dismantling telecommunication sites	-	1,365,080
Recorded in cost of goods sold (Note 15)	16,762,583	16,974,333
Reclassification of "Other current liabilities"	1,658,066	14,637,379
Technical provisions on reinsurance		(2,246,302)
Others	82,751	1,242,844
	84,441,022	81,641,143

As at 31 December 2012 and 2011 the value of decreases in provisions and impairment losses can be detailed as follows:

	31 December 2012	31 December 2011 Restated
Provisions and impairment losses reversal	(10,843,954)	(3,861,581)
Direct use of impairments to accounts receivable	(22,390,153)	(14,509,746)
Uses and reversals recorded in inventories	(15,997,601)	(5,798,236)
Uses and reversals recorded in fixed assets tangible	(8,964,477)	-
Others (d)	(1,805,516)	(7,171,934)
	(60,001,701)	(31,341,497)

As at 31 December 2012 and 2011, the provisions detail is as follows:

	31 December 2012	31 December 2011 Restated
Technical provisions on reinsurance (a)	24,410,745	7,184,894
Future liabilities relating to retail subsidiaries of retail in Brazil sold (b)	24,423,571	10,545,595
Dismantling of telecommunication sites	13,983,949	22,863,571
Clients Guarantees (c)	19,316,820	21,089,854
Judicial claims	6,933,018	8,622,709
Others (d)	27,829,151	22,996,521
	116,897,254	93,303,144

(a) Amounts included in "Technical provisions on reinsurance" relate to a group company that operates in the non-life re-insurance industry. The provision amount can be detailed as follows: 3,212,000 euro (2,321,970 euro as at 31 December 2011) of provisions for non-acquired insurance premiums and 21,198,745 euro (4,862,924 euro as at 31 December 2011) of provisions for outstanding claims. The amount to be recovered from the reinsurance companies is recorded in the caption "Reinsurer's share of technical provisions" (Note 15) and "Other Debtors" (Note 18);

(b) The caption non–current provisions includes 24,423,571 euro (10,545,595 euro as at 31 December 2011), relating to non-current contingencies assumed by the Company, when selling its subsidiary Sonae Distribuição Brasil, S.A. in 2005. This provision is being used as costs are incurred, and it's recorded taking into account the best estimate of costs to be incurred which results from a significant number of civil and labour lawsuits of reduced amount. During the period, Sonae updated its estimate, following the results of the sixth data room conference process conducted with the buyer of the former subsidiary in Brazil;

(c) The caption non-current provisions and the period movement in provisions, also includes the estimated liabilities incurred by the Group on the sale of warranty extension programs on products traded by the Specialised Retail operating segment in the amount of 19,316,820 euro (21,089,854 euro as at 31 December 2011). These extensions are granted for a period of one to three years after the end of legal mandatory warranty provided by the producers;

(d) The caption "Others" includes almost 19 million euro (14.6 million euro as at 31 December 2011) related to costs incurred in the current period or past periods, for which it is not possible to estimate reliably the timing of occurrence of the payment, which includes the amount of 6.8 million euro related to the dispute concerning the vagueness of the interconnection tariffs of 2001 and the amount of 5.2 million euro related to roaming discounts;

Impairment losses are deducted from the book value of the corresponding asset.

33 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2012 and 2011, major Contingent liabilities were guarantees given are as follows:

	31 December 2012	31 December 2011 Restated
Guarantees given:		
on tax claims	289,550,598	324,515,879
on judicial claims	289,988	623,465
on municipal claims	6,140,484	6,582,372
others guarantees	67,919,086	47,245,424
Sureties provided to subsidiaries (a)	256,179,353	127,221,883

a) Guarantees given to Tax Authorities in favor of subsidiaries to defer tax claims.

Retail segment subsidiaries of the Company, granted guarantees or securities in favour of the Portuguese Tax Administration, associated with tax claims for additional VAT payment amounting to 193.9 million euro (148.6 million euro as at 31 December

2011) related to the period from 2004 to 2008, for which the Company has presented, or has the intention of presenting, a tax appeal. Portuguese tax authorities claim that the Company should have invoiced VAT related to promotional discounts invoiced to suppliers which depend on the purchases made by the Group during the year, as it considers that the discounts correspond to services rendered by the company. Tax authorities also claim that the company should not have deducted VAT from discount vouchers used by its non-corporate clients.

The above mentioned Guarantees granted in favour of Subsidiaries, were granted by Sonae SGPS in favour of subsidiaries of Sonae Investimentos Holding. The most relevant tax claims refer to: i) 60 million euro as a result of a tax appeal presented by Sonae concerning an additional tax assessment by Tax authorities, relating to 31 December 2005, following the correction of taxable income for that period as Tax authorities did not accept the recognition of tax losses incurred after the liquidation of a subsidiary of Sonae Investimentos, since it considered that the cover of losses in that subsidiary should not be part of its acquisition cost, which is not in accordance with previous assessments of Tax Authorities; and ii) the amount of 50 million euro, following a tax appeal presented by the Company concerning additional tax assessments made by Tax authorities, relating to 31 December 2002, which refer to the non-acceptance by Tax authorities of tax losses arising on the sale and liquidation of a subsidiary of the Group.

The caption “Guarantees given on tax claims” include:

- Guarantees granted amounting to 36 million euro in favor of Tax authorities regarding Sonae Holding 2007 income tax. Concerning these guarantees, the most significant amount relates to an increase in equity arising on the disposal of own shares to a third party in 2007. The Company has presented an appeal against this additional tax claim, being the Board of Directors understanding, based on its advisors assessment, that such appeal will be favorable.

- A granted guarantee on a tax claim of a Retail operating segment company in Brazil of approximately 27.1 million euro (65.6 million Brazilian real), which is being judged by tax court, and it refers to tax rent (65.6 million Brazilian real at 31 December 2011).

In addition to the previously disclosed guarantees, as a consequence of the sale of a subsidiary company in Brazil, Sonae guaranteed the buyer all the losses incurred by that company arising on unfavorable decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euro. As at 31 December 2012, the amount claimed by the Brazilian Tax Authorities, concerning the tax lawsuits still in progress, which the company's lawyers assess as having a high probability of loss, plus the amounts already paid (26 million euro) related to programmes for the Brazilian State of tax recovery, amount to near 39.3 million euro (39.3 million euro at 31 December 2011).

Furthermore, there are other tax lawsuits totalling 61.3 million euro (54.3 million euro at 31 December 2011) for which the Board of Directors, based on the lawyers' assessment, understands will not imply future losses to the old subsidiary.

For the year ended 31 December 2010, a subsidiary from the Telecommunications Business segment was notified of the Report of Tax Inspection, where it considers that it is inappropriate the increase, when calculating the taxable profit for the year 2008, of the amount of 100 million euro, with respect to initial price of future credits transferred to securitization. The settlement note was received on April 2011. The subsidiary was subsequently notified of the improper deduction of the amount of Euro 20 million in the calculation of taxable income for the years 2009 and 2010. The subsidiary challenged the decisions regarding 2008 and 2009 fiscal years and will challenge, in time, the decision regarding 2010 fiscal year. It is confidence of the Board of Directors of Sonae that there are strong arguments to obtain a favorable decision. For this reason, the subsidiary kept the recording of deferred tax assets associated with this operation.

As at 31 December 2012, in the Telecommunications operating segment, accounts receivable from customers and accounts payable to suppliers include 37.1 million euro and 29.9 million euro, respectively, as well as the captions “Other current assets” and “Other current liabilities” include 0,4 million euro and 6.8 million euro, respectively, resulting from a dispute, between the subsidiary Optimus- Comunicações, S.A., and essentially, the operator TMN – Telecomunicações Movéis Nacionais, S.A., in relation to the interconnection tariffs not objectively defined, recorded in the year ended 31 December 2001. The group has considered the most penalizing tariffs in their consolidated financial statements. In the lower court, the decision was favourable to the Group. The “Tribunal da Relação” (Court of Appeal), on appeal, rejected the intentions of TMN. However, TMN again appealed to the “Supremo Tribunal de Justiça” (Supreme Court), for final and permanent decision, who upheld the decision of “Tribunal da Relação” (Court of Appeal), this concluding that the interconnection prices for 2001 were not defined. The settlement of outstanding amounts will depend on the price that will be established.

Following a deliberation of Board of Directors of ANACOM, at April 2012, it was applied to the Sonaecom's subsidiary Optimus, a fine of approximately 6.5 million euro, due to an alleged failure in the application of the resolutions taken by the regulator's on 26 October 2005, concerning termination rates for fixed calls. The Boards of Directors of Optimus and Sonaecom understand that Optimus has always complied with that resolution. Given this, Optimus contested in court the application of that fine and is expecting that the appeal will be upheld.

Additionally in January 2012 was given bail in the amount of 35.2 million euro for the purpose of suspending tax process.

No provision has been recorded to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for Sonae.

34 Operational leases

Minimum lease payments (fixed income) arising from operational leases, in which the Group acts as a lessor, recognized as income during the period ended 31 December 2012 and 2011 amounted to 6,054,795 euro and 8,954,885 euro, respectively.

Additionally, as at 31 December 2012 and 2011, Sonae had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

	31 December 2012	31 December 2011 Restated
Due in:		
N+1 automatically renewal	2,565,216	2,451,135
N+1	3,555,872	4,295,221
N+2	2,973,480	3,809,132
N+3	2,126,479	2,774,167
N+4	1,600,837	1,877,972
N+5	1,218,532	1,049,548
After N+5	1,075,010	525,059
	15,115,426	16,782,234

Rents arising from operational leases, in which the Sonae acts as a lessee, during the period ended 31 December 2012 amounted to 135,810,961 euro (136,088,262 euro as at 31 December 2011).

Additionally, as at 31 December 2012 and 2011, Sonae had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	31 December 2012	31 December 2011 Restated
Due in:		
N+1 automatically renewal	15,717,772	27,316,677
N+1	122,376,391	124,847,030
N+2	113,367,351	115,093,790
N+3	99,247,492	105,602,001
N+4	87,757,974	87,495,031
N+5	77,393,161	76,873,024
After N+5	537,084,095	499,935,452
	1,052,944,236	1,037,163,005

35 TURNOVER

As at 31 December 2012 and 2011, Turnover is made up as follows:

	31 December 2012	31 December 2011 Restated
Sale of goods	4,540,093,697	4,662,156,812
Sale of products	12,454,179	15,628,444
	4,552,547,876	4,677,785,256
Services rendered	825,974,638	863,065,082
Turnover	5,378,522,514	5,540,850,338

36 GAINS OR LOSSES ON INVESTMENTS

As at 31 December 2012 and 2011, Investment income is made up as follows:

	31 December 2012	31 December 2011 Restated
Dividends	216,683	232,500
Cooper Gay Swett & Crawford disposal (Note 6)	11,756,086	-
Others	60,317	(116,710)
Gains / (losses) on the sale of investments in subsidiaries	11,816,403	(116,710)
Gains / (losses) on the sale of investments on available for sale	1,592,654	-
Others	3,471,588	-
Impairment losses on investments in subsidiaries	-	(78,453)
Impairment losses on investments in associated companies (Note 6)	(1,101,337)	-
Impairment losses on investments in available for sale assets	-	(12,382)
Impairment reversal/(losses) on investments	(1,101,337)	(90,835)
	15,995,991	24,955

"Others" includes the amount of 3,464,657 euro corresponding to the fair value of the investment retained on Cooper Gay Sweet & Crawford (Note 7).

37 NET FINANCIAL EXPENSES

As at 31 December 2012 and 2011, Net financial expenses are as follows:

	31 December 2012	31 December 2011 Restated
Expenses		
Interest payable		
related with bank loans and overdrafts	(19,857,844)	(16,684,769)
related with non convertible bonds	(50,075,846)	(43,110,814)
related with financial leases	(1,228,152)	(1,089,816)
related with hedge derivatives	(5,928,650)	(2,575,517)
others	(7,112,377)	(14,058,710)
	(84,202,869)	(77,519,626)
Exchange losses	(5,371,806)	(4,543,977)
Up front fees and commissions related to loans	(9,165,094)	(7,023,671)
Others	(7,948,197)	(9,821,253)
	(106,687,966)	(98,908,527)
Income		
Interest receivable		
related with bank deposits	1,843,768	1,378,956
others	5,749,990	7,821,064
	7,593,758	9,200,020
Exchange gains	4,369,916	6,358,824
Payments discounts received	62,372	89,005
Other financial income	485,785	1,674,543
	12,511,831	17,322,392
Net financial expenses	(94,176,135)	(81,586,135)

38 OTHER INCOME

As at 31 December 2012 and 2011, Other income is made up as follows:

	31 December 2012	31 December 2011 Restated
Supplementary income	372,871,531	365,757,183
Prompt payment discounts obtained	26,107,864	32,077,546
Foreign currency exchange gains	9,129,377	28,178,595
Own work capitalised	10,223,404	12,588,788
Gains on disposals of assets	4,064,263	19,355,694
Negative Goodwill	-	1,068,375
Impairment losses reversals	8,989,119	3,503,636
Subsidies	287,866	398,747
Taxes refunded	580,505	324,454
Others	8,968,266	7,350,174
	441,222,195	470,603,192

The caption “Supplementary income” relates mainly to promotional campaigns carried out in the stores of retail segment, reimbursed by the suppliers of Sonae.

The caption "Gains on disposals of assets" includes about 2.5 million euro in 2012, related with the estimated indemnity by the insurance company for the fire on a "Continente" store in Portimão (Note 19). In 2011 the amount was explained by the sale and leaseback transaction that the Group concluded during that period, generating a cash inflow in the process of approximately 42 million euro.

39 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2012 and 2011, External supplies and services are as follows:

	31 December 2012	31 December 2011 Restated
Subcontracts	229,996,755	244,253,569
Services	86,544,622	96,169,512
Publicity	132,451,132	147,958,234
Rents	169,302,012	165,358,921
Commissions	25,944,320	27,472,499
Transports	51,298,947	57,911,063
Electricity	71,097,165	63,420,449
Costs with automatic payment terminals	23,647,388	25,773,390
Maintenance	27,538,034	35,198,320
Security	24,178,439	26,432,378
Cleaning up services	21,669,595	22,843,401
Insurances	6,258,158	6,166,431
Communications	8,931,991	10,013,665
Travel expenses	13,823,888	15,145,860
Others	75,508,042	73,002,755
	968,190,488	1,017,120,447

40 STAFF COSTS

As at 31 December 2012 and 2011, Staff costs are as follows:

	31 December 2012	31 December 2011 Restated
Salaries	524,671,500	544,245,228
Social security contributions	106,210,385	108,626,929
Insurance	9,883,964	12,066,232
Welfare	3,436,918	1,847,025
Other staff costs	12,180,409	11,552,125
	656,383,176	678,337,539

41 OTHER EXPENSES

As at 31 December 2012 and 2011, Other expenses are as follows:

	31 December 2012	31 December 2011 Restated
Exchange differences	9,173,380	27,838,053
Other taxes	22,443,030	20,723,916
Losses on the sale of assets	1,391,311	1,713,301
Municipal Property tax	2,690,816	3,450,545
Donations	8,648,722	8,686,609
Doubtful debts written-off	1,094,624	1,931,831
Others	6,435,704	8,606,924
	51,877,587	72,951,179

42 INCOME TAX

As at 31 December 2012 and 2011, Income tax is made up as follows:

	31 December 2012	31 December 2011 Restated
Current tax	23,371,874	28,969,097
Deferred tax (Note 20)	1,956,986	(4,861,914)
	25,328,860	24,107,183

The reconciliation between the profit before Income tax and the tax charge for the years ended 31 December 2012 and 2011 is as follows:

	31 December 2012	31 December 2011 Restated
Profit before income tax	97,019,243	151,010,737
Difference between capital (losses)/gains for accounting and tax purposes	(16,573,400)	954,610
Share of results of joint ventures and associated undertakings (Note 6)	24,382,535	2,057,015
Impairment of goodwill (Note 12)	1,321,520	2,424,293
Provisions and impairment losses not accepted for tax purposes	17,101,337	16,728,620
Taxable Profit	123,251,235	173,175,275
Use of tax losses that have not originated deferred tax assets	(10,003,332)	(46,079,681)
Recognition of tax losses that have not given rise to deferred tax assets	36,291,601	12,498,919
	149,539,504	139,594,513
Income tax rate in Portugal	25.00%	25.00%
	37,384,876	34,898,628
Effect of different income tax rates	(7,498,355)	(7,259,113)
Effect of increases or decreases in deferred taxes	(14,038,031)	2,977,049
Use of tax benefits	(9,023,280)	(9,357,095)
Under/(over) Income tax estimates	1,792,900	(2,369,329)
Autonomous taxes	1,586,008	2,272,109
Municipality surcharge	13,476,502	6,338,408
Others	1,648,240	(3,393,474)
Income tax	25,328,860	24,107,183

43 RELATED PARTIES

Balances and transactions with related parties during the periods ended 31 December 2012 and 2011 are as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	31 December 2012	31 December 2011 Restated	31 December 2012	31 December 2011 Restated
Parent Company	155,727	157,611	302,932	-
Jointly controlled companies	11,179,046	11,324,163	36,818,686	39,093,987
Associated companies	32,998,508	33,418,707	1,672,794	2,115,175
Other related parties	64,147,544	65,785,537	21,253,333	22,516,126
	108,480,825	110,686,018	60,047,745	63,725,288

Transactions	Interest income		Interest expenses	
	31 December 2012	31 December 2011 Restated	31 December 2012	31 December 2011 Restated
Parent Company	-	336,053	607,674	977,984
Jointly controlled companies	357,634	148,119	-	-
Associated companies	472,021	359,462	-	-
Other related parties	-	-	1,812,391	1,841,420
	829,655	843,634	2,420,065	2,819,404

Balances	Accounts receivable		Accounts payable	
	31 December 2012	31 December 2011 Restated	31 December 2012	31 December 2011 Restated
Parent Company	18,901	340,141	912,998	-
Jointly controlled companies	15,620,816	19,631,101	5,269,818	6,481,764
Associated companies	5,374,847	4,465,269	378,425	527,249
Other related parties	15,436,493	16,071,324	13,221,879	7,269,485
	36,451,057	40,507,835	19,783,120	14,278,498

Balances	Loans			
	Obtained		Granted	
	31 December 2012	31 December 2011 Restated	31 December 2012	31 December 2011 Restated
Parent Company	-	-	-	-
Jointly controlled companies	-	-	7,939,822	4,342,159
Associated companies	-	-	8,317,566	9,136,860
Other related parties	22,209,147	35,938,565	-	-
	22,209,147	35,938,565	16,257,388	13,479,019

The caption other related parties includes Sonae Sierra SGPS, SA, Raso SGPS, SA, Sonae Indústria, SGPS, SA and Sonae Capital, SGPS, SA affiliated, associated and jointly controlled companies, and also other shareholders of affiliated companies or jointly controlled companies of Sonae, as well as other affiliated companies of the parent company Efanor Investimentos, SGPS, SA.

During the first quarter 2012 the company sold to a related party, the interest in Sonae Capital SGPS, SA, for the amount of 3,569,000 euro. Additionally, the Group increase the percentage held in Fundo de Investimentos Imobiliário Fechado do Imosede, through the acquisition of 13% of its share capital, to a related party for the amount of 20 million euro.

In 2012 were sold to administrators of Sonae or entities/persons with them related, 19 Magma N.º 1 Securitization notes held by Sonae Holding by an amount of 332,590 euro.

Members of the Board of Directors and Strategic Direction were attributed the following remuneration in 2012 and 2011:

	31 December 2012		31 December 2011 Restated [b]	
	Board of Directors	Strategic direction (a)	Board of Directors	Strategic direction (a)
Short-term employee benefits	2,973,905	8,778,605	2,530,270	11,177,621
Share-based payments	652,000	2,376,524	644,200	3,194,887
	3,625,905	11,155,129	3,174,470	14,372,508

a) Includes personnel responsible for the strategic management of the companies of Sonae (excluding members of the Board of Directors of Sonae Holding);

b) Includes personnel of Sonae Sierra.

44 EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2012 and 2011, were calculated taking into consideration the following amounts:

	31 December 2012	31 December 2011 Restated
Net profit		
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	32,572,259	103,944,076
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	32,572,259	103,944,076
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	1,872,720,391	1,872,249,464
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Outstanding shares related with share based payments	12,629,313	12,720,766
Shares related to performance bonus that can be bought at market price	(7,553,334)	(4,207,658)
Weighted average number of shares used to calculated diluted earnings per share	1,877,796,370	1,880,762,572
Earnings per share		
Basic	0.017393	0.055518
Diluted	0.017346	0.055267

The 2012 average number of shares considered 123.238.581 Sonae Holding shares (126,840,751 in 31 December 2011) as treasury shares (Note 22).

45 CASH RECEIPTS-PAYMENTS RELATED TO INVESTMENTS

As at 31 December 2012 and 2011, cash receipts and cash payments related to investments can be detailed as follows:

	31 December 2012	31 December 2011 Restated
Receipts		
Funding application in Bradesco and Citybank(Son.Capit.Brasil) (Note 13)	2,182,230	11,913,419
Disposal of 16,600,000 Sonae Capital SGPS shares	3,569,000	-
Others	112,742	141,830
	5,863,972	12,055,249

	31 December 2012	31 December 2011 Restated
Payments		
Lazam debt relating the acquisition of ADD and Miral	5,583,606	10,233,268
Connectiv aquisition (Note 8)	5,970,672	-
Acquisition of Imosede's fund units	20,000,000	-
Acquisition of Sonaecom's shares	6,646,428	2,223,287
Acquisition of Polinsur and Serenitas	695,178	-
Acquisition of MDS Group subsidiaries	-	1,199,288
Others	600,411	110,558
	39,496,295	13,766,401

46 DIVIDENDS

In the Shareholders Annual General Meeting held on 30 April 2012, the payment of a gross dividend of 0.0331 euro per share (0.0331 euro per share in 2011) corresponding to a total of 66,200,000 euro (66,200,000 euro at 2011) was approved.

For 2012, the Board of Directors will propose a gross dividend of 0.0331 euro per share corresponding to a total of 66,200,000 euro. This dividend is subject to approval by shareholders in the Shareholders Annual Meeting.

47 SEGMENT INFORMATION

As described with more detail in the Management Report the operating segments used by the Group management are as follows:

- Food based retail
- Specialised retail
- Retail real estate
- Telecommunications
- Investment Management

Sonae's reportable segment information regarding the income statement in accordance with IFRS 8 can be analysed as follows:

	31 December 2012	Inter-segment income	31 December 2011 Restated	Inter-segment income
Turnover				
Sonae MC	3,281,052,311	(3,296,830)	3,347,235,392	(3,500,118)
Ex-Fuel	3,281,052,311	(3,296,830)	3,327,239,402	(3,500,118)
Fuel	-	-	19,995,990	-
Sonae SR	1,180,236,401	-	1,235,035,320	-
Sonae RP	119,889,493	(108,478,175)	119,311,667	(108,253,046)
Sonaecom	825,438,380	(22,448,806)	863,634,415	(22,752,742)
Investment management	104,802,919	(2,074,497)	106,291,960	(709,116)
Eliminations and adjustments	(132,896,990)	-	(130,658,416)	(171,022)
Total consolidated	5,378,522,514	(136,298,308)	5,540,850,338	(135,386,044)
Depreciation, provisions and impairment losses				
Sonae MC	84,304,190		90,497,938	
Sonae SR	60,314,264		65,754,240	
Sonae RP	25,493,101		24,986,334	
Sonaecom	166,942,454		171,217,061	
Investment management	9,377,686		9,551,881	
Eliminations and adjustments	35,608,805		19,077,375	
Total consolidated	382,040,500		381,084,829	
Operational profit/(loss) (EBIT)				
Sonae MC	160,701,736		134,756,993	
Sonae SR	(106,848,721)		(60,644,822)	
Sonae RP	75,988,596		89,176,715	
Sonaecom	92,582,895		82,172,902	
Investment management	12,291,914		(6,543,642)	
Eliminations and adjustments	(2,253,853)		(4,496,759)	
Total direct consolidated	232,462,567		234,421,387	

	31 December 2012	31 December 2011 Restated
Investment (CAPEX)		
Sonae MC	77,516,635	91,804,002
Sonae SR	33,558,073	83,757,110
Sonae RP	15,507,647	8,866,877
Sonaecom	143,208,000	238,458,804
Investment management	1,242,508	6,017,826
Eliminations and adjustments (1)	20,965,218	181,454
Total consolidated	291,998,081	429,086,073
Invested capital		
Sonae MC	395,111,744	483,891,990
Sonae SR	258,068,203	347,470,390
Sonae RP	1,334,747,641	1,360,659,243
Sonaecom	955,991,451	826,985,263
Investment management	152,294,468	134,490,985
Eliminations and adjustments (1)	388,792,687	509,907,063
Total consolidated	3,485,006,194	3,663,404,934
Total net debt (2)		
Retail businesses	784,342,592	975,691,161
Sonaecom	360,560,000	309,547,000
Investment management	70,926,455	93,349,820
Holding (1)	600,618,233	584,425,797
Total consolidated	1,816,447,280	1,963,013,778

1) Includes Sonae Individual accounts;

2) Includes shareholders loans and excluding inter-segment securitised debt;

The caption "Eliminations and Adjustments" can be analysed as follows:

	Turnover		Operational profit/(loss) (EBIT)	
	31 December 2012	31 December 2011 Restated	31 December 2012	31 December 2011 Restated
Inter-segment income	(136,298,308)	(135,386,044)	6,868,829	2,331
Adjustment on telecommunications provisions	3,401,318	4,946,226	(9,122,682)	(4,499,090)
Others	-	(218,598)	-	-
Eliminations and adjustments	(132,896,990)	(130,658,416)	(2,253,853)	(4,496,759)

	Investment		Invested capital	
	31 December 2012	31 December 2011 Restated	31 December 2012	31 December 2011 Restated
Inter-segment balances	366,360	150,069	18,299,053	51,824,968
Investments	20,000,000	-	455,548,457	513,459,627
Cash settled equity swap (3)	-	-	(84,664,905)	(55,936,771)
Others	598,858	31,385	(389,918)	559,239
Eliminations and adjustments	20,965,218	181,454	388,792,687	509,907,063

(3) Financial Instrument reported in Note 22.

Glossary:

Invested capital = Gross real estate assets + other fixed assets (including Goodwill) - amortizations and impairment losses + financial investments + working capital (includes non-current assets and non-current liabilities excluding total net debt);

Total Net debt = Bonds + bank loans + other loans + shareholders loans + finance leases + derivatives - cash, bank deposits and current investments - other long term applications;

EBIT Direct = EBT + financial result + direct result of shopping centres + others results

Eliminations and adjustments = Inter-segment + consolidation adjustments + contribution of companies not included in the operating segments;

CAPEX = Investments in tangible and intangible assets and investment in acquisitions; gross CAPEX excluding cash inflows from assets disposals;

Direct income = results excluding contributions to indirect income;

Indirect Income includes Sonae Sierra contributions, net of taxes, arising from: (i) investment property valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses (including goodwill) and (iv) provision for Assets at Risk; and other provisions to future liabilities and impairments on assets related with non “core” business and discontinued operations.

Turnover and profit/(loss) before taxation by geographic segment are as follows:

	31 December 2012		31 December 2011 Restated	
	Turnover by destination market	Operational profit/(loss) before taxation	Turnover by destination market	Operational profit/(loss) before taxation
Portugal	4,996,418,443	103,686,067	5,176,590,159	153,991,026
Spain	327,728,784	(32,455,460)	315,700,240	(15,709,338)
United Kingdom	3,493,835	79,614	3,866,176	(323,252)
Brazil	35,363,447	(18,032,204)	35,150,657	(6,108,769)
Other European countries	5,996,893	43,417,012	6,309,635	19,953,736
Rest of the world	9,521,112	324,213	3,233,472	(792,666)
	5,378,522,514	97,019,242	5,540,850,339	151,010,737

Headcount are as follows:

	31 December 2012	31 December 2011 Restated
Retail	29,643	29,152
Telecommunications	2,083	2,103
Investment management	1,251	1,121
Sonae Holding	17	17
	32,994	32,393

48 INFORMATION RELATING TO JOINT-VENTURES

The amounts of assets, liabilities and profit and losses related to joint ventures are disclosed in Note 6. Taking into account Sonae Sierra's financial statements relevance and considering that Sonae Sierra is consolidated by the equity method, the most relevant disclosures are as follows (amounts disclosed correspond to Sierra figures – 100%):

a) Investment properties

The movement in investment properties, during the years ended 31 December 2012 and 2011 is as follows:

			Investment Properties			
			in progress			
	In Operation	"Fit Out"	at cust	at fair value	Advances	Total
Opening balance as at 1 January 2011	3,259,697,429	4,057,499	123,287,636	78,528,389	1,725,000	3,467,295,954
Increases	24,032,320	-	29,463,930	62,228,801	-	115,725,051
Write-offs and impairment losses	-	-	(9,558,884)	-	-	(9,558,884)
Reimbursements	(120,000,000)	-	(13,399,528)	-	-	(133,399,528)
Reimbursements of Fit - Out	-	(384,103)	-		-	(384,103)
Transfers	-	-	(4,080)	(1,308,403)	-	(1,312,483)
Transfers from investment properties in progress:						
Construction and other costs	13,017,636	-	-	(13,017,636)	-	-
Adjustment to fair value	1,535,365	-	-	(1,311,250)	-	224,114
Change in fair value of investment properties						-
between periods:						-
- Gains	84,938,408	173,103	-	-	-	85,111,510
- Losses	(122,453,992)	(35,000)	-	-	-	(122,488,992)
Additions by concentrations of business activities	-	-	6,000,000	-	-	6,000,000
Exchange rate effect	(39,809,665)	-	(1,551,955)	(4,545,797)		(45,907,417)
Opening balance as at 1 January 2012	3,100,957,500	3,811,499	134,237,120	120,574,104	1,725,000	3,361,305,223
Increases	12,216,007	42,500	89,736,186	14,317,315	-	116,312,007
Reimbursements	15,236,513	-	-		-	15,236,513
Write-offs and impairment losses	(12,494,000)	-	(19,926,287)	-	-	(32,420,287)
Disposals	(208,763,193)	-	(8,609,386)	-	-	(217,372,579)
Reimbursements of Fit - Out	-	(400,617)	-		-	(400,617)
Transfers	-	(15,089)	(1,222,037)	(143,114)	-	(1,380,240)
Transfers from investment properties in progress:						
Construction and other costs	105,064,307	15,089	25,873,322	(130,952,718)	-	-
Adjustment to fair value	4,388,899	-	(11,765,623)	(1,301,522)	-	(8,678,246)
Change in fair value of investment properties						
between periods:						
- Gains	53,731,346	43,789	-	-	-	53,775,136
- Losses	(177,116,239)	(714,267)	-	-	-	(177,830,506)
Additions by concentrations of business activities	-	-	24,144,733	-	-	24,144,733
Exchange rate effect	(57,536,342)	-	(9,470,851)	(2,494,065)		(69,501,257)
Closing balance as at 31 December 2012	2,835,684,798	2,782,905	222,997,177	-	1,725,000	3,063,189,880

The amount of 19,926,287 euro recorded in "Impairments and write-off" refers mainly to impairment losses relating to some of the properties currently under development, for which there are some uncertainties over their future viability.

In addition the Group recognized an impairment loss in the amount of 12,494,000 euro relating to Pantheon Plaza property.

The sales in the amount of 208,763,193 euro relates to: (i) the sale of the shopping Münster Arkaden located in Germany (167,094 thousand euro), and (ii) the sale by Sonae Sierra Brasil of its 10% ownership interest in Patio Brasil, from its 73.18% interest in Shopping Penha and its 30% interest in Tivoli Shopping (41,669 thousand euro), from which resulted a gain of 2,934 thousand euro and 3,442 thousand euro respectively.

The amount of 8,609,386 euro under "sales of investment properties under development" refers to the receivable in 2012 of advance payments for projects in Italy and Brazil that were cancelled.

The amount of 24,145,733 euro under "Increases through business combination" refers to the acquisition of 50% of S.C. Caelum Development Srl (owner of ParkLake Plaza located in Romania).

At 31 December 2012 and 2011 investment properties in operation can be detailed as follows:

	31 December 2012			31 December 2011		
	10 years "discount rate"	Yields	million of euros	10 years "discount rate"	Yields	million of euros
Portugal and Spain	9,10% and 13,65%	6,85% and 11,15%	1,795,978	8,15% and 12,05%	6,15% and 10,05%	1,930,202
Other European Countries	6,75% and 14,50%	6,25% and 11,50%	533,874	6,50% and 13,00%	6,00% and 10,00%	684,483
Brazil	8,65% and 14,00%	6,45% and 9,50%	505,833	12,75% and 14,00%	8,25% and 9,50%	486,272
			2,835,685			3,100,957

The fair value of each investment property was determined by means of a valuation as of the reporting date made by independent specialised entities (Cushman & Wakefield, CBRE and Jones Lang LaSalle).

The valuation of these investment properties was made in accordance with the Practice Statements of the RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors ("Red Book"), located in England.

The methodology used to compute the market value of the investment properties consists in preparing 10 years projections of income and expenses of each shopping centre added to the residual value, corresponding to a projected net income of year 11 and a return market rate ("Exit yield" or "cap rate"). These projections are then discounted to the valuation date using a discount market rate. Projections are intended to reflect the actual best estimate of the valuer regarding future revenues and costs of each shopping. Both the return rate and discount rate are defined in accordance to the local real estate and institutional market conditions, being the reasonability of the market value obtained in accordance to the methodology above referred, tested also in terms of initial return and obtained with the estimated net income for the first year of projections.

In the valuation of investment properties, some assumptions, that in accordance with the "Red Book" are considered to be special, were in addition considered, namely in the case of recently inaugurated shopping centres, in which the possible costs still to be incurred were not considered, as the accompanying financial statements already include a provision for them.

Market uncertainty

According to the valuers, whenever uncertainty could have a material effect on the opinion of value, the Red Book requires the valuer needs to draw attention to this, indicating the cause of the uncertainty and the degree to which this is reflected in the valuation reported.

It is opinion of the valuers that the ongoing lack of availability of finance continues to impact on the market, particularly for secondary or vacant properties, which have experienced unusually low transaction volumes. As a consequence, there has been a significant reduction in market evidence upon which to base its valuation and so the valuer has had to exercise a greater degree of judgement than usual. The valuers have considered both current and historic market evidence available and endeavoured to reflect current market sentiment, although the signals are mixed.

It has been held that valuers may properly conclude within a range of values. This range is likely to be greater in an illiquid market where inherent uncertainty exists and a greater degree of judgment must therefore be applied.

Although some companies are facing financial difficulties, it is not appropriate to conclude all recent market activity represents forced transactions. An imbalance between supply and demand (for example, fewer buyers than sellers) is not always a determinant of a forced transaction. A seller might be under financial pressure to sell, but it is still able to sell at a market price if there is more than one potential buyer in the market and a reasonable amount of time is available for marketing. Similarly, transactions initiated during bankruptcy should not automatically be assumed to be forced.

b) Goodwill

The goodwill valuation in the shopping centres segment is a located to the subsidiaries with investment proprieties, the impairment tests of goodwill are based on the Net Asset Value ("NAV") of the shares held, at each reporting date.

The "NAV" corresponds to evaluation at fair value, at each reporting date, of the net assets of the subsidiary excluding deferred tax liabilities relating to unrealized gains on investment properties, at the market value (Open Market Value).

c) Other non-current assets

The amount of 7.8 million euro, accounted under the caption "Other non-current assets", due by the Municipal Council of Lisbon, relates to works developed by the jointly controlled company Centro Colombo – Centro Comercial, S.A.. These works were developed on behalf of the Municipal Council of Lisbon ("CML") in accordance with protocols signed between the technical services of CML and Colombo at the end of 2001. On the other hand, the caption "Other non-current liabilities", as of 31 December 2012 and 2011, includes the amount of 3.2 million euro relating to works developed by CML on behalf of Colombo and licenses. A legal action against CML was presented in 2001 reclaiming the totality of the improvements made by Colombo on behalf of CML and corresponding interests and other expenses incurred by Colombo under the above mentioned protocols. The Colombo Board of Directors believes, based on advice from its legal counsel, that the legal action will be favorable to Colombo and consequently did not record any impairment loss to cover eventual losses on this account receivable.

d) Contingent liabilities

As of 31 December 2012, the main contingent liabilities relate to the following situations:

a) During 2010, the subsidiary Gli Orsi was notified by the Italian tax authorities to pay income tax on the amount of 10.6 million euro. This notification was challenged by the Group, which had to make an advance payment in the amount of 32 million euro; in January 2012 the Company won the case in the first instance and this amount was released. The tax authorities appealed and the hearing took place in December 2012 but the final resolution has not yet been received;

b) During 2010 the subsidiary Sierra Investments SGPS granted a guarantee to the Portuguese tax administration of 5.6 million euro, to deal with the complaint submitted by Sonae Sierra in relation to a notification received related to income tax. No provision was made to be understanding of the Group that the risk of this contingency is unlikely;

c) In March 2011, the Group won an arbitration procedure against Olympic Properties SA (now called ETA and owner of the land for a project in Greece) allowing the Group to suspend the payment of rents until the building permit for the project is issued. At the same date, the Group committed itself before ETA to fulfill their obligations in the Lease Agreement.

At 31 December 2012 and 31 December 2011 the bank guarantees granted to third parties were as following:

	31 December 2012	31 December 2011
Garantias prestadas (milhares de euros):		
on tax claims	3,501	3,501
on judicial claims	105	167
por bom cumprimentos da construção de vários projetos	3,569	15,454
por bom cumprimentos das obrigações com o comprador do Munster	19,000	-
por conta de empréstimos bancários obtidos	11,500	11,500
others guarantees	3,888	2,410

No provision has been made for liabilities arise from the construction/development of projects committed above mentioned, as the Board of Directors believes that there is no risk.

No provision likelihood of any liability arising from the tax and legal processes mentioned above, as the Board of Directors believes that the corresponding risk is not probable.

49 Commitments arising on the sale of assets regarding contingent sale prices adjustments

Following the sale of 49.9% of Sierra European Retail Real Estate Assets Holdings BV's ("Sierra BV") share capital to a group of Investors, in 2003, Sonae Sierra has agreed to revise the sale price of such shares in the event of a sale, to third parties, of some of the shopping centres owned by subsidiaries of Sierra BV (in case of some circumstances).

The price revision can occur whether with a sale of the asset or with a sale of the shares of the company that is directly or indirectly the owner of such asset.

The price revision will be made by Sonae Sierra to the Luxco's or to Sierra BV, in case a important sale, discounts were made related to deferred taxes over the gains.

The price revision will be impacted by the percentage of capital in the company that owns the asset, computed considering the Investors' ownership percentage of the asset (and, in case of shares sale, adjusted by a discount of 50%) and is limited to:

(i) in the case of the asset sale, to a maximum amount of 118 million euro;

(ii) in the case of a sale of shares of the company that directly or indirectly owns the asset, to a maximum amount of 59 million euro;

(iii) in the case of a sale of shares of the company that directly or indirectly owns the asset, the price revision plus the selling price, cannot result in a new price that is greater than the proportion in the Net Asset Value.

Similar commitments were granted by Sonae Sierra in relation to the companies transferred to Sierra BV after 2003.

These commitments are valid while the current agreements with the other stockholders of Sierra BV are maintained.

Furthermore, Sonae Sierra has the right to make a proposal for the acquisition of the asset or the shares at stake before the same are offered for sale to a third party.

In accordance with the agreements made between the shareholders of Sierra BV at the time of its incorporation in 2003, it was agreed that Sierra BV should exist for an initial period of 10 years (that ends in October 2013), that can be extended by two additional periods of one year starting in 2013. Currently, the Board of Directors is under negotiations with Sierra BV's investors to analyse other options for the exit strategy, but until the moment no decision was made.

The Group believes that the direct sale of the asset is a less attractive solution as it is subject to certain liabilities that are not crystalized in the event of a sale of the shares.

50 Presentation of consolidated income statement

In the Management Report, and for the purposes of calculating financial indicators as EBIT, EBITDA, recurrent EBITDA the consolidated income statement is divided between Direct Income and Indirect Income, according to common practice in the Shopping Centre operating segment, as explained in the next paragraph. The indirect income includes the future responsibilities from discontinued operations and impairment in non-core assets.

The Indirect Income includes the contribution of the Shopping Centre operating segment to the consolidated income statement, net of taxes, that result from: (i) valuation of investment properties; (ii) gains (losses) with the sale of financial investments, joint ventures or associates; (iii) impairment losses (including goodwill), (iv) and provisions for "Development Funds at Risk".

The value of EBITDA is only calculated in the direct income, excluding the indirect contributions.

The reconciliation between consolidated income and direct-indirect income for the periods ended 31 December 2012 and 2011 can be summarised as follows:

	31 December 2012			31 December 2011 Restated		
	Consolidated accounts	Indirect income	Direct income	Consolidated accounts	Indirect income	Direct income
Turnover	5,378,522,514	-	5,378,522,514	5,540,850,338	-	5,540,850,338
Investment income						-
Dividends	216,683	216,683	-	232,500	232,500	-
Impairment losses	(1,101,337)	(1,101,337)	-			
Others (Note 38)	16,880,645	-	16,880,645	(207,545)	-	(207,545)
Other income						
Negative goodwill	-	-	-	1,068,375	-	1,068,375
Reversion of impairment losses	10,889,667	-	10,889,667	3,938,989	-	3,938,989
Others	430,332,529	-	430,332,529	465,218,650	-	465,218,650
Total income	5,835,740,701	(884,654)	5,836,625,355	6,011,101,307	232,500	6,010,868,807
Total expenses	(5,224,312,538)	-	(5,224,312,538)	(5,395,362,591)	-	(5,395,362,591)
Depreciation and amortisation	(333,108,546)	-	(333,108,546)	(332,345,313)	-	(332,345,313)
Non-recurring impairment losses over inventories	(13,809,750)	-	(13,809,750)	-	-	-
Unusual provisions and impairment						
Provisions for warranty extensions	(75,245)	-	(75,245)	(8,358,133)	-	(8,358,133)
Unusals provisions and impairments	(906,000)	-	(906,000)	(4,896,878)	-	(4,896,878)
Others	(47,950,709)	(16,000,000)	(31,950,709)	(35,484,505)	-	(35,484,505)
Profit before financial results and share of results in associated companies	215,577,913	(16,884,654)	232,462,567	234,653,887	232,500	234,421,387
Financial profit/(loss)	(94,176,134)	-	(94,176,134)	(81,586,135)	-	(81,586,135)
Share of results in joint ventures and associated undertakings						
Sonae Sierra	(23,847,555)	(55,139,875)	31,292,320	4,874,153	(27,154,530)	32,028,683
Others	(534,981)	(216,683)	(318,298)	(6,931,168)	(232,500)	(6,698,668)
Profit before income tax	97,019,243	(72,241,212)	169,260,455	151,010,737	(27,154,530)	178,165,267
Income tax	(25,328,860)	-	(25,328,860)	(24,107,183)	-	(24,107,183)
Net profit for the period	71,690,383	(72,241,212)	143,931,595	126,903,554	(27,154,530)	154,058,084
Attributable to equity holders of Sonae	32,572,259	(72,241,212)	104,813,471	103,944,076	(27,154,530)	131,098,606
Attributable to non-controling interests	39,118,124	-	39,118,124	22,959,478	-	22,959,478
EBITDA (a)			600,441,905			602,140,719

(a) EBITDA is computed as Turnover + Other Income - Negative goodwill – Impairment losses reversal – Operational expenses - Provisions for warranty extensions + Gains/(losses) in disposals. - non-recurring impairment losses over inventories- unusual impairment and provisions;

Indirect result could be analysed as follows:

Indirect income	31 December 2012	31 December 2011 Restated
Indirect income of Sonae Sierra	(55,139,875)	(27,154,530)
Provision for contingencies in Brazil (Note 32)	(15,000,000)	-
Impairment of financial investments and loans granted to associates (Note 6 and 32)	(2,101,337)	-
Total	(72,241,212)	(27,154,530)

The recurrent income could be analysed as follows:

	31 December 2012	31 December 2011 Restated
EBITDA	600,441,905	602,140,719
Capital gain from the disposal of Cooper Gay Sweet & Crawford (Note 6)	(15,227,674)	-
Capital gain on the disposal of real estate	-	(16,300,000)
Non-recurring expenses of Sonae RE for claims	5,000,000	2,500,000
Indemnities	2,800,000	-
Other expenses considered non-recurring	3,540,773	3,700,000
Recurrent EBITDA	596,555,004	592,040,719

51 SUBSEQUENT EVENTS

Following the announcement made, on 14 December 2012, between Sonaecom SGPS, SA, Kento Holding Limited and Jadeium BV (currently named Unitel International Holdings, BV, collectively referred to as "Kento/Jadeium"), of having reached an agreement to recommend to the Boards of Zon Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. ("Zon") and Optimus SGPS, SA a merger between the two companies, on 11 January 2013, Sonaecom SGPS, S.A. carried out a capital increase in kind, transferring 81.807% of its investment in Optimus SGPS, S.A. to ZOPT.

On March 7th, the Extraordinary Shareholder Meetings of Optimus SGPS and Zon approved the merger project by incorporation between the 2 companies, under the terms that had been approved by the respective Boards of Directors on January 21st. The implementation of the merger is now conditional upon the prior fulfilment of the following conditions: (i) The non-opposition from the Competition Authority; (ii) The issuance of a statement waiving the obligation to launch a mandatory takeover bid by the Portuguese Securities and Exchange Commission; and (iii) the fulfilment of the remaining administrative and corporate formalities applicable or necessary to the completion of the merger.

At 15 February 2013, Sonae and France Telecom ('FT-Orange') have executed an agreement whereby, respectively, a call and put option is granted over the 20% stake in Sonaecom's share capital presently held by a subsidiary of FT-Orange. Sonae's call option may be exercised during the subsequent 18 months and FT-Orange's put option within the 3 months subsequent. The price for the exercise of both options is of 98.9 million euro, which may be increased up to 113.5 million euro in case Sonaecom or Optimus participate in any material transaction of consolidation or restructuring of the telecommunications sector in Portugal which is announced within the subsequent 24 months. This agreement is subject to the condition that the Portuguese Securities Commission (CMVM) confirms that no concerted exercise of influence results from this agreement and that the shares held by Sonae are not attributable to FT-Orange, thereby removing the legal presumption of article 20, paragraph 4, of the Portuguese Securities Code.

52 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 12 March 2013, nevertheless they are still subject to approval at the Shareholders Annual General Meeting.

The Board of Directors

Belmiro Mendes de Azevedo, Chairman

Álvaro Carmona e Costa Portela, member of the Board of Directors

Álvaro Cuervo Garcia, member of the Board of Directors

Bernd Bothe, member of the Board of Directors

Christine Cross, member of the Board of Directors

Michel Marie Bon, member of the Board of Directors

José Neves Adelino, member of the Board of Directors

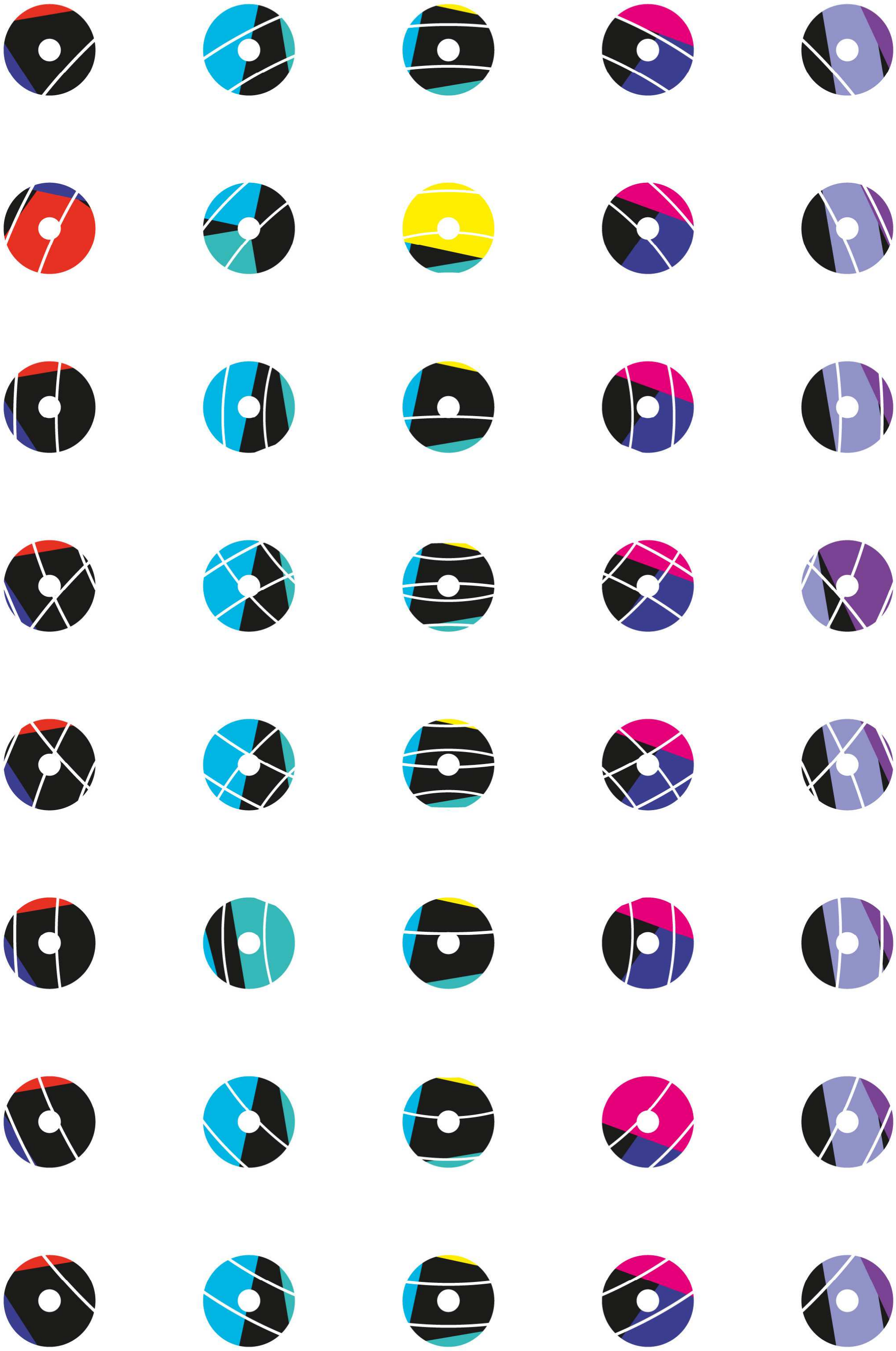
Duarte Paulo Teixeira de Azevedo, CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério, member of the Executive Committee

Nuno Manuel Moniz Trigoso Jordão, member of the Executive Committee

02

INDIVIDUAL FINANCIAL STATEMENTS



Individual Statement of Financial Position as at 31 December 2012 and 2011

(Amounts expressed in euro)
(Translation of individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

ASSETS	Notes	31.December.2012	31.December.2011
NON-CURRENT ASSETS:			
Tangible assets	6	178,042	208,831
Intangible assets	7	28,770	77,138
Investments in affiliated companies	4, 8	3,503,796,314	3,561,020,983
Other investments	4, 9	38,628,607	42,214,426
Other non-current assets	4, 10	352,823,000	393,745,945
Total non-current assets		3,895,454,733	3,997,267,323
CURRENT ASSETS:			
Trade account receivables	4, 11	467,461	503,725
Other debtors	4, 12	11,287,813	13,909,190
Taxes recoverable	13	1,270,260	798,587
Other current assets	4, 14	2,057,079	431,397
Cash and cash equivalents	4, 15	158,667,623	75,589
Total current assets		173,750,236	15,718,488
TOTAL ASSETS		4,069,204,969	4,012,985,811
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	16	2,000,000,000	2,000,000,000
Legal reserves	17	187,137,648	187,137,648
Hedging reserve, fair value reserve and other reserves	18	1,119,192,176	1,243,726,640
Retained earnings		(63,194,492)	322,737
Profit for the year		22,964,317	(63,517,229)
TOTAL EQUITY		3,266,099,649	3,367,669,796
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bonds	4, 20	595,047,114	497,997,648
Bank loans	4, 20	74,024,250	-
Other non-current liabilities	4, 8	3,992,080	-
Other loans	4, 20	6,993,896	11,007,789
Total non-current liabilities		680,057,340	509,005,437
CURRENT LIABILITIES:			
	4, 20	99,919,906	-
Bank loans	4, 20	1,961,683	90,600,000
Other loans	4, 20	1,674,286	-
Trade accounts payable	4	443,191	662,785
Other creditors	4, 21	7,680,960	40,240,610
Taxes and contributions payable	13	214,619	555,382
Other current liabilities	4, 22	11,153,335	4,251,801
Total current liabilities		123,047,980	136,310,578
TOTAL EQUITY AND LIABILITIES		4,069,204,969	4,012,985,811

The accompanying notes are part of these individual financial statements.

The Board of Directors

Individual Income Statement for the years ended 31 December 2012 and 2011

(Amounts expressed in euro)

(Translation of individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

	Notes	31.December.2012	31.December.2011
Services rendered	26	476,701	472,682
Gains or losses on investments	27	26,836,460	(78,016,561)
Financial income	28	33,388,218	42,447,504
Other income		2,458,028	1,506,844
External supplies and services	29	(2,995,820)	(2,077,556)
Staff costs	30	(2,450,853)	(2,255,791)
Depreciation and amortisation	6, 7	(108,546)	(105,431)
Financial expense	28	(33,079,256)	(24,768,475)
Other expenses		(1,551,201)	(581,026)
Profit/(Loss) before taxation		22,973,731	(63,377,810)
Taxation	31	(9,414)	(139,419)
Profit/(Loss) after taxation		22,964,317	(63,517,229)
Profit/(Loss) per share			
Basic	32	0.011485	(0.031759)
Diluted	32	0.011480	(0.031744)

The accompanying notes are part of these individual financial statements.

The Board of Directors

Individual Statement of Comprehensive Income for the years ended 31 December 2012 and 2011

(Amounts expressed in euro)
(Translation of the individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

	31.December.2012	31.December.2011
Net Profit / (Loss) for the year	22,964,317	(63,517,229)
Changes on fair value of available-for-sale financial assets	(61,201,255)	(41,401,857)
Transfer of fair value of available-for-sale financial assets to the income statement	50,271	(6,345)
Impairment losses on available-for-sale financial assets	-	2,490,000
Changes in hedge and fair value reserves	2,646,872	2,632,607
Other comprehensive income for the year	(58,504,112)	(36,285,595)
Total comprehensive income for the year	(35,539,795)	(99,802,824)

The accompanying notes are part of these individual financial statements.

The Board of Directors

Individual Statement of Changes in Equity for the years ended as at 31 December 2012 and 2011

(Amounts expressed in euro)
(Translation of the individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

				Reserves and retained earnings								
	Notes	Share capital	Treasury shares	Legal reserve	Fair value reserve	Hedging reserve	Share based payments reserve	Free reserves	Retained earnings	Total reserves and retained earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2011		2,000,000,000	-	167,816,034	612,472,662	(7,662,771)	725,653	373,469,086	322,737	1,147,143,401	386,432,293	3,533,575,694
Total comprehensive income for the year		-	-	-	(38,918,202)	2,632,607	-	-	-	(36,285,595)	(63,517,229)	(99,802,824)
Appropriation of profit of 2010:												
Transfer to legal reserves and other reserves	17	-	-	19,321,614	-	-	-	300,910,679	-	320,232,293	(320,232,293)	-
Dividends distributed	34	-	-	-	-	-	-	-	-	-	(66,200,000)	(66,200,000)
Purchase of treasury shares		-	(289,862)	-	-	-	-	-	-	-	-	(289,862)
Share based payments	19	-	289,862	-	-	-	100,300	(3,374)	-	96,926	-	386,788
Balance as at 31 December 2011		2,000,000,000	-	187,137,648	573,554,460	(5,030,164)	825,953	674,376,391	322,737	1,431,187,025	(63,517,229)	3,367,669,796
Balance as at 1 January 2012		2,000,000,000	-	187,137,648	573,554,460	(5,030,164)	825,953	674,376,391	322,737	1,431,187,025	(63,517,229)	3,367,669,796
Total comprehensive income for the year		-	-	-	(61,150,984)	2,646,872	-	-	-	(58,504,112)	22,964,317	(35,539,795)
Appropriation of profit of 2011:												
Transfer to legal reserves and other reserves		-	-	-	-	-	-	-	(63,517,229)	(63,517,229)	63,517,229	-
Dividends distributed	34	-	-	-	-	-	-	(66,187,813)	-	(66,187,813)	-	(66,187,813)
Purchase of treasury shares		-	(2,612,424)	-	-	-	-	-	-	-	-	(2,612,424)
Sale of treasury shares		-	2,346,376	-	-	-	-	98,337	-	98,337	-	2,444,713
Share based payments	19	-	266,048	-	-	-	(170,952)	230,076	-	59,124	-	325,172
Balance as at 31 December 2012		2,000,000,000	-	187,137,648	512,403,476	(2,383,292)	655,001	608,516,991	(63,194,492)	1,243,135,332	22,964,317	3,266,099,649

The accompanying notes are part of these individual financial statements.

The Board of Directors

Individual Statement of Cash Flows for the years ended 31 December 2012 and 2011

(Amounts expressed in euro)

(Translation of the individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

	Notes	31.December.2012	31.December.2011
OPERATING ACTIVITIES			
Cash receipts from trade debtors		512,727	466,755
Cash paid to trade creditors		(2,876,547)	(2,651,766)
Cash paid to employees		(2,085,266)	(1,906,825)
Cash flow generated by operations		(4,449,086)	(4,091,836)
Income taxes (paid) / received		(610,903)	118,428
Other cash receipts and (payments) relating to operating activities		512,413	(124,377)
Net cash flow from operating activities (1)		(4,547,576)	(4,097,785)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	33	22,689,000	19,549,954
Tangible assets		170	2,066
Intangible assets		-	650
Interest and similar income		33,671,828	47,499,246
Dividends	27	29,071,221	107,599
Others		3,291,839	-
Loans granted		668,825,307	1,352,499,177
		757,549,365	1,419,658,692
Cash payments arising from:			
Investments	33	(23,263,454)	(500,002,245)
Tangible assets		(20,201)	(37,014)
Intangible assets		(9,188)	(14,071)
Loans granted		(627,783,241)	(895,333,546)
		(651,076,084)	(1,395,386,876)
Net cash used in investment activities (2)		106,473,281	24,271,816
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		1,722,262,341	2,743,131,000
Sale of treasury shares		2,189,569	-
		1,724,451,910	2,743,131,000
Cash payments arising from:			
Loans obtained		(1,568,619,259)	(2,673,776,000)
Interest and similar charges		(30,367,342)	(23,274,245)
Dividends		(66,186,556)	(66,196,465)
Purchase of treasury shares		(2,612,424)	(289,862)
		(1,667,785,581)	(2,763,536,572)
Net cash used in financing activities (3)		56,666,329	(20,405,572)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		158,592,034	(231,541)
Cash and cash equivalents at the beginning of the year	15	75,589	307,130
Cash and cash equivalents at the end of the year	15	158,667,623	75,589

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE, SGPS, SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

(Translation of the individual financial statements originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

1 INTRODUCTION

SONAE, SGPS, SA ("the Company" or "Sonae"), has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal.

The individual financial statements are presented as required by Commercial Companies Code. According to Decree-Law 158/2009 of 13 July, the company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Consolidated financial statements are also presented in accordance with applicable legislation.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accompanying individual financial statements are as follows:

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union effective as at 1 January 2009. This standards were issued by the International Accounting Standards Board ("IASB") and interpretations issued by International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), that have been adopted by the European Union.

Interim financial statements are presented quarterly, in accordance with IAS 34 – "Interim Financial Reporting".

The accompanying financial statements have been prepared from the books and accounting records on a going concern basis and under the historical cost convention, except for financial instruments and investment properties which are stated at fair value.

New accounting standards and their impact in the financial statements

Up to the approval date of these financial statements, the European Union endorsed standards, interpretations, amendments and revisions, some of which have become effective during the year 2012. These changes are presented in Note 2 of the notes to the consolidated financial statements. The adoption, during 2012, of the mentioned standards did not produce impacts on the Company financial statements, since they aren't applicable to the Individual financial statements of the Company.

Additionally, there are standards that have been approved for adoption in the periods started on or after 1 January 2013. The company did not early adopt the mentioned standards as the adoption is not mandatory and no significant impacts in the individual financial statements of the company are expected to arise from the application of those standards.

2.2 Tangible assets

Tangible assets acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition cost, or revalued acquisition cost in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Depreciation charges for the year are calculated on a straight line basis over the useful life of each asset in the caption Depreciation and amortisation.

The impairment losses in the realisable value of tangible assets are recorded in the year they arise in the caption of the income statement - impairment losses.

2.3 Intangible assets

Intangible assets are stated at acquisition cost, net of amortisation and accumulated impairment losses. Intangible assets are only recognised if it is probable that future economic benefits will flow from them, if they are controlled by the Company and if their cost can be reliably measured.

Depreciation charges for the year are calculated on a straight line basis over the useful life of each asset in the caption depreciation and amortization.

2.4 Borrowing costs

Borrowing costs are usually recognised as an expense in the period in which they are incurred on an accruals basis in accordance with effective interest rate method.

2.5 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the sale must be highly probable and the asset or disposal group is available for immediate sale in its present condition. In addition, the sale should be expected to occur within 12 months from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. These assets are not depreciated.

2.6 Financial instruments

The Company classifies the financial instruments in the categories presented and conciliated with the statement of financial position disclosed in Note 4.

a) Investments

Investments are classified into the following categories:

Held to maturity

Investments measured at fair value through profit or loss

Available for sale

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the statement of financial position date. Investments classified as held to maturity have defined maturities and the Group has the intention and ability to hold them until the maturity date. Investments measured at fair value through profit or losses are classified as current assets. Available for sale investments are classified as non-current assets.

Equity investments in subsidiaries, associates and jointly controlled companies are classified as available for sale.

The investments measured at fair value through profit or loss include the investments held for trading that the company acquires for sale in a short period of time, and are classified in the statement of financial position as current assets.

The Company classifies as available for sale those investments that are neither included as investments measured at fair value through profit or loss nor as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

All purchases and sales of investments are recognized on the trade date, independently of the settlement date.

Investments are initially measured at fair value, which is considered to be the fair value of the consideration paid for them, including transaction costs, in the case of available for sale investments.

Available for sale investments and investments measured at fair value through profit or loss are subsequently measured at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their quoted market price or independent valuation at the statement of financial position date. Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are stated at cost or last reliable fair value measurement, less impairment losses.

Gains or losses arising from a change in fair value of available for sale investments are recognised directly in equity, under fair value reserve, until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is transferred to net profit or loss.

Gains or losses arising from a change in fair value of investments measured at fair value through profit or loss are recorded in the Income statement captions financial expenses or financial income.

Held to maturity investments are carried at amortised cost using the effective interest rate, net of capital reimbursements and interest income received.

b) Loans and accounts receivable

Loans and accounts receivable are recorded at amortised cost using the effective rate method net of accumulated impairment losses, in order to reflect its realisable value.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

These financial investments arise when the Company provides money or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the statement of financial position date, situations when they are classified as non-current assets. Loans and receivables are included in the captions presented in Note 4.

c) Trade accounts receivable

Receivables are stated at net realisable value corresponding to their nominal value less impairment losses (recorded under the caption impairment losses in accounts receivable).

Impairment is recognised if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the receipt of the full amount is expected to be within one year the discount is considered null as it is immaterial.

d) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

e) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments.

Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.8. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

f) Trade accounts payable

Trade accounts payable are stated at their nominal value, since it relates to short term debt, and its discount effect is estimated to be immaterial.

g) Derivatives

The Company uses derivatives in the management of its financial risks to hedge such risks and/or in order to optimise funding costs, in accordance with Management interest rate risk policy described in point 3.4.1.

Derivatives classified as cash flow hedge instruments are used by the Company mainly to hedge interest rate risks on loans obtained. Conditions established for these cash flow hedge instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. The gain or loss relating to the ineffective portion of the hedge, if any, is recorded in the Income Statement under financial income or expenses.

The Company's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- the hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;

- the effectiveness of the hedge can be reliably measured;
- there is adequate documentation of the hedging relationships at the inception of the hedge;
- the transaction being hedged is highly probable.

Cash flows hedge instruments used by the Company to hedge the exposure to changes in interest of its loans are initially accounted for at cost, if any which corresponds to its fair value, and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, and then recognised in the income statement over the same period in which the hedged instrument affects profit or loss.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption Hedging reserve are transferred to profit or loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the income statement.

Derivatives entered into in accordance with interest rate risk management policy described in point 3.4.1 and not eligible for hedge accounting (mainly interest rate option), are initially recorded at cost, which corresponds to fair value at inception, and then, remeasured at fair value through profit and loss under financial income or expenses captions.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host instruments, and this is not stated at fair value through profit or loss.

h) Treasury shares

Treasury shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of treasury shares are recorded in other reserves.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the statement of financial position caption of current bank loans.

j) Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period.

k) Impairment

Financial assets, other than investments measured at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Equity instruments classified as available for sale are considered to be impaired if there is a significant or prolonged decline in its fair value below its acquisition cost.

For non listed equity instruments determining whether the investment is impaired requires an estimation of the value in use of the investment. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the entity and a suitable discount rate in order to calculate present value.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For investments of non listed subsidiaries, which are measured at acquisition cost less impairment (equity investments and loans granted) the impairment analysis is based on the fair value estimate of its net assets, mainly equity investments in other Company's subsidiaries.

The above mentioned estimate is based on the fair value computation of the value in use of its holdings by means of discounted cash flow models.

It is the Board of Directors understanding that the use of the above mentioned methodology is adequate to conclude on the eventual existence of financial investments impairment as it incorporates the best available information as at the date of the financial statements.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of equity available for sale securities, impairment losses previously recognised through profit or loss are not reversed. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

2.7 Contingent assets and liabilities

Contingent assets are not recorded in the financial statements but disclosed when future economic benefits are probable.

Contingent liabilities are not recorded in the financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.8 Revenue recognition and accrual basis

Revenue from services rendered is recognised in the income statement in the period they are performed.

Dividends are recognised as income in the year they are attributed to the shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

Other current assets and other current liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but that correspond to income or expenses of future years, when they will be recognized in the income statement.

2.9 Subsequent events

Events after the statement of financial position date that provide additional information about conditions that existed at the statement of financial position date (adjusting events), are reflected in the financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes when material.

2.10 Judgements and estimates

The most significant accounting estimates reflected in the financial statements are as follows:

a) Record of adjustments to the value of assets and provisions;

b) Impairment analysis of financial investments and loans granted to affiliated and associated companies;

Estimates used are based on the best information available during the preparation of these financial statements and are based on the best knowledge of past and present events. Although future events are not controlled by the Company and are not foreseeable, some could occur and have impact on the estimates. Therefore and due to this uncertainty the outcome of the transactions being estimated may differ from the initial estimate. Changes to the estimates used by management that occur after the approval date of these consolidated financial statements, will be recognised in net income prospectively, in accordance with IAS 8.

The main estimates and assumptions in relation to future events included in the preparation of these financial statements are disclosed in the correspondent notes, if applicable.

2.11 Share-based payments

Deferred performance bonus plans are indexed to Sonae share price and are classified as share-based payments. These bonus plans vest within a period of 3 years after being granted.

Share-based payments are measured at fair value on the date they are granted (usually in March of each year).

When the plans are equity settled, by the delivery of Sonae shares, the value of the plan is determined as at the grant date based on fair value of shares granted and recognized rateably during the period of each plan. The fair value of the plan is recognized as staff costs against equity.

When settlement is made in cash the value of such liabilities shall be determined at the grant date and subsequently updated at the end of each reporting period based on the number of shares and the corresponding fair value at the closing date. These obligations are recognized as staff costs and other current liabilities, and are recorded on a straight-line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates.

2.12 Income tax

Current income tax is determined in accordance with tax rules in force in Portugal, considering the taxable profit for the period.

Deferred taxes are calculated using the statement of financial position liability method. Deferred tax assets are recognised only when its use is probable.

3 FINANCIAL RISK MANAGEMENT

3.1 Introduction

The ultimate purpose of financial risk management is to support the Company in the achievement of its strategy by reducing unwanted financial risk and volatility and mitigate any negative impacts in the profit or loss statement arising from such risks.

The Group's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

Financial risk management policies are approved by the Sonae Executive Committee. Exposures are identified and monitored by the Finance Department. Exposures are also monitored by the Finance Committee as noted in the Corporate Governance Report.

3.2 Credit risk

Credit risk is defined as the probability of a counterparty defaulting on its payment contractual obligations resulting in a financial loss. Sonae is a Holding company without any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalent instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) or from its lending activities to subsidiaries.

Additionally, Sonae may sometimes also be exposed to credit risk as a result of its portfolio management activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis (bank guarantees, escrow accounts, collaterals, among others) under the supervision of the Executive Committee.

In order to reduce the probability of counterparties default Sonae transactions (short term investments and derivatives) are only concluded in accordance with the following principles:

- Only carry out transactions (short term investments and derivatives) with counterparties that have been selected based on its high national and international reputation, and taking, into account its rating notations and the nature, maturity and extension of the operations;

- Sonae should only invest in previously authorized financial instruments. The definition of the eligible instruments, for the investment of temporary excess of funds or derivatives, was made with a conservative approach (essentially consisting in short term monetary instruments, in what excess of funds is concerned and instruments that can be split into components and that can be properly fair valued, with a loss cap);

- In relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by relationship banks in order to reduce exposure on a net basis, and ii) may only be applied on pre approved instruments;

- Any departure from the above mentioned policies needs to be pre-approved by the Executive Committee.

Given the above mentioned policies and the credit ratings restrictions imposed management does not expect any material failure in contractual obligations from its external counterparties. Nevertheless, exposure to individual counterparties resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Financial Department and any departure is promptly reported to the Executive Committee and Finance Committee.

Settlement risk is also a risk faced by Sonae, which is managed through the rigorous selection of its brokers which must be highly rated counterparties.

In relation to credit risk resulting from loans granted to subsidiaries, there is no specific risk management policy as the financing of its subsidiaries is part of the main operations of a holding company.

3.3 Liquidity risk

Sonae needs to raise external funds to finance its activities and investing plans. It holds a diversified loan portfolio, essentially made up of long term bond financing, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2012 the total gross debt was 780 million euro (600 million euro as at 31 December 2011).

The purpose of liquidity risk management is to ensure, at all times, that Sonae has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy.

Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining, with its relationship banks, a combination of short and medium term committed credit facilities, commercial paper programme with sufficiently comfortable previous notice cancellation periods within a range between 30 and 360 days;

- Maintenance of commercial paper with different periods, that allow, in some cases, to place the debt directly in institutional investors;

- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;

- Diversification of financing sources and counterparties;

- Ensuring an adequate debt average maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. As at 31 December 2012 Sonae debt average life maturity was 1.9 years (2.3 years as at 31 December 2011);

- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;

- Where possible, by prefinancing forecasted liquidity needs;

- Management procedures of short term applications, assuring that the maturity of the applications will match with foreseen liquidity needs, including a margin to hedge forecasting deviations. The reliability of the treasury forecasts is an important variable to determine the amounts and the periods of the market applications/borrowings.

Sonae maintains a liquidity reserve in the form of credit lines with its relationship banks, to ensure the ability to meet its commitments without having to refinance itself on unfavourable terms. Sonae has a total of 181.5 million euro committed credit facilities, of which only 31% are cancellable with a notice period of 6 months and the remainder with no less than a 360 days notice period, that are (191.5 million euro in 2011). Sonae expects to meet all its obligations by means of its investments cash flows and from its financial assets as well as from drawing existing available credit lines, if needed. Furthermore, Sonae maintains a liquidity reserve that includes cash and cash equivalents and current investments amounting to 159 million euro as at 31 December 2012 (0.075 million euro as at 31 December 2011).

3.4 Interest rate risk

3.4.1 Policy

Sonae is exposed to cash flow interest rate risk in respect of items in the statement of financial position (Loans and Short Term Investments) and to fair value interest rate risk as a result of interest rate derivatives (swaps, FRA's and options). All Sonae debt bears variable interest rates, and interest rate derivatives may be entered into to convert part of the variable rate debt into fixed rate (usually through interest rate swaps or Forward Rate agreements), or to limit the maximum rate payable (usually through zero cost collars or the purchased caps).

Sonae mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve since hedging interest rate risk usually has an opportunity cost associated. Therefore a more flexible approach is considered preferable to a more strict traditional approach. Part of the risk is also mitigated by the fact that Sonae grants loans to its subsidiaries as part of its usual activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae hedging activities do not constitute a profit-making activity and derivatives are deemed to be entered into without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into:

- For each derivative or instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be the same as the settlement dates of the hedging instrument to avoid any mismatch and hedging inefficiency;

- Perfect match between the base rates (the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction);

- The maximum cost of the hedging operation is known and limited, even in scenarios of extreme change in market interest rates, so that the resulting interest rates are within the cost of the funds considered in Sonae's business plans (or in extreme scenarios are not worse than the underlying cost of the floating rate);

- The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, as described in 3.2. above - Credit Risk Management. It is Group policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae's existing relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions;

- Swaps fair value was determined by discounting estimated future cash flows to the statement of financial position date. The cash flows result from the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg. For options, the fair value is calculated according the "Black-Scholes" model and other similar models. The future cash-flow estimates are based on market forward interest rates, discounted to the present using the most representative market rates. The estimate is supported on reliable sources, such as those conveyed by Bloomberg and others. Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the evaluation. This estimate assumes all other variables constant.

- All transactions are documented under ISDA's Agreements;

- All transactions which do not follow the rules above have to be individually approved by the Executive Committee, and reported to the Financial Committee, namely transactions entered into with the purpose of optimising the cost of debt when deemed appropriate according to prevailing financial market conditions.

Sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, they are included in the calculation of income-related sensitivities;

- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7;

- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;

- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity calculations;

- Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IAS 39 affect other financial income or expense and are therefore taken into consideration in the income-related sensitivity calculations;

- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;

- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under the previously mentioned assumptions, if interest rates of euro denominated financial instruments had been 0.75 basis points higher, the company net profit before tax as at 31 December 2012 (individual statements) would decrease by approximately 1.5 million euro (as at 31 December 2011 would increase 584 thousand euro). Total equity, as at 31 December 2012, (not considering the impact over net profit) would increase by about 3.2 million euro (3 million as at 31 December 2011) as a result of the effect of changing interest rate up 0.75 basis points.

3.5 Foreign exchange risk

Due to its nature of Holding company, Sonae has very limited transaction exposure to foreign exchange risk. Normally, when such exposures arise Foreign exchange risk management seeks to minimise the volatility of such transactions made in foreign currency and to reduce the impact on the income statement of exchange rate fluctuations. When significant material exposures occur with a high degree of certainty, Sonae hedges such exposures mainly through forward exchange rate contracts. For uncertain exposures, options may be considered, subject to pre-approval from the company's Executive Committee.

Sonae does not have any material foreign exchange rate exposure at holding level, since almost all equity and loans to subsidiaries are denominated in euro.

3.6 Price risk and market risk

The Group is exposed to equity price risks arising from equity investments, maintained for strategic rather than for trading purposes as the group does not actively trade these investments. These investments are presented in Notes 8.

4 FINANCIAL INSTRUMENTS BY CLASS AND FAIR VALUE

The accounting policies disclosed in note 2.6 have been applied to the line items below:

Financial assets	31.December.2012					
	Notes	Loans and accounts receivable	Available for sale	Sub Total	Assets not within scope of IFRS 7	Total
Non-current assets						
Investments in affiliated companies	8	-	3,503,796,314	3,503,796,314	-	3,503,796,314
Other available for sale investments	9	-	38,628,607	38,628,607	-	38,628,607
Other non-current assets	10	352,823,000	-	352,823,000	-	352,823,000
		352,823,000	3,542,424,921	3,895,247,921	-	3,895,247,921
Current assets						
Trade accounts receivables	11	467,461	-	467,461	-	467,461
Other debtors	12	11,287,813	-	11,287,813	-	11,287,813
Other current assets	14	1,974,168	-	1,974,168	82,911	2,057,079
Cash and cash equivalents	15	158,667,623	-	158,667,623	-	158,667,623
		172,397,065	-	172,397,065	82,911	172,479,976
		525,220,065	3,542,424,921	4,067,644,986	82,911	4,067,727,897

	31.December.2011					
	Notes	Loans and accounts receivable	Available for sale	Sub Total	Assets not within scope of IFRS 7	Total
Non-current assets						
Investments in affiliated companies	8	-	3,561,020,983	3,561,020,983	-	3,561,020,983
Other available for sale investments	9	-	42,214,426	42,214,426	-	42,214,426
Other non-current assets	10	393,745,945	-	393,745,945	-	393,745,945
		393,745,945	3,603,235,409	3,996,981,354	-	3,996,981,354
Current assets						
Trade accounts receivables	11	503,725	-	503,725	-	503,725
Other debtors	12	13,909,190	-	13,909,190	-	13,909,190
Other current assets	14	330,940	-	330,940	100,457	431,397
Cash and cash equivalents	15	75,589	-	75,589	-	75,589
		14,819,444	-	14,819,444	100,457	14,919,901
		408,565,389	3,603,235,409	4,011,800,798	100,457	4,011,901,255

Financial liabilities	31.December.2012					
	Notes	Derivatives used for cash flow hedging	Other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total
Non-current liabilities						
Bonds	20	-	595,047,114	595,047,114	-	595,047,114
Bank loans	20	-	74,024,250	74,024,250	-	74,024,250
Other non-current liabilities	8	3,992,080	-	3,992,080	-	3,992,080
Other loans	20	6,993,896	-	6,993,896	-	6,993,896
		10,985,976	669,071,364	680,057,340	-	680,057,340
Current liabilities						
Bonds	20	-	99,919,906	99,919,906	-	99,919,906
Bank loans	20	-	1,961,683	1,961,683	-	1,961,683
Other loans	20	1,674,286	-	1,674,286	-	1,674,286
Trade accounts payable		-	443,191	443,191	-	443,191
Other credtors	21	-	7,680,960	7,680,960	-	7,680,960
Other current liabilities	22	-	10,275,049	10,275,049	878,286	11,153,335
		1,674,286	120,280,789	121,955,075	878,286	122,833,361
		12,660,262	789,352,153	802,012,415	878,286	802,890,701

	31.December.2011					
	Notes	Derivatives used for cash flow hedging	Other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total
Non-current liabilities						
Bonds	20	-	497,997,648	497,997,648	-	497,997,648
Other loans	20	11,007,789	-	11,007,789	-	11,007,789
		11,007,789	497,997,648	509,005,437	-	509,005,437
Current liabilities						
Bank loans	20	-	90,600,000	90,600,000	-	90,600,000
Trade accounts payable		-	662,785	662,785	-	662,785
Other credtors	21	-	40,240,610	40,240,610	-	40,240,610
Other current liabilities	22	-	3,687,199	3,687,199	564,602	4,251,801
		-	135,190,594	135,190,594	564,602	135,755,196
		11,007,789	633,188,242	644,196,031	564,602	644,760,633

Financial instruments at fair value

The table below details the financial instruments that are measured at fair value after initial recognition, grouped into 3 levels according to the possibility of observing its fair value on the market:

	31.December.2012			31.December.2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair values						
Investments in affiliated companies	5,079,830	524,986,000	-	1,132,175	625,463,000	-
Other investments	-	19,936,181	-	6,806,000	-	-
	5,079,830	544,922,181	-	7,938,175	625,463,000	-
Financial liabilities at fair value						
Derivatives	3,992,080	8,668,182	-	-	13,990,754	-
	3,992,080	8,668,182	-	-	13,990,754	-

Level 1: fair value is determined based on market prices for assets

Level 2: fair value is determined based on valuation techniques. The main inputs of the valuation models are observable in the market;

Level 3: fair value is determined based on valuation models, whose main inputs are not observable in the market.

5 CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

During the year there were no material changes in accounting policies or prior period errors.

6 TANGIBLE ASSETS

As at 31 December 2012 and 2011 tangible assets movements are as follows:

	Plant and machinery	Vehicles	Fixtures and fittings	Others	In progress	Total
Gross cost						
Opening balance as at 1 January 2011	136,027	194,768	1,745,827	723	412	2,077,757
Increase	-	-	-	-	34,640	34,640
Decrease	(17,352)	-	(128,420)	-	(412)	(146,184)
Transfers and write-offs	2,903	-	31,737	-	(34,640)	-
Opening balance as at 1 January 2012	121,578	194,768	1,649,144	723	-	1,966,213
Increase	50	-	-	-	20,151	20,201
Decrease	-	-	(2,000)	-	-	(2,000)
Transfers and write-offs	11,114	-	9,037	-	(20,151)	-
Closing balance as at 31 December 2012	132,742	194,768	1,656,181	723	-	1,984,414
Accumulated depreciation						
Opening balance as at 1 January 2011	29,924	194,768	1,626,874	692	-	1,852,258
Increase	12,866	-	37,999	31	-	50,896
Decrease	(17,352)	-	(128,420)	-	-	(145,772)
Opening balance as at 1 January 2012	25,438	194,768	1,536,453	723	-	1,757,382
Increase	13,585	-	37,405	-	-	50,990
Decrease	-	-	(2,000)	-	-	(2,000)
Closing balance as at 31 December 2012	39,023	194,768	1,571,858	723	-	1,806,372
Carrying amount						
As at 31 December 2011	96,140	-	112,691	-	-	208,831
As at 31 December 2012	93,719	-	84,323	-	-	178,042

7 INTANGIBLE ASSETS

As at 31 December 2012 and 2011 intangible assets movements are as follows:

	Patents and other similar rights	Software	In progress	Total intangible assets
Gross cost				
Opening balance as at 1 January 2011	153,928	2,682	-	156,610
Increase	-	-	14,071	14,071
Decrease	-	-	(650)	(650)
Transfers and write-offs	13,421	-	(13,421)	-
Opening balance as at 1 January 2012	167,349	2,682	-	170,031
Increase	-	-	9,188	9,188
Transfers and write-offs	9,188	-	(9,188)	-
Closing balance as at 31 December 2012	176,537	2,682	-	179,219
Accumulated depreciation				
Opening balance as at 1 January 2011	36,644	1,714	-	38,358
Increase	53,641	894	-	54,535
Opening balance as at 1 January 2012	90,285	2,608	-	92,893
Increase	57,482	74	-	57,556
Closing balance as at 31 December 2012	147,767	2,682	-	150,449
Carrying amount				
As at 31 December 2011	77,064	74	-	77,138
As at 31 December 2012	28,770	-	-	28,770

8 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2012 and 2011, the Company held investments in the following subsidiaries:

Companies	31.December.2012					
	% Held	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Interlog, SGPS, SA	1.02%	106,686	-	-	-	106,686
Sonae Investimentos, SGPS, SA (a)	76.86%	1,893,270,729	-	51,249	-	1,893,219,480
Sonae Investments, BV	100.00%	835,700,000	-	-	-	835,700,000
Sonae RE, SA	99.92%	3,672,059	-	-	-	3,672,059
Sonae Sierra, SGPS, SA (b)	50.00%	586,449,500	-	-	(61,463,500)	524,986,000
Sonaecom, SGPS, SA	0.94%	789,750	3,263,451	-	1,026,629	5,079,830
Sonaegest, SA	20.00%	159,615	-	-	-	159,615
Sonaecenter Serviços, SA	100.00%	731,545	-	-	-	731,545
Sontel, BV	42.86%	405,641,099	-	-	-	405,641,099
Total		3,726,520,983	3,263,451	51,249	(60,436,871)	3,669,296,314
Impairment		165,500,000	-	-	-	165,500,000
Total		3,561,020,983	3,263,451	51,249	(60,436,871)	3,503,796,314

	31.December.2011					
	% Held	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Interlog, SGPS, SA	1.02%	106,686	-	-	-	106,686
Sonae Investimentos, SGPS, SA (a)	76.86%	1,893,270,729	-	-	-	1,893,270,729
Sonae Investments, BV (c)	100.00%	550,000,000	285,700,000	-	-	835,700,000
Sonae RE, SA	99.92%	3,672,059	-	-	-	3,672,059
Sonae Sierra, SGPS, SA (b)	50.00%	625,463,000	-	-	(39,013,500)	586,449,500
Sonaecom, SGPS, SA	0.18%	1,132,175	-	271,724	(70,701)	789,750
Sonaegest, SA	20.00%	159,615	-	-	-	159,615
Sonaecenter Serviços, SA	100.00%	731,545	-	-	-	731,545
Sontel, BV (c)	42.86%	191,341,400	214,299,699	-	-	405,641,099
Total		3,265,877,209	499,999,699	271,724	(39,084,201)	3,726,520,983
Impairment		88,500,000	77,000,000	-	-	165,500,000
Total		3,177,377,209	422,999,699	271,724	(39,084,201)	3,561,020,983

(a) The value of this investment is the price paid in the public tender offer for de-listing occurred in 2006. Since that date no change in the value of the investment was recorded.

(b) Market value was determined based on an independent valuation as at 31 December 2012 and 2011 of assets held by this affiliated company, after deduction of associated net debt and of the share attributable to non-controlling interests. The major assumptions used for the purpose of estimating the fair value of the assets are disclosed on the consolidated financial statements.

(c) Increase of these companies share capital.

During 2012, Sonae entered into a contract with Sonaecom, SGPS, SA, in which it agrees to handover Sonaecom shares to employees of that subsidiary during 2016. This obligation stands to 2,780,000 shares with an acquisition cost amounting to 3,263,451 euro. A liability amounting to 3,291,520 euro was recorded under the caption “other non-current liabilities”. The change in the fair value of the investment acquired and in the referred liability, amounting to 700,560 euro, was recognized in the income statement.

In previous years, the Company recorded an impairment loss over the financial investment held in Sontel BV as a result of applying the accounting policy mentioned in 2.6 k, and according to a valuation made by the use of discounted cash flow models, in order to estimate the value in use of those investments. The accumulated impairment loss on this subsidiary amounts to 165,500,000 euro (165,500,000 euro as at 31 December 2011).

The assumptions are similar to those used on goodwill impairment test and are disclosed in the consolidated financial statements.

9 OTHER INVESTMENTS

As at 31 December 2012 and 2011 other investments available for sale are as follows:

Companies	31.December.2012				
	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Associação Escola Gestão Porto	49,880	-	-	-	49,880
Fundo Especial de Invest.Imob. Fechado Imosonae Dois	2,546	-	-	-	2,546
Fundo de Investimento Imobiliário Fechado Imosede	-	20,000,003	-	(63,822)	19,936,181
Magma No. 1 Securitisation Notes	37,680,000	-	19,040,000	-	18,640,000
Sonae Capital, SGPS, SA	6,972,000	-	6,972,000	-	-
Total	44,704,426	20,000,003	26,012,000	(63,822)	38,628,607
Impairment	2,490,000	-	2,490,000	-	-
Total	42,214,426	20,000,003	23,522,000	(63,822)	38,628,607

	31.December.2011				
	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Associação Escola Gestão Porto	49,880	-	-	-	49,880
Fundo Especial de Invest.Imob. Fechado Imosonae Dois	-	2,546	-	-	2,546
Magma No. 1 Securitisation Notes	56,940,000	-	19,260,000	-	37,680,000
Sonae Capital, SGPS, SA	6,806,000	-	-	166,000	6,972,000
Total	63,795,880	2,546	19,260,000	166,000	44,704,426
Impairment	-	-	-	2,490,000	2,490,000
Total	63,795,880	2,546	19,260,000	(2,324,000)	42,214,426

During the first quarter 2012 the Company sold the interest in Sonae Capital, SGPS, SA for the amount of 3,569,000 euro.

In December 2012, Sonae disposed 24,905 units of its interest in Fundo de Investimento Imobiliário Fechado Imosede.

In December 2008, the Company has completed the subscription of securitized assets, through a private offering, in the amount of approximately 100 million euro, issued by Tagus - Sociedade de Titularização de Créditos, SA named "Magma Nº 1 Securitisation Notes".

These bonds have a maturity of 5 years (2008/2013), and are amortized in equal quarterly instalments, having as underlying asset the future receivables to be generated under a portfolio of existing corporate customer contracts of Sonaecom - Serviços de Comunicações, SA, with a comfortable over colaterization, which strongly minimize this investment credit risk.

During 2012, the decrease amounting to 19,040,000 euro corresponds to reimbursements totaling 18,692,500 euro and to the sale of bonds with a carrying amount of 347,500 euro with a nil capital gain. As so, the fair value of these financial instruments is similar to its book value

10 OTHER NON-CURRENT ASSETS

As at 31 December 2012 and 2011 other non-current assets are as follows:

	31.December.2012	31.December.2011
Loans granted to group companies:		
Sonae Investments, BV	5,403,000	45,560,933
Sonae Investimentos, SGPS, SA	347,400,000	347,400,000
Sontel, BV	20,000	785,012
	352,823,000	393,745,945

The amount recognized under the caption loans granted to Sonae Investimentos, SGPS, SA, refers to a subordinate bond loan, repayable in 10 years issued by Sonae Investimentos at market conditions in 28 december 2010 amounting to 400,000,000 euro, relating 8,000 bonds with nominal value of 50,000 euro each, bearing fixed interest rate with full reimbursement in the end of the period. In December 2011, 1,052 bonds were sold to a subsidiary for 42,080,000 euro.

The fair value of the bonds related to this loan as at 31 December 2012, is 42,606 euro (40,000 euro as at 31 December 2011) per bond, according with a valuation made by the use of discounted cash flow models. There is no evidence of impairment on this loan.

The other loans granted to group companies, bear interest at market rates indexed to Euribor, have a long term maturity and its fair value is similar to its carrying amount.

There are no past due or impaired receivable balances as at 31 December 2012 and 2011. The eventual impairment of loans granted to group companies is assessed in accordance with note 2.6.k).

11 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable amounted to 467,461 euro and 503,725 euro as at 31 December 2012 and 2011 respectively, and include balances arising solely from services rendered to group companies.

As at the statement of financial position dates there are no accounts receivable past due, and no impairment loss was recorded, as there are no indications as of the reporting date that the debtors will not meet their payment obligations.

12 OTHER DEBTORS

As at 31 December 2012 and 2011 other debtors are as follows:

	31.December.2012	31.December.2011
Group companies - Short term loans:		
Sonaecenter Serviços, SA	-	119,120
	-	119,120
Group companies - Interest:		
Sonae Investments, BV	138,928	334,583
Sontel, BV	1,202	180,628
	140,130	515,211
Group companies - Dividends:		
Sonae Sierra SGPS, SA (Note 27)	10,567,050	11,867,610
	10,567,050	11,867,610
Other debtors		
Others	580,633	1,407,249
	11,287,813	13,909,190

Loans granted to group companies return interest at variable market rates indexed to Euribor and have a maturity less than one year.

There were no assets impaired or past due as at 31 December 2012 and 2011. The fair value of loans granted is similar to its carrying amount.

13 TAXES

As at 31 December 2012 and 2011 taxes balances are as follows:

Assets

	31.December.2012	31.December.2011
Advance payments	117,872	40,921
Taxes withheld	1,110,404	715,616
Others	41,984	42,050
	1,270,260	798,587

Liabilities

	31.December.2012	31.December.2011
Income tax charge for the year	9,350	139,100
Taxes withheld		
Staff	42,534	38,092
Capital	52,769	229,590
Value added tax	97,420	106,798
Social security contributions	12,426	11,065
Stamp duty	120	30,737
	214,619	555,382

14 OTHER CURRENT ASSETS

As at 31 December 2012 and 2011 other current assets are as follows:

	31.December.2012	31.December.2011
Accrued income	1,974,168	330,939
Prepayments	82,911	100,458
	2,057,079	431,397

The amount recorded under the caption "Accrued income" relates essentially to the interests to be received for loans granted to subsidiaries.

15 CASH AND CASH EQUIVALENTS

As at 31 December 2012 and 31 December 2011 cash and cash equivalents are as follows:

	31.December.2012	31.December.2011
Cash in hand	89	89
Bank deposits	158,667,534	75,500
Cash and cash equivalents on the balance sheet	158,667,623	75,589
Cash and cash equivalents on the cash flow statement	158,667,623	75,589

As at 31 December 2012 the company held bank deposits amounting to 158,574,000 euro, which had less than a three month maturity period and where redeemed in early 2013.

16 SHARE CAPITAL

As at 31 December 2012 and 2011 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

As at 31 December 2012 and 2011 Efanor Investimentos, SGPS, SA and affiliated companies held 52.48% of Sonae's share capital.

17 LEGAL RESERVE

The company has set up legal reserves in accordance with Commercial Companies Code. In 2011, 19,321,614 euro was transferred from profit for the year to legal reserves.

18 HEDGING RESERVE, FAIR VALUE RESERVE AND OTHER RESERVES

As at 31 December 2012 and 2011 other reserves are detailed as follows:

	31.December.2012	31.December.2011
Free reserves	608,516,991	674,376,391
Hedging reserve	(2,383,292)	(5,030,164)
Fair value reserve	512,403,476	573,554,460
Share-based payments reserve (Note 19)	655,001	825,953
	1,119,192,176	1,243,726,640

Movements occurred in 2012 and 2011 in these reserves are detailed in the Company Statement of changes in equity and in the statement of comprehensive income.

Hedging reserves corresponds to the effective portion of changes in fair value of derivatives that qualify for cash flow hedge accounting.

Fair value reserves correspond to changes in the fair value of the financial instruments classified as available for sale

The share-based payments reserve relates to equity-share based payments under the deferred performance bonuses.

19 SHARE-BASED PAYMENTS

In 2012 and in previous years, Sonae granted deferred performance bonuses to its directors. These are based on shares to be acquired at nil cost, three years after they were attributed to the director. These rights can only be exercised if the employee still works for the Sonae on the vesting date.

As at 31 December 2012 and 2011, the outstanding plans were as follows:

	Vesting period		31.December.2012		31.December.2011	
	Year of grant	Vesting year	Number of participants	Number of shares	Number of participants	Number of shares
Plan 2008	2009	2012	-	-	1	570,258
Plan 2009	2010	2013	1	411,564	1	411,564
Plan 2010	2011	2014	1	425,401	1	425,401
Plan 2011	2012	2015	1	836,409	-	-

During the year the movements occurred can be detailed as follows:

Number of shares

	31.December.2012	31.December.2011
Opening balance	1,407,223	1,322,666
Changes during the year:		
Attribued	836,409	425,401
Vested	(570,258)	(340,844)
Closing balance	1,673,374	1,407,223

Amount:

	31.December.2012	31.December.2011
Recorded as staff cost in the year	325,172	386,786
Recorded as staff cost in previous years	329,829	439,167
	655,001	825,953

20 BORROWINGS

As at 31 December 2012 and 2011 this caption included the following loans:

	31.December.2012	31.December.2011
Bonds Sonae 2007/2014	150,000,000	150,000,000
Bonds Sonae 2010/2015	250,000,000	250,000,000
Bonds Sonae 05	-	100,000,000
Bonds Continente - 7% - 2015	200,000,000	-
Up-front fees not yet charged to income statement	(4,952,886)	(2,002,352)
Bonds	595,047,114	497,997,648
Nominal value of bank loans	75,000,000	-
Up-front fees not yet charged to income statement	(975,750)	-
Bank loans	74,024,250	-
Derivatives	6,993,896	11,007,789
Non-current loans	676,065,260	509,005,437
Bonds Sonae 05	100,000,000	-
Up-front fees not yet charged to income statement	(80,094)	-
Bonds	99,919,906	-
Commercial paper	-	90,600,000
Derivatives	1,674,286	-
Other bank loans	1,961,683	-
Current loans	103,555,875	90,600,000

The above mentioned loans estimated fair value is considered to be near its carrying amount. Loans fair value was determined by discounting estimated future cash flows, except for "Continente 7% - 2015" bond loan, which fair value was determined based on market price at the statement of financial position date.

Maturity of Borrowings

As at 31 December 2012 and 2011 the analysis of the maturity of loans excluding derivatives is as follows:

	31.December.2012		31.December.2011	
	Nominal value	Interests	Nominal value	Interests
N+1	101,961,683	25,514,464	90,600,000	16,050,981
N+2	150,000,000	23,820,144	100,000,000	14,483,128
N+3	525,000,000	19,817,448	150,000,000	11,362,035
N+4	-	-	250,000,000	4,771,181

The interest amount was calculated considering the applicable interest rates for each loan at 31 December.

The amount of credit facilities aimed to cover cash shortages as at 31 December 2012 and 2011 are as follows:

	31.December.2012		31.December.2011	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Agreed credit facilities amounts	146,500,000	35,000,000	156,500,000	35,000,000
Available credit facilities amounts	146,500,000	35,000,000	65,900,000	35,000,000

Interest rate as at 31 December 2012 of the bonds and bank loan was, in average, 3.37% (3.37% as at 31 December 2011).

Interest rate derivatives

The financial instruments considered to be hedging instruments are, mainly variable to fixed interest rates swaps entered into with the purposes of hedging interest rate risk of borrowings amounting to 250 million euro, 100% of the loans were hedge, (same amount as at 31 December 2011) which fair value amounted to -8,668,182 euro (-11,007,789 euro as at 31 December 2011).

These interest rate derivatives are valued at fair value, at the statement of financial position date, based on valuations performed by the Group using specific software. The fair value of swaps was calculated, as at the statement of financial position date, based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg of the derivative, estimated at rate setting dates based on yield curves from Bloomberg.

As at 31 December 2012 and 2011, derivatives have the following estimated cash flows:

	31.December.2012	31.December.2011
N+1	(6,297,744)	(4,431,568)
N+2	(2,393,076)	(5,117,090)
N+3	-	(1,656,143)

21 OTHER CREDITORS

As at 31 December 2012 and 2011 other creditors are as follows:

	31.December.2012	31.December.2011
Group companies - Short term loans:		
Sonae Investments, BV	-	40,160,000
Sonaecenter Serviços, SA	145,135	-
Sontel, BV	7,296,265	-
	7,441,400	40,160,000
Shareholders	70,350	69,093
Others	169,210	11,517
	7,680,960	40,240,610

22 OTHER CURRENT LIABILITIES

As at 31 December 2012 and 2011 other current liabilities are as follows:

	31.December.2012	31.December.2011
Accruals:		
Salaries	525,658	491,892
Interest	10,275,049	3,687,199
Others	352,628	72,710
	11,153,335	4,251,801

23 CONTINGENT LIABILITIES

As at 31 December 2012 and 2011, contingent liabilities were guarantees given are as follows

	31.December.2012	31.December.2011
Guarantees given:		
on tax claims	48,093,333	92,283
on judicial claims	70,766	145,256
Guarantees given in the name of subsidiaries (a)	230,569,501	130,066,153

a) Guarantees given to Tax Authorities in favour of subsidiaries to defer tax claims.

The caption guarantees given on tax claims includes guarantees amounting to 36 million euro in favor of Tax authorities regarding 2007 income tax. Concerning these guarantees, the most significant amount relates to an increase in equity arising on the disposal of own shares to a third party in 2007. The Company has presented an appeal against this additional tax claim, being the Board of Directors understanding, based on its advisors assessment, that such appeal will be favorable.

No provision has been recorded to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for the Company.

24 OPERATIONAL LEASES

As at 31 December 2012 and 2011, the company had operational lease contracts, as a lessee, whose minimum lease payments had the following schedule:

		31.December.2012	31.December.2011
Due in			
	N+1 automatically renewable	255,319	247,019
	N+1	25,242	22,420
	N+2	22,276	17,797
	N+3	7,445	14,831
	N+4	7,445	-
	N+5	3,102	-
		320,829	302,067

In 2012 Sonae recognized costs on operational leases amounting 278,773 euro (304,650 euro as at 31 December 2011).

25 RELATED PARTIES

As at 31 December 2012 and 2011 balances and transactions with related parties are as follows:

Balance:	31.December.2012	31.December.2011
Group companies	2,576,963	2,248,938
Jointly controlled companies	10,779,542	12,094,116
Other partners in group companies	98,000	109,053
Accounts receivable	13,454,505	14,452,107
Parent company	912,998	-
Group companies	3,738,595	657,699
Jointly controlled companies	39,654	-
Other partners in group companies	4,533	27,466
Accounts payable	4,695,780	685,165
Group companies	352,823,000	393,865,065
Loans granted	352,823,000	393,865,065
Group companies	7,441,400	40,160,000
Loans obtained	7,441,400	40,160,000

Transactions:

	31.December.2012	31.December.2011
Group companies	2,602,884	1,624,611
Jointly controlled companies	217,467	212,682
Other partners in group companies	100,000	100,000
Services rendered	2,920,351	1,937,293
Parent company	305,324	-
Group companies	1,130,900	1,135,851
Jointly controlled companies	65,660	-
Other partners in group companies	29,675	85,713
Purchases and services obtained	1,531,559	1,221,564
Group companies	31,731,142	40,036,497
Interest income	31,731,142	40,036,497
Parent company	607,674	977,984
Group companies	1,202,304	461,361
Interest expenses	1,809,978	1,439,345
Group companies	17,203,611	107,599
Jointly controlled companies	10,567,050	11,867,610
Dividend income (Note 27)	27,770,661	11,975,209
Group companies	80,000	289,954
Other partners in group companies	3,569,000	-
Disposal of investments (Note 33)	3,649,000	289,954
Other partners in group companies	-	42,080,000
Disposal of bonds	-	42,080,000
Group companies	-	500,002,245
Other partners in group companies	20,000,003	-
Acquisition of investments (Note 33)	20,000,003	500,002,245
Group companies	2,061,797	-
Jointly controlled companies	382,914	-
Sale of treasury shares	2,444,711	-

All Sonae, SGPS, S.A. subsidiaries, associates and joint ventures are considered related parties and are identified in Consolidated Financial Statements. All Efanor Investimentos, SGPS, SA (parent company), subsidiaries, including the ones of Sonae Indústria, SGPS, SA and of Sonae Capital, SGPS, SA (other partners in group companies) are also considered related parties.

The remuneration of the Board of Directors for the years ended 31 December 2012 and 2011 is detailed as follows:

	31.December.2012	31.December.2011
Variable - short term	1,958,940	1,749,410
Share based payments	483,300	335,400
	2,442,240	2,084,810

In 2012 and 2011 no loans were granted to the Company's Directors.

During 2012, 19 Magma Nº1 Securitisation Notes (Note 9) were sold to Company's Directors or related entities / persons for the amount of 332,500 euro.

As at 31 December 2012 and 2011 no balances existed with the Company's Directors.

26 SERVICES RENDERED

Services rendered amounted to 476,701 euro and 472,682 euro, in 31 December 2012 and 2011, respectively. Services rendered include management fees over subsidiaries in accordance with Holding companies law.

27 GAINS OR LOSSES RELATED TO INVESTMENTS

As at 31 December 2012 and 2011 investment income are as follows:

	31.December.2012	31.December.2011
Dividends received	27,770,661	11,975,209
Gains/(Losses) on sale of investments	(934,201)	(10,501,770)
Impairment losses (Note 8 and 9)	-	(79,490,000)
	26,836,460	(78,016,561)

Dividends were received from Sonae Investimentos, SGPS, SA (17,079,574 euro), Sonae Sierra, SGPS, SA (10,567,050 euro), Sonaegest, SA (78,537 euro) and Sonaecom, SGPS, SA (45,500 euro).

28 FINANCIAL INCOME / EXPENSES

As at 31 December 2012 and 2011 net financial expenses are as follows:

	31.December.2012	31.December.2011
Interest arising from:		
Bank loans	(3,230,432)	(1,146,845)
Bonds	(18,639,880)	(14,593,181)
Other	(7,738,627)	(6,825,614)
Up front fees on the issuance of debt	(3,372,947)	(880,060)
Other financial expenses	(97,370)	(1,322,775)
Financial expenses	(33,079,256)	(24,768,475)
Interest income	33,388,218	42,447,504
Finacial income	33,388,218	42,447,504

29 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2012 and 2011 external supplies and services are as follows:

	31.December.2012	31.December.2011
Operational rents	376,868	410,243
Services obtained	1,941,798	1,300,244
Others	677,154	367,069
	2,995,820	2,077,556

30 STAFF COSTS

As at 31 December 2012 and 2011 staff costs are as follows:

	31.December.2012	31.December.2011
Salaries	2,285,376	2,153,446
Social costs	88,518	78,616
Other staff costs	76,959	23,729
	2,450,853	2,255,791

31 INCOME TAX

Income tax charge for the year amounted to 9,414 euro and 139,419 euro, in 31 December 2012 and 2011, respectively.

31.1 Reconciliation of effective tax rate

The reconciliation between the profit before taxation and the tax charge for the years ended 31 December 2012 and 2011 are summarized as follows:

	31.December.2012	31.December.2011
Profit before taxes	22,973,731	(63,377,810)
(Decrease) / Increase to net income for tax purposes	(26,332,604)	67,881,596
Taxable income	(3,358,873)	4,503,786
Use of carried forward tax losses	-	(4,503,786)
Tax losses for wich no deferred tax assets were recognized	3,358,873	-
Net taxable income	-	-
Tax charge @ 25%	-	-
Change in income tax estimate from previous years	64	319
Autonomous taxation	9,350	8,698
Municipal surcharge	-	130,402
Tax charge	9,414	139,419
Effective average tax rate	0.041%	0.220%

31.2 Carried forward tax losses

	31.December.2012		31.December.2011	
	Carried forward tax loss	Limit for use	Carried forward tax loss	Limit for use
Generated in 2010	5,883,052	2014	5,979,825	2014
Generated in 2012	3,358,873	2016	-	-
	9,241,925		5,979,825	

32 EARNINGS PER SHARE

Earnings per share for the period ended 31 December 2012 and 2012 were calculated taking into consideration the following amounts:

	31.December.2012	31.December.2011
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	22,964,317	(63,517,229)
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	22,964,317	(63,517,229)
Number of shares		
Weighted average number of shares used to calculated basic earnings	1,999,432,845	2,000,000,000
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Outsanding shares related with deferred performance bonus (note 19)	1,673,374	1,407,223
Number of shares that could be acquired at average market price	(700,550)	(494,220)
Weighted average number of shares used to calculated diluted earnings per share	2,000,405,669	2,000,913,003
Profit/(Loss) per share		
Basic	0.011485	(0.031759)
Diluted	0.011480	(0.031744)

33 RECEIPTS / PAYMENTS OF INVESTMENTS

During 2012 and 2011, the following receipts and payments occurred:

	31.December.2012			
	Receipts		Payments	
Companies	Total	Amount received	Total	Amount paid
Magma Nº 1 Securitisation Notes	19,040,000	19,040,000	-	-
Fundo Especial de Invest.Imob. Fechado Imosonae Dois	-	-	20,000,003	20,000,003
Sonaecom, SGPS, SA	-	-	3,263,451	3,263,451
Sonae Investmentos, SGPS, SA	80,000	80,000	-	-
Sonae Capital, SGPS, SA	3,569,000	3,569,000	-	-
	22,689,000	22,689,000	23,263,454	23,263,454

	31.December.2011			
	Receipts		Payments	
	Total	Amount received	Total	Amount paid
Magma Nº 1 Securitisation Notes	19,260,000	19,260,000	-	-
Fundo Especial de Invest.Imob. Fechado Imosonae Dois	-	-	2,546	2,546
Sontel, BV	-	-	214,299,699	214,299,699
Sonae Investments, BV	-	-	285,700,000	285,700,000
Sonaecom, SGPS, SA	289,954	289,954	-	-
	19,549,954	19,549,954	500,002,245	500,002,245

34 DIVIDENDS

The Shareholders Annual Meeting held on 30 April 2012, approved the payment of a gross dividend of 0.0331 euro (0.03131 euro 2011) per share was approved, corresponding to a total of 66,200,000 euro (66,200,000 euro in 2011).

For 2012, the Board of Directors proposed a gross dividend of 0.0331 euro per share, totalling 66,200,000 euro. This dividend is subject to approval by shareholders in the Shareholders Annual Meeting.

35 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors on 12 March 2013. These financial statements will be presented to the Shareholders' General Meeting for final approval.

36 INFORMATION REQUIRED BY LAW

Decree-Law nr 318/94 art 5 nr 4

In the twelve months period ended 31 December 2012 shareholders' loan contracts were entered into with the following companies:

Sonae Investments, BV

Sontel, BV

In 2012 short-term loan contracts were entered into with the following companies:

Chão Verde – Sociedade de Gestão Imobiliária, SA

Efanor Investimentos, SGPS, SA

Fozmassimo – Sociedade Imobiliária, SA

Modelo Hiper Imobiliária, SA

Modelo.com – Vendas por Correspondência, SA

Sesagest Projectos e Gestão Imobiliária, SA

Sonae Center Serviços II, SA

Sonae Investimentos, SGPS, SA

Sontel, BV

Sonae Specialized Retail, SGPS, SA

Sonaecenter, Serviços, SA

Sonaecom, SGPS, SA

Tlantic Portugal – Sistemas de Informação, SA

As at 31 December 2012, amounts owed by subsidiaries can be detailed as follows:

	Closing Balance
Sonaecenter Serviços, SA	145,135
Sontel, BV	7,296,265
	7,441,400

As at 31 December 2012 amounts owed to subsidiaries can be detailed as follows:

	Closing Balance
Sonae Investments, BV	5,403,000
Sontel, BV	20,000
	5,423,000

Article 66 A of the Commercial Companies Code

As at 31 December 2012, fees Statutory Auditor amounted to 28,084 euro fully related with audit fees.

The Board of Directors

Belmiro de Azevedo, Chairman

Álvaro Carmona e Costa Portela, member of the Board of Directors

Álvaro Cuervo Garcia, member of the Board of Directors

Bernd Bothe, member of the Board of Directors

Christine Cross, member of the Board of Directors

Michel Marie Bon, member of the Board of Directors

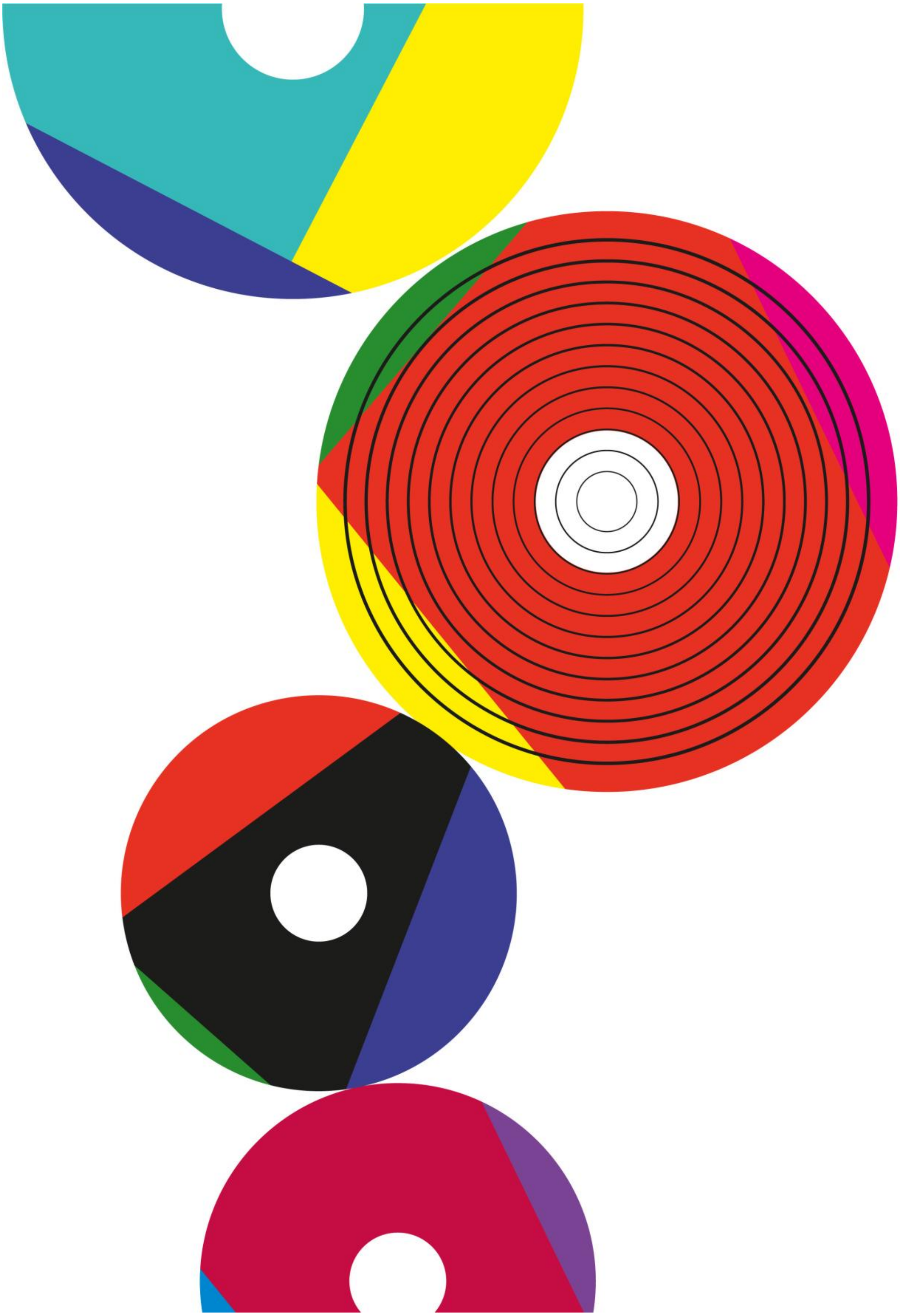
José Neves Adelino, member of the Board of Directors

Duarte Paulo Teixeira de Azevedo, CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério, member of the Executive Committee

Nuno Manuel Moniz Trigoso Jordão, member of the Executive Committee

LEGAL CERTIFICATION OF ACCOUNTS AND AUDITOR'S REPORT



LEGAL CERTIFICATION OF ACCOUNTS AND AUDITORS' REPORT

(Translation of a report originally issued in Portuguese.
In the event of discrepancies, the Portuguese language version prevails.)

Introduction

1. In accordance with the applicable legislation, we present the Statutory Audit Report and the Auditors' Report on the financial information contained in the Report of the Board of Directors and the individual and consolidated financial statements for the year ended 31 December 2012 of Sonae, S.G.P.S., S.A. ("Company") (which comprise the Consolidated and Individual Statements of Financial Position as at 31 December 2012 that presents total consolidated and individual assets of 6,035,355,458 Euro and of 4,069,204,969 Euro respectively, and consolidated and equity of 1,668,558,921 Euro and of 3,266,099,649 Euro respectively, including consolidated net profit attributable to the Company's Equity Holders of 32,572,259 Euro and an individual net profit of 22,964,317 Euro), the Consolidated and Individual Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended and the corresponding Notes.

Responsibilities

2. The Company's Board of Directors is responsible for: (i) the preparation of consolidated and individual financial information that present a true and fair view of the financial position of the companies included in the consolidation and the Company, the consolidated and individual results and comprehensive income of their operations, the consolidated and individual changes in equity and the consolidated and individual cash flows; (ii) the preparation of historical financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and that is complete, true, timely, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of an appropriate internal control system; and (iv) informing any significant facts that have influenced its operations or the operations of the companies included in the consolidation, its consolidated or individual financial position, its consolidated or individual results and comprehensive income.

3. Our responsibility is to review the financial information contained in the above mentioned account documents, including verifying if, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Securities Market Code, and issue a professional and independent opinion, based on our examination.

Scope

4. Our examination was performed in accordance with the auditing standards issued by the Portuguese Institute of Statutory Auditors, which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated and individual financial statements are free of material misstatement. Our examination included verifying, on a sample basis, evidence supporting the amounts and disclosures in the consolidated and individual financial statements and assessing the significant estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation. Our examination also included verifying the consolidation procedures used, the application of the equity method, and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting policies used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept and assessing the adequacy of the overall presentation of the consolidated and individual financial statements and assessing if, in all material respects, the information is complete, true, timely, clear, objective and licit. Our examination also comprises verifying that the consolidated and individual financial information contained in the Report of the Board of Directors is in accordance with the other consolidated and individual documents of account, as well as verifying the required in the numbers 4 and 5 of article 451º of Commercial Companies Code. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated and individual financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated and individual financial position of Sonae, S.G.P.S., S.A., as at 31 December 2012, the consolidated and individual results and comprehensive income of its operations, the consolidated and individual changes in equity and the consolidated and individual cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union, and the information contained on those is, in accordance with the standards mentioned in the paragraph 4 above, complete, true, timely, clear, objective and licit.

Emphasis

6. As referred in Notes 1 and 4 to the Consolidated Financial Statements, Sonae SGPS, S.A. voluntarily changed its accounting policies regarding: i) interests in Joint Ventures; and ii) subscribers acquisition costs with customer loyalty agreements. In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors those changes were applied retrospectively, hence the Consolidated Statements of Financial Position as at 1 January 2011 and 31 December 2011, the Consolidated Statement of Income, Comprehensive Income, Changes in Equity and Cash Flows for the year ended 31 December 2011 were restated.

Reporting over other legal requirements

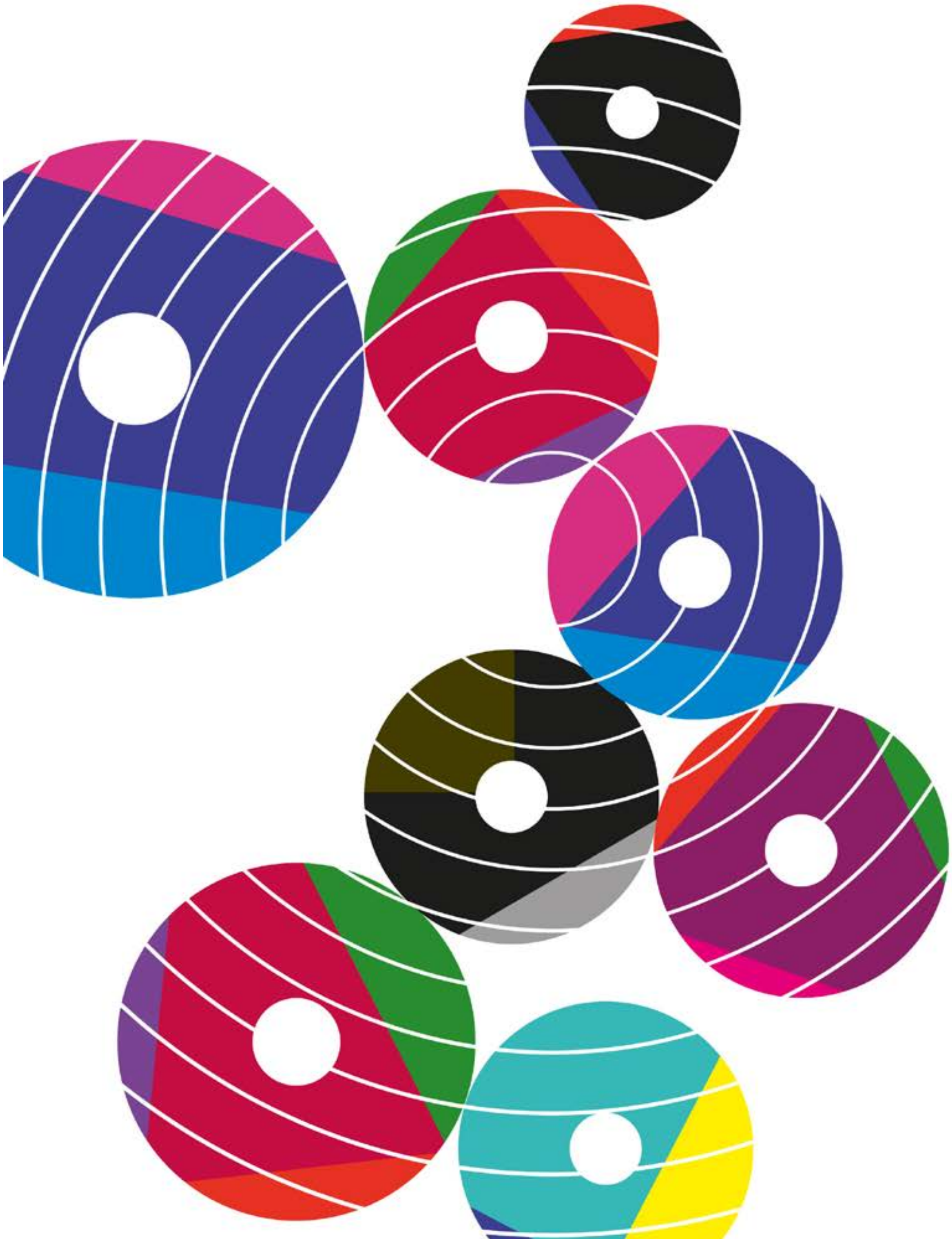
7. It is also our opinion that the financial information contained in the Report of the Board of Directors is in accordance with the consolidated and individual financial statements of the year and the reporting of the corporate governance practices includes the elements required to the Company in accordance with article 245º-A of the Securities Market Code.

Porto, 12 March 2013

Deloitte & Associados, SROC S.A.
Represented by António Marques Dias

04

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD



REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

(Translation of a Report and Opinion originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

To the Shareholders

1 – Report

1.1 - Introduction

In compliance with the applicable legislation and in accordance with the terms of our mandate, the Statutory Audit Board issues the present report over the supervision performed and its Report and Opinion on the Report of the Board of Directors and the individual and consolidated financial statements for the year ended 31 December 2012, which are the responsibility of the Board of Directors.

1.2 – Supervision

During the year under analysis, the Statutory Audit Board accompanied, within the scope of its competencies, the management of the Company and its affiliated companies. The Statutory Audit Board has also oversaw, with the required scope, the evolution of the operations, the adequacy of the accounting records, the quality and appropriateness regarding the process of preparation and disclosure of financial information, corresponding accounting policies, valuation criteria used as well as the compliance with legal and regulatory requirements.

For that purpose, the Board met quarterly during the year, some of which with the presence of the Board of Directors and the officers in charge of the departments of Planning and Control, Administrative and Accounting, Treasury and Finance, Tax, Internal Audit, Risk Management and Sonae's ombudsman, the Statutory Auditor and External Auditor. Additionally, the Statutory Audit Board participated in the Board of Directors meeting were the Report of the Board of Directors and the financial statements for the year were approved.

In the exercise of its competences, the Statutory Audit Board verified the effectiveness of the risk management and internal control, analysed the activity of the external and internal auditors, oversaw the reports issued by the departments of Planning and Control, Tax issues, Treasury and Finance, Internal audit, as well as by the Sonae's ombudsman and Risk Management department and by the External Auditors.

During the year the Statutory Audit Board accompanied, with special care, the accounting treatment of transactions that had had material impact on the evolution of operations reflected in the financial statements under analysis, and in accordance with its duties verified the qualification and independence of the Statutory Auditor and External Auditor.

In compliance with CMVM's Recommendation IV.1.2., the Statutory Audit Board took in consideration the criteria for description of businesses with significant relevance between the company and shareholders of qualifying holdings or related entities in accordance with article 20 of the Portuguese Securities Market Code, and which fulfilment must be preceded by opinion of this Board.

The Statutory Fiscal Board reviewed the Corporate Governance Report, enclosed to the Report of the Board of Directors in accordance with nr. 5 of article 420º of Commercial Companies Code, having verified that the it includes the elements referred to in article 245º-A of the Portuguese Securities Market Code.

The Statutory Audit Board favourably pronounced itself by the rendering of non-audit related services by the External Auditor based on a group of arguments aligned with the company's best interest not threatening the Auditor's independence. The fees earned in relation with the referred services do not exceed 30% of total fees,, the fees were established at market conditions and, additionally, it was in the interest of the Company to benefit of the knowledge and experience and timing of the services rendered.

Still, in the fulfilment of its duties the Statutory Audit Board reviewed the Report of the Board of Directors, including the Corporate Governance Report, and remaining individual and consolidated documents of account prepared by the Board of Directors, concluding that these information was prepared in accordance with the applicable legislation and that it is appropriate to the understanding of the financial position and results of the Company and the consolidation perimeter and has reviewed the Legal Certification of Accounts issued by the Statutory and External Auditor and agreed with its content.

2 - Opinion

Considering the above, in the opinion of the Statutory Audit Board, that all the necessary conditions are fulfilled in order for the Shareholders' General Meeting to approve:

a) The Report of the Board of Directors, the consolidated and individual balance sheets, the consolidated and individual statements of profit and loss, the consolidated and individual statements of comprehensive income, the consolidated and individual statements of changes in equity, the consolidated and individual statements of cash flows and related notes for the year ended 31 December 2012.

b) The proposal of net profit appropriation presented by the Board of Directors

3 – Responsibility Statement

In accordance with paragraph a), number 1 of article 8º of the Regulation of CMVM nr. 5/2008 and with the terms defined in paragraph c) nº 1 of the article 245º of the Portuguese Securities Market Code, the members of the Statutory Audit Board declare that, to their knowledge, the information contained in the Management Report and the remaining financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of the Sonae, S.G.P.S., S.A. and companies included in the consolidation. Also it is their understanding that the Management Report faithfully describes the business evolution, performance and financial position of Sonae, S.G.P.S., S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face. It is also declared that the Corporate Governance Report complies with article 245º-A of the Portuguese Securities Market Code.

Maia, 27 March 2013

The Statutory Audit Board

Daniel Bessa Fernandes Coelho

Arlindo Dias Duarte Silva

Jorge Manuel Felizes Morgado